



中信嘉華銀行
CITIC
KA WAH
BANK

融合實力
發揮優勢

Integrating
Strengths
Maximizing
Potential

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水能應物變化，
從晨曦朝露，
至澎湃海潮，
滿載無窮生機及動力。
中信嘉華銀行如水一樣結合生命之力量，
不斷進取成長，朝氣滿溢，
以熱誠創造市場突破，
在瞬息萬變的世界裏力臻完美。
藉著時刻堅守核心價值，
開拓創新，培養團隊合作，
孕育專業、誠信及企業精神，
我們持續建立佳績。
秉持以客為尊之宗旨，
我們要求自己不斷進取，
務求實踐我們的遠景 ——
成為帶給客戶超凡價值的領先金融服務提供者。

Filled with vitality and infinite energy,
The shape of water transforms,
From a crisp morning dew,
To strong powerful waves.
Like water gathers with the force of life,
CITIC Ka Wah Bank grows progressively and refreshingly,
With a strong passion to make a difference in the market place,
And strive for excellence in the evolving world.
We build sustainable results
Through living our core values everyday,
Nurturing innovation and team spirit,
Fostering professionalism, integrity and entrepreneurship.
Driven by a total focus on our customers,
We demand ourselves to stay progressive,
To achieve our vision of becoming a leading financial services provider
That brings exceptional value to our customers.

中信嘉華銀行有限公司

中信嘉華銀行有限公司（「本行」）為中信國際金融控股有限公司（「中信國際金融」）的全資附屬公司。中國國際信托投資公司（「中信公司」）持有中信國際金融百分之五十五權益。

於二零零二年一月收購香港華人銀行有限公司之後，本行以資產計現為香港第八大本地註冊持牌銀行。兩行的整合於二零零二年十一月完成，為新機構匯聚了一千四百位人才，並締結一個寶貴的機遇，讓我們創建一間卓越優秀且與別不同的銀行。我們新的遠景——成為帶給客戶超凡價值的領先金融服務提供者，充份體現我們對未來的決心和承諾。

我們在香港擁有三十八間分行，同時在美國紐約及洛杉磯設有兩間分行，並於國內北京及上海成立代表處。穆迪投資及惠譽國際分別給予我們「Baa2」及「BBB」的信貸評級。

CITIC Ka Wah Bank Limited

CITIC Ka Wah Bank Limited (the 'Bank') is a wholly owned subsidiary of CITIC International Financial Holdings Limited ('CIFH'), which is 55% owned by China International Trust and Investment Corporation ('CITIC').

Following the acquisition of The Hongkong Chinese Bank, Limited in January 2002, the Bank is now Hong Kong's eighth largest locally incorporated licensed bank in terms of total assets. The integration, completed in November 2002, brought 1,400 people together into a new organization and presented a valuable opportunity to create a bank that is exceptional and refreshingly different. Our promises and commitment for the future are embedded in our new vision to be a leading financial services provider that brings exceptional value to our customers.

We operate 38 branches in Hong Kong, two branches in the US in New York and Los Angeles, and maintain two representative offices in the PRC in Beijing and Shanghai. We are rated 'Baa2' by Moody's Investors Service and 'BBB' by FITCH.

財務概況

Financial Performance

二零零二財務摘要 2002 Financial Highlights

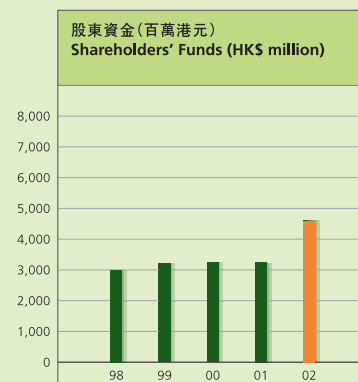
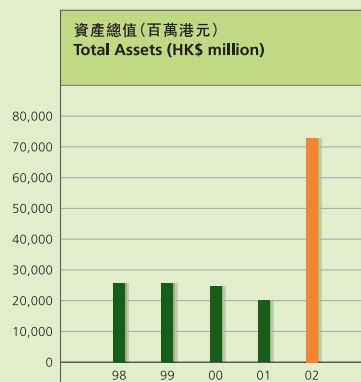
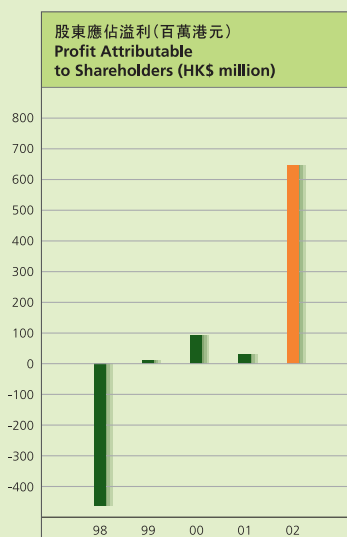
全年 (百萬港元)	For the Year (In HK\$ million)	2002	2001	% 變動 % Change
淨利息收入	Net Interest Income	1,707	519	+228.9
非利息收入	Non-Interest Income	471	106	+344.3
經營支出	Operating Expenses	1,018	353	+188.4
呆壞賬準備	Charge for Bad and Doubtful Debts	509	228	+123.2
除稅前溢利	Profit Before Taxation	667	33	+1,921.2
稅項	Taxation	21	1	+2,000.0
股東應佔溢利	Profit Attributable to Shareholders	646	32	+1,918.8

於年結日 (百萬港元)	At Year End (In HK\$ million)	2002	2001	% 變動 % Change
貸款和墊款	Loans and Advances	42,320	12,132	+248.8
資產總值	Total Assets	72,880	19,994	+264.5
存款總額	Total Deposits	60,743	16,337	+271.8
股東資金	Shareholders' Funds	4,596	3,238	+41.9

財務比率	Financial Ratios	2002	2001
資本充足比率	Capital Adequacy	17.2%	27.1%
全年平均流動資金比率	Average Liquidity		
1/1/02-31/10/02	1/1/02-31/10/02	46.9%	—
1/11/02-31/12/02	1/11/02-31/12/02	47.1%	—
截至 12 月 31 日止	For year ended 31 Dec	—	58.8%
成本對收入比率	Cost to Income	46.7%	56.4%
貸存比率	Loans to Deposits	69.7%	74.3%

五年財務概況 Five Year Summary

全年結算 (百萬港元) For the Year (In HK\$ million)		2002	2001	2000	1999	1998
淨利息收入	Net Interest Income	1,707	519	570	428	550
非利息收入	Non-Interest Income	471	106	119	187	137
經營支出	Operating Expenses	1,018	353	305	275	356
呆壞賬準備	Charge for Bad and Doubtful Debts	509	228	258	291	739
除稅前溢利	Profit Before Taxation	667	33	112	39	(433)
稅項	Taxation	21	1	11	10	20
股東應佔溢利	Profit Attributable to Shareholders	646	32	93	12	(465)
於年結日 (百萬港元) At Year End (In HK\$ million)		2002	2001	2000	1999	1998
貸款和墊款	Loans and Advances	42,320	12,132	13,140	13,287	16,933
貸款虧損準備	Loan Loss Provision	941	473	449	619	922
資產總值	Total Assets	72,880	19,994	24,580	25,785	25,761
利息收益資產總值	Total Interest Earnings Assets	69,350	18,910	23,340	23,804	24,581
存款總額	Total Deposits	60,743	16,337	20,008	20,467	20,306
股東資金	Shareholders' Funds	4,596	3,238	3,242	3,207	2,995
財務比率 Financial Ratios		2002	2001	2000	1999	1998
資本充足比率	Capital Adequacy	17.2%	27.1%	26.7%	26.6%	21.7%
全年平均流動資金比率	Average Liquidity					
1/1/02-31/10/02	1/1/02-31/10/02	46.9%	—	—	—	—
1/11/02-31/12/02	1/11/02-31/12/02	47.1%	—	—	—	—
截至 12 月 31 日止	For year ended 31 Dec	—	58.8%	61.6%	65.6%	50.2%
貸存比率	Loans to Deposits	69.7%	74.3%	65.7%	64.9%	83.4%
貸款對資產總值比率	Loans to Total Assets	58.1%	60.7%	53.5%	51.5%	65.7%
一般準備覆蓋比率	General Provision Coverage	1.2%	1.1%	1.4%	1.3%	1.1%
成本對收入比率	Cost to Income	46.7%	56.4%	44.3%	44.7%	51.8%
資產回報率	Return on Assets	0.9%	0.2%	0.4%	0.1%	(1.8%)
股東資金回報率	Return on Shareholders' Funds	14.1%	1.0%	2.9%	0.4%	(15.5%)



存款 *

Deposits*

1. 按類別劃分	By Type	2002	2001
往來	Current	2.3%	2.8%
儲蓄	Savings	13.1%	8.7%
定期	Fixed	84.6%	88.5%
合計	Total	100.0%	100.0%

2. 按到期日劃分	By Maturity	2002	2001
即時償還	On Demand	16.3%	14.9%
少於三個月	Less Than 3 Months	78.2%	76.5%
超過三個月但不足一年	Over 3 Months But Less Than 1 Year	5.5%	8.6%
合計	Total	100.0%	100.0%

3. 按貨幣劃分	By Currency	2002	2001
港元	HKD	63.4%	75.5%
美元	USD	28.3%	19.9%
其他	Others	8.3%	4.6%
合計	Total	100.0%	100.0%

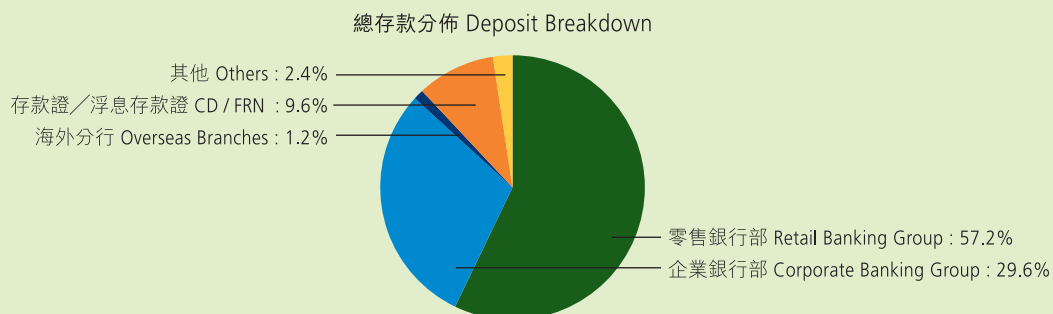
* 以客戶存款為基礎

* Based on Customers Deposits only

非利息收入

Non-Interest Income

		2002	2001
淨收費與佣金收入	Net Fees & Commission Income	66.5%	10.1%
外匯交易溢利	Gain from Foreign Exchange Dealing	2.9%	10.1%
股息收入	Dividend Income	3.8%	2.3%
其他	Others	26.8%	40.4%
合計	Total	100.0%	100.0%



貸款#

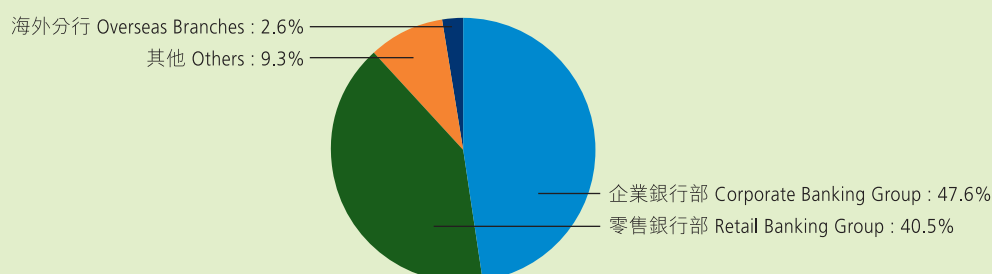
Loan Portfolio#

1. 按行業劃分	By Industry Sectors	2002	2001
用於香港的貸款	Loans for Use in Hong Kong		
工商及金融界	Industrial, Commercial and Financial		
物業發展	Property Development	1.3%	0.2%
物業投資	Property Investment	12.3%	19.7%
金融界	Financial Concerns	3.9%	4.4%
股票經紀	Stockbrokers	0.1%	0.2%
批發及零售貿易	Wholesale and Retail Trade	5.9%	4.5%
製造業	Manufacturing	7.9%	5.0%
運輸業及運輸設備	Transport and Transport Equipment	11.8%	9.0%
其他	Others	7.5%	7.6%
個人	Individuals		
按揭（「居者有其屋計劃」、 「私人參建居屋計劃」及 「租者置其屋計劃」）	Mortgage (Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme)	0.1%	0.3%
按揭（其他住宅）	Mortgage (Other Residential Properties)	31.5%	32.3%
信用咭借貸	Credit Card Advances	0.8%	1.5%
其他	Others	3.1%	7.4%
貿易融資	Trade Finance	4.7%	6.7%
用於香港以外地方的貸款	Loans for Use Outside Hong Kong	9.1%	1.2%
合計	Total	100.0%	100.0%
2. 按地區分佈劃分	By Geographical Spread	2002	2001
香港	Hong Kong	77.3%	97.9%
中國	China	19.9%	0.8%
其他	Others	2.8%	1.3%
合計	Total	100.0%	100.0%
3. 按年期劃分	By Maturity	2002	2001
即時償還	Repayable on Demand	6.2%	9.0%
少於一年	Less Than 1 Year	19.9%	18.9%
超過一年但少於五年	Over 1 Year But Less Than 5 Years	36.1%	22.8%
超過五年	Over 5 Years	34.5%	38.0%
無訂日期	Undated	3.3%	11.3%
合計	Total	100.0%	100.0%
4. 按貨幣劃分	By Currency	2002	2001
港元	HKD	82.7%	95.5%
美元	USD	17.0%	4.1%
其他	Others	0.3%	0.4%
合計	Total	100.0%	100.0%

貿易票據及予銀行之放款除外

Excluding Trade Bills and Advances to Banks

總貸款分佈 Loan Breakdown



2002 Milestones

- Completed the acquisition of The Hongkong Chinese Bank, Limited ('HKCB')
- Raised HK\$726 million through a Rights Issue
- Completed Phase Two of Core Banking System
- Launch of 'SME Business Installation and Equipment Loan Scheme'
- Launch of Credit Card 'Interest Free Flexi-Installment' Tax Loan Plan
- Acted as Placing Bank for HKMC's Retail Bonds
- Launch of 'Sun Savers' life insurance service
- Establishment of CITIC Capital Markets Holdings Limited ('CCMH') as the holding company of Ka Wah Capital Limited ('Ka Wah Capital') and Cargary Securities Limited ('Cargary Securities')



- Held a cocktail reception to celebrate the Bank's 80th Anniversary & Completion of Acquisition of HKCB and published a Congratulatory Supplement in five local newspapers



- The Bank and CITIC entered into a Share Transfer and Subscription Agreement with CITIC Pacific Limited ('CITIC Pacific'), under which the latter became a substantial shareholder of CCMH
- Established a Syndication Desk within the Corporate Banking Group
- Official Launch of 'B2B Exchange' service
- Launch of additional 'Internet Cash Management' services including Account Transaction History Enquiry, Stop Cheque Payment, Bill Payment and Transfer Payment
- Launch of Sun Life FORTUNE Guaranteed Interest Fund

- The 77th Ordinary Yearly Meeting & Extraordinary General Meeting held
- Successfully issued US\$250 million of Perpetual Subordinated Guaranteed Notes, the first-ever Perpetual Upper Tier II Capital Security in Asia (ex-Japan)
- Launch of first-in-market Mortgage Refinancing Service of up to 140% of current market value



- Arranged US\$20 million Syndicated Term Loan Facility for Far East Consortium International Limited
- Launch of Bonanza Deposit Campaign
- Launch of Financial Needs Analysis Service
- Acted as Placing Bank for HKMC's Retail Bonds
- The Bank and CITIC completed the transaction of CCMH's Share Transfer and Subscription with CITIC Pacific. The Bank and CITIC each hold 25% of CCMH with the remaining 50% held by CITIC Pacific

1 JAN

3 MAR

5 MAY

2 FEB

4 APR

6 JUN

- Celebration of 80th Anniversary
- Announcement of 2001 Final Results
- Signed a Memorandum of Understanding with CITIC Industrial Bank ('CIB')



- Launch of HK\$600 million Floating Rate Certificates of Deposit Issue
- Establishment of 'China Banking' Department

- Appointment of Mrs. Doreen Chan as Managing Director and Chief Executive of HKCB
- Appointment of Mr. Raymond Lee as Vice Chairman of HKCB and Advisor to the Chief Executive Officer of CITIC Ka Wah Bank and HKCB
- Jointly organized a foreign exchange seminar with CIB in Guangzhou
- Published the 2001 Annual Report
- Launch of 'Homeplus' Comprehensive Home Contents Cover
- Acted as Placing Bank for MTRC's Retail Bonds



- Arranged HK\$200 million Syndicated Term Loan Facility for Eastern Asia Technology (HK) Limited



- Launch of Treasury Product for Corporate Customers — FX Contract
- Launch of 'Sun Educational Fund Builder'
- HKCB launched HK\$800 million Floating Rate Certificates of Deposit Issue

- 'CITIC Ka Wah Bank Limited (Merger) Ordinance' became effective



- Launch of Credit Card 'Smart Balance Transfer Program'
- Launch of Sun Life 'Refundable Critical Illness' Plan

- Arranged HK\$160 million Syndicated Term Loan Facility for Fortune Telecom Holdings Limited
- The finance company operated under the name of 'HKCB Finance' following the brand alignment of Ka Wah Credit and HKCB Finance
- Launch of Credit Card 'Gen-X Reward Scheme' Bi-monthly Offer and 'Flexi-Installment' Awareness Program
- Launch of 'Sun Asset Builder'



- CITIC International Financial Holdings Limited was formed following the successful re-organization of the Bank, which continued to be listed on the Hong Kong Stock Exchange
- Successfully completed the integration with HKCB and is now the eighth largest locally incorporated licensed bank in Hong Kong in terms of total assets
- Election of Mr. Kong Dan as Chairman of the Bank
- Appointment of Mr. Chang Zhenming as Executive Vice Chairman of the Bank
- Appointment of Mrs. Doreen Chan as President & Chief Executive Officer of the Bank
- Appointment of Mr. Kenneth Kong as Alternate Chief Executive Officer of the Bank
- Arranged HK\$220 million Syndicated Term Loan Facility for Wah Sang Gas Holdings Limited
- Promotion of Credit Card 'Lucky "1" Program' to celebrate the 1st Anniversary of launch of Credit Card
- Launch of 'Salaries Tax Loan'
- Issued HK\$800 million of three-year Floating Rate Certificates of Deposit



7 JUL

9 SEP

11 NOV

8 AUG

10 OCT

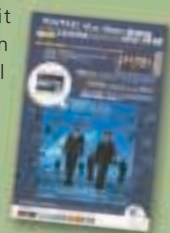
12 DEC

- Announcement of 2002 Interim Results
- Conducted Wealth Management Seminars jointly with CIB and CITIC Securities in Shanghai and Hangzhou



- Launch of Interest Rate Swap
- Launch of Currency Swap
- Launch of Equity-Linked Deposit
- Launch of Credit Card Easy Cash-in Program
- Launch of Credit Card 'Happy Family Octopus Automated Add-Value Service'
- Establishment of 'Movie Club' for Credit Card members
- Jointly launched 'Hospital Cash Insurance Plan' with Eagle Star Insurance

- Arranged HK\$95 million Syndicated Term Loan Facility for Shanghai Real Estate Limited
- Launch of Credit Card Acquisition Program – Infernal Affairs
- Launch of Currency-Linked Deposit
- Acted as Placing Bank for HKMC's Retail Bonds



- Winning of the 2002's 'Hong Kong Retail Management Association Customer Service Award'



- The Bank's US\$250 million of Perpetual Subordinated Guaranteed Notes was selected as the 'Best Hybrid Bank Bond Deal' by 'The Asset', a finance magazine in Asia
- Launch of 'SuperFirst Mortgage Home Switching Flexi Plan'
- Successfully conducted financial services seminars for private enterprises in Shenzhen
- Launch of Pre-Approved 'Corporate Tax Loan'



Front row

Mr. Kenneth Kong

Executive Vice President &
Alternate Chief Executive Officer
Head of Wholesale Banking

Mrs. Doreen Chan

President &
Chief Executive Officer

Back row

Mr. Lincoln Lee

Senior Vice President &
Chief Financial Officer

Mr. Moses Yeung

Executive Vice President &
Treasurer

Mr. Kelvin Lo

Executive Vice President

Mrs. Lorainne Lam

Senior Vice President &
Head of Retail Banking

Report of Chief Executive Officer

1. Review of Operations

In 2002, Hong Kong's economy continued to experience difficulties, which led to a weak demand for loans. Rising personal bankruptcies, together with high unemployment and declining property prices, also put pressure on bank earnings. Despite this challenging environment, CITIC Ka Wah Bank Limited (the 'Bank') continued to deliver satisfactory earnings, and successfully completed the integration with The Hongkong Chinese Bank, Limited ('HKCB'), laying a solid foundation for future growth.

2. Recognition of Achievements

During the past few years, the Retail Banking Group of the Bank committed substantial efforts in promoting a service culture and enhancing service quality. By introducing innovative value propositions, the Bank has strengthened its position in the retail banking sector and expanded its market share. In December 2002, the Bank was awarded the 'Hong Kong Retail Management Association Customer Service Award', and became the only bank to receive such recognition in that year. In addition, The Asset, a reputable finance magazine in Asia, selected the Bank's Perpetual Upper Tier II Capital Security as the 'Best Hybrid Bank Bond Deal' in December 2002. These two awards represented the market's recognition of the Bank's innovativeness and customer-focused service spirit.

3. Business Performance

The Bank completed the acquisition of HKCB on 17 January 2002 and the legal and operational merger on 25 November of the same year. Following the integration, the Bank is now the eighth largest locally incorporated licensed bank in Hong Kong in terms of total assets.

(1) Earnings

Despite the difficult operating environment for the banking industry, the Bank's 2002 operating profit before

provisions reached HK\$1,161 million, while net profit attributable to shareholders amounted to HK\$646 million.

(2) Net interest income

The Bank's net interest income for 2002 reached HK\$1,707 million, mainly due to the increase in total loans to HK\$42.3 billion and interest income generated by the high quality fixed income securities invested by the Treasury Department. The Bank's net interest margin was improved to 2.5% in 2002.

(3) Non-interest income

In the past, the Bank focused on exploring non-interest income avenues, including wealth management, corporate loans, credit cards and negative equity mortgage refinancing, all of which delivered outstanding results. In 2002, the Bank's non-interest income reached HK\$471 million. The Bank recorded HK\$91 million in fee income from the distribution of unit trust and insurance products. Together with other related fees and commissions, retail banking generated HK\$163 million in fees, accounting for 34.7% of total non-interest income. Fees from corporate loans reached HK\$140 million, accounting for 29.7% of total non-interest income.

(4) Operating expenses

Following the acquisition of HKCB, the Bank formed the 'Expense Control Committee' in June 2002. The Committee issued guidelines on the control of operating costs in different areas, including the reduction in overlapping costs between the two banks, rationalization of back office operations and the enhancement of staff productivity. With the HK\$93 million cost synergies from the integration, total operating costs of the two banks declined from 2001 year-end figure of HK\$1,110 million before the integration to HK\$1,018 million after the integration. The Bank's cost-to-income ratio was 46.7% in 2002.

(5) Charge for bad and doubtful debts

In view of Hong Kong's difficult economic outlook, the Bank adopted a prudent provisioning policy by making a HK\$509 million charge for bad and doubtful debts in 2002, including HK\$78 million in provisions against the decline in value of collateral properties.

In addition, the Bank made a provision of HK\$34 million for revaluation deficit on investment properties, of which HK\$20 million was transferred from the property revaluation reserve. As a result, the net impact on profit for the period was HK\$14 million.

4. Asset Quality

(1) Loans, deposits and asset size

As at the end of 2002, the Bank's total assets reached HK\$72.9 billion, while its total loans and total deposits were HK\$42.3 billion and HK\$60.7 billion respectively.

(2) Corporate governance

To enhance corporate governance, the Bank established the Credit and Risk Management Committee, the Executive Personnel Committee and the Audit Committee at Board level in 2002, and appointed Mr. Ronald Carstairs, a veteran banker, and Mr. Stephen Fan, an experienced professional accountant, as independent non-executive directors. Mr. Carstairs and Mr. Fan chair the Credit and Risk Management Committee and the Audit Committee respectively.

The Credit and Risk Management Committee oversees the Bank's risk management through various committees at the Bank's management level, including Management Committee, Credit Committee, Non Performing Loan Committee, International Credit Committee, Asset & Liability Management Committee and Operations & Control Committee, with a view to optimizing the Bank's risk management system.

During 2002, the Bank carried out a review and alignment of the credit policies, including loan classification and provisioning, and credit approval hierarchy of the two banks. Control procedures for new business areas were also implemented to support the business expansion of the Bank. During the same period, the Bank revised and modified more than 400 operational policies and procedures with a view to improving overall operational efficiencies and controls.

(3) Asset quality indicators

In 2002, the Bank strove to enhance the overall asset quality. During the period, the Bank resolved HK\$1,075 million problem loans, and assigned over HK\$800 million worth of non-performing loans and assets recovered from debt-to-asset swap to CITIC International Assets Management Limited (formerly known as 'Ka Wah Assets Management Limited') in June 2002. As a result, the Bank's non-performing loan ratio declined substantially to 4.1%. At the end of December 2002, the Bank's classified exposure was HK\$1,836 million, equivalent to 4.4% of total loans. Coverage ratio stood at 90%.

(4) Capital management

On the capital management front, the Bank successfully raised HK\$726 million through a rights issue in January 2002. In May 2002, the Bank successfully issued US\$250 million in perpetual subordinated guaranteed notes, the first-ever Perpetual Upper Tier II Capital Security in Asia (ex-Japan). During 2002, the Bank issued HK\$3.5 billion worth in certificates of deposit, which effectively lowered the overall cost of funds, and prepared for future business development.

(5) Financial position

As at the end of December 2002, the Bank's unadjusted capital adequacy ratio was 17.2%. The loans to deposits

ratio was 69.7%. The loans to total assets ratio was 58.1%. The average liquidity ratio was 46.9% for January to October 2002, and 47.1% for November to December 2002.

Asset Quality Indicators

	As at the end of 2002
Classified Exposure	4.4%
NPL	4.1%
Coverage	90%
Mainland Loans to Total Loans	17.6%
Unadjusted Capital Adequacy	17.2%
Loans to Deposits	69.7%
Loans to Total Assets	58.1%
Average Liquidity	
Jan to Oct	46.9%
Nov to Dec	47.1%

5. Continued Business Development

During 2002, the Bank launched over 30 new products and services.

New Products and Services Launched in 2002

January	<ul style="list-style-type: none"> • 'SME Business Installation and Equipment Loan Scheme' • Credit Card 'Interest Free Flexi-Installment' Tax Loan Plan • Acted as Placing Bank for HKMC's Retail Bonds • 'Sun Savers' life insurance service
March	<ul style="list-style-type: none"> • Official launch of 'B2B Exchange' service • Launch of additional 'Internet Cash Management' services including Account Transaction History Enquiry, Stop Cheque Payment, Bill Payment and Transfer Payment • Sun Life FORTUNE Guaranteed Interest Fund
April	<ul style="list-style-type: none"> • 'Homeplus' Comprehensive Home Contents Cover • Acted as Placing Bank for MTRC's Retail Bonds
May	<ul style="list-style-type: none"> • First-in-Market Mortgage Refinancing Service of up to 140% of current market value • Bonanza Deposit Campaign • Financial Needs Analysis • Acted as Placing Bank for HKMC's Retail Bonds

June	<ul style="list-style-type: none"> • Treasury Product for Corporate Customers – FX Contract • 'Sun Educational Fund Builder'
July	<ul style="list-style-type: none"> • Credit Card 'Smart Balance Transfer Program' • Sun Life 'Refundable Critical Illness' Plan
August	<ul style="list-style-type: none"> • Interest Rate Swap • Currency Swap • Equity-Linked Deposit • Credit Card Easy Cash-in Program • Credit Card 'Happy Family Octopus Automated Add-Value Service' • Established 'Movie Club' for Credit Card members • Jointly launched 'Hospital Cash Insurance Plan' with Eagle Star Insurance
September	<ul style="list-style-type: none"> • Credit Card 'Gen-X Reward Scheme' Bi-monthly Offer and 'Flexi Installment' Awareness Program • 'Sun Asset Builder'
October	<ul style="list-style-type: none"> • Currency-Linked Deposit • Acted as Placing Bank for HKMC's Retail Bonds
November	<ul style="list-style-type: none"> • 'Salaries Tax Loan' • Credit Card 'Lucky "1" Program'
December	<ul style="list-style-type: none"> • 'SuperFirst Mortgage Home Switching Flexi Plan' • Pre-Approved 'Corporate Tax Loan'

(1) 140% mortgage refinancing service

In May 2002, the Bank introduced the first-in-market 140% mortgage refinancing service targeting homeowners in negative equity (the '140% Program'). In 2002, the Bank approved more than 1,000 applications, involving a total loan drawdown of HK\$1.4 billion. The 140% Program not only reflects the Bank's commitment to providing innovative service to customers, but also generates additional interest and fee income for the Bank. At the end of 2002, the Bank enhanced the service by launching SuperFirst Mortgage Home Switching Flexi Plan, which caters for negative equity homeowners who wish to switch property.

(2) Credit card

The Bank launched its first credit card in November 2001, which offers innovative value propositions and brand new incentives and services. The Bank issued more than

100,000 cards with HK\$336 million credit card receivables at the end of 2002.

(3) Loan syndication

In March 2002, the Bank established a Syndication Desk under the Corporate Banking Group. In 2002, the Bank successfully completed nine syndicated term loan facilities, acting as sole arranger for five of the syndications, and generating approximately HK\$14 million in fee income.

(4) China banking

In early 2002, the Bank established the China Banking Department to organize and co-ordinate the Bank's liaison with the CITIC Group entities in the Mainland. The department also serves the planning and formulation of China business strategies, and undertakes market exploration and customer relationship development.

In 2002, the Bank conducted a number of wealth management seminars in Shenzhen, Shanghai, and Hangzhou in collaboration with CITIC Industrial Bank and CITIC Securities to develop wealth management services in the Mainland. Currently, the Bank is actively exploring the market for residential mortgages in the Mainland, targeting non-PRC residents. In respect of the credit card business jointly developed by the Bank and CITIC Industrial Bank, the first credit card is scheduled for launch in the second half of 2003, with an issue target of 300,000 cards during the first year of launch.

On corporate banking, the Bank has been offering corporate customers with RMB loans through CITIC Industrial Bank since the beginning of 2000, and the business has been growing steadily. Recently, the Bank reached an agreement with the Guangzhou branch of CITIC Industrial Bank to offer RMB loans in the Mainland to the Bank's SME customers.

6. The Integration with HKCB

(1) Integration in all areas

The Bank fully aligned and integrated with HKCB in all areas on 25 November 2002, including products and services, operations, technology, risk management policies and related procedures. The number of retail branches was reduced from 50 to 38, while the number of staff was reduced from approximately 1,600 to approximately 1,400. Following the integration with HKCB, the Bank's total number of customers increased by 20%, while the number of its SME customers surged by three times, which facilitates future business development.

(2) Synergies

In 2002, the Bank recorded synergies of HK\$181 million, approximately 51% of which came from cost savings and 49% from increased revenues.

7. Human Resources Development

As at the end of 2002, the total number of employees stood at 1,327. Management believes it is 'people' that make the difference and create success of an organization. Therefore, to attract and retain people of talent and performance, the Bank makes continuous efforts in benchmarking the remuneration structure with other financial institutions to ensure competitiveness. A discretionary bonus scheme was offered to all employees with an objective of cultivating common goals amongst employees, stimulating functional and cross-functional teamwork, driving individual performance and generating results for the Bank. The scheme linked bonus amounts in direct correlation to the Bank's profitability, departmental performance and individual contributions.

Other than share options offered by CITIC International Financial Holdings Limited, its holding company, to senior executives, the Bank does not have any separate share option scheme.

The Bank places a high priority on ongoing staff training and people development. During 2002, the average training per employee was 4 days. A total of 9,559 participants were trained during the year, the curriculums covering a wide range of subjects from product and computer knowledge to management, regulatory, marketing and servicing skills.

8. Future Development

Going forward, the Bank will continue to actively develop its Hong Kong and Greater China businesses, and strive to enhance corporate governance and management effectiveness.

(1) Business development

Hong Kong market development

The operating environment in Hong Kong is expected to remain difficult in 2003, and performance of economic indicators will remain uncertain. To meet future challenges, the Bank will continue to adhere to its spirit of innovation, and will strive to achieve new business breakthroughs and develop new revenue generators. The Bank will actively consider mergers and acquisitions with a view to further expanding business scale.

Greater China development

Leveraging on the Board of Directors' extensive market network and solid Mainland business experience, the Bank will actively consider the establishment of business partnerships with CITIC Industrial Bank and China Construction Bank to promote business development.

(2) Corporate governance

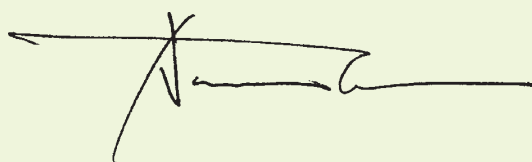
In 2002, the Bank implemented extensive measures to enhance corporate governance. In the future, the Bank will continue to strengthen the management and control of the eight major risks, and to further enhance the management information systems in order to cope with

the implementation of the new capital adequacy requirements under the new Basel Capital Accord in 2006.

(3) Enhancing management effectiveness

In November 2002, the Bank formed a Management Committee with a view to enhancing management effectiveness. The Bank will continue to strengthen its internal communications and organize quarterly CEO forums to deepen staff understanding on the Bank's vision, mission, core values and priorities, and to strengthen staff cohesiveness, with a view to developing stronger team spirit to strive for common goals.

To ensure excellence in business management, the Bank has piloted Total Quality Management ('TQM') in its Retail Banking Group which resulted in the winning of the 'Hong Kong Retail Management Association Customer Service Award' in 2002. The Bank will extend TQM throughout the organization, emphasizing leadership, strategic planning, customer service, information analysis, HR focus, process management and business results. The aim for the Bank is to build sustainable leadership and a world-class business management system.



Chan Hui Dor Lam Doreen

President & Chief Executive Officer

A photograph of a young woman with dark hair tied back, wearing a light green V-neck shirt. She is smiling and holding a white ceramic mug with her right hand. The background is softly blurred, showing what appears to be a window with light curtains.

Customer Focus

The Retail Banking Group continued its growth strategy based on customer-centric services that bring exceptional value to customers. Through delivering innovative products that meet customers' different lifestyle needs, we aim to become their trusted wealth management partner. Winning the 2002 Customer Service Award serves as an important recognition of our resolute commitment to continuously exceeding customer expectations.

Retail Banking

We believe the key to maximizing value to shareholders is to first bring value to our customers. During 2002, our Retail Banking Group ('RBG') made three breakthrough achievements in adding value to both customers and shareholders.



Award-winning Customer-centric Services

RBG won the 2002 Hong Kong Retail Management Association Customer Service Award, being the only bank in its category that was awarded with this honor. Over the past few years, we have devoted a great deal of effort to embedding the values of Total Quality Management ('TQM') among our people. This award is a true recognition of our commitment in providing value-added services and in exceeding our customers' expectations.

First-in-market Negative Equity Mortgage Refinancing Product

As part of our ongoing drive in bringing innovation, creativity and vision to all areas of our business, we launched the 140% mortgage refinancing product in May 2002. Under this program, the Bank lends up to 90% of the current market value of the property, while the risk on the unsecured portion of the mortgage is borne by our partner, Pan Asian Mortgages Company Limited. With pricing ranging from P-0.5% to P-1.75%, customers can enjoy savings of up to 15% of their monthly repayment. The program was quickly upgraded to offer bridging facilities to help negative equity homeowners to switch properties in December 2002. The success of the program resulted in the booking of HK\$1.4 billion new mortgages as at 31 December 2002.

We see this new product breakthrough as a 'win-win-win' business proposition. The Bank enjoys quality repayment mortgage business at a higher yield. Customers are awarded with preferential repayment pricing and the flexibility to trade up for a better living environment or trade down to reduce debt. The total loans outstanding with negative equity in banks in Hong Kong can be reduced and funneled through securitization.

Brand New Concept in Wealth Management Services

During the year we initiated throughout our branches a Financial Quotient ('FQ') Financial Needs Analysis ('FNA') to help customers manage both sides of the balance sheet in growing wealth. The FNA aims to help our customers understand their cash flow, risk profile, investment appetite and objectives as well as their life stage position. Through the FNA, we help our clients structure appropriate asset allocation proposals to fit their individual risk profile and financial needs. Through such wealth management initiatives, we were able to increase wealth management fee income by 81%, most notably from the distribution of unit trust and Bancassurance products where increases have grown 35.4% and 1.9 times respectively.

Retail Banking



The winning team at the 2002 Hong Kong Award for Services Ceremony

Sustainable Growth Strategy

During 2002, RBG succeeded in tripling total assets under management. Much effort was made to enhance our sales and distribution effectiveness. We consolidated the branch network to 38 shops by focusing our reach into the Professional / Managerial customer segments. The smooth integration of HKCB retail business in products, service, sales and operations enabled RBG to realize HK\$12 million synergy savings (excluding staff cost savings), and HK\$22 million additional fee income due to product alignment and cross-selling.

We continued to grow our credit card business with caution not to take additional risk. We achieved our target of issuing 100,000 new cards and increasing account receivables to HK\$336 million. Due to strong credit management, the charge-off rate for CKWB, excluding the HKCB portfolio, is single digit and below market average of 13.25%. We will continue to progressively grow this business on selected segments with preferred credit quality and profit potential, and to further enhance our positioning through value propositions that are of unique relevance to our customers' financial and lifestyle needs.

Our Hire Purchase and Leasing business also enjoyed healthy growth. Loan outstanding increased by HK\$1.1 billion, or

57%, while post-provisioning profit rose by HK\$18 million, or 50%. In supporting the HKSAR government's Business Installation & Equipment Loan Guarantee Scheme ('BIG'), we succeeded in building a loan portfolio of approximately HK\$200 million and capturing 8% market share.

Building a Greater China Franchise

During 2002, RBG focused on building a strong foundation for expansion into the Greater China area where a strong rise in demand for individual wealth creation is expected. The thrust of our strategy is to seize a breakthrough into the Mainland market through establishing successful business models, one of which is to build a credit card business in China. A credit card servicing company was set up in Shenzhen during the year and preparation work was at full speed for a country-wide launch of a PRC credit card jointly with our sister bank, CITIC Industrial Bank ('CIB'), before the end of 2003. We shall add value in establishing the positioning, marketing and distribution strategies and provide technical support while CIB will be the card issuer. We have started providing wealth management seminars for more than 300 customers of CIB and CITIC Securities in Shenzhen, Shanghai and Hangzhou. We are also actively exploring opportunities to provide end-user residential mortgages in major China cities, such as Shenzhen, Dalian and Shanghai, targeting non-PRC residents.

In 2003, we will continue to build our wealth management franchise and grow our high margin secured lending business. While building business models that incorporate star products to acquire new customer segments, we will strengthen customer experience through innovative product offerings, customer-driven sales and service approaches and enhanced customer communication. Through these initiatives, we aim to grow customer value and profitability that will transform our retail banking franchise to a leading wealth management brand in Greater China.

Professionalism



The Corporate Banking Group ('CBG') has successfully enhanced its service delivery capabilities and increased market share through recruiting and developing a team of professional relationship managers and product specialists. Our highly professional business management has enabled CBG to continuously achieve satisfactory revenue growth and loan quality improvements, despite prevailing adverse economic conditions.

Corporate Banking

Through focused targeting, pro-active relationship management, and competitive product offerings, the Corporate Banking Group ('CBG') has successfully built a sustainable corporate banking business featuring a balanced portfolio of quality loan assets and broadened revenue streams.



In 2002, CBG continued to make significant contributions to the Bank's overall profit performance. With substantially expanded business coverage and a range of quality enhancements, we have successfully transformed ourselves into a premier financial services provider, adding significant value to our customers' business.

Strengthened Business Portfolio

In spite of the adverse economic environment that prevailed in Hong Kong in 2002, our business achieved satisfactory growth on all fronts. With the successful integration of the HKCB portfolio, we enjoy a larger and more diversified customer base, providing ample opportunities for revenue growth and cost synergies.

Broadened Revenue Stream

CBG undertook and completed a range of new business initiatives during the year to further improve our income stream. We successfully developed and introduced to our customers a number of innovative electronic banking and treasury products. We also established a loan syndication unit to cater for the market's growing needs for this type of financing. System and product enhancements undertaken in the trade finance area improved our processing capabilities and service quality. These initiatives have generated new and additional fee and interest income.

Enhanced Asset Quality

We have out-performed competition in business growth, without compromising asset quality. The level of debt provision for corporate banking business has declined compared to 2001. We will continue to exercise stringent risk control to ensure that this positive trend is maintained.

New Model for China Business

We placed very strong emphasis on expanding our China business capabilities, both in line with customers' needs, and to tap the opportunities brought about by China's impressive



The Bank is the Arranger for Eastern Asia Technology (HK) Ltd. syndicated term loan facility



economic growth. We have forged a close working relationship with CIB to provide a unified and effective platform for cross-border business. By utilizing the Group's representative offices and other networks in China, we continue to pursue our ultimate objective of providing quality, one-stop customer service for the Greater China region.

Staying Ahead of Competition

The trading environment in Hong Kong is expected to remain difficult in 2003, characterized by slow economic growth, stagnation in new investments, and a depressed property market. A strategic repositioning of our business is underway to enable us to overcome these challenges successfully and to stay ahead of competition.

New Wholesale Banking Group

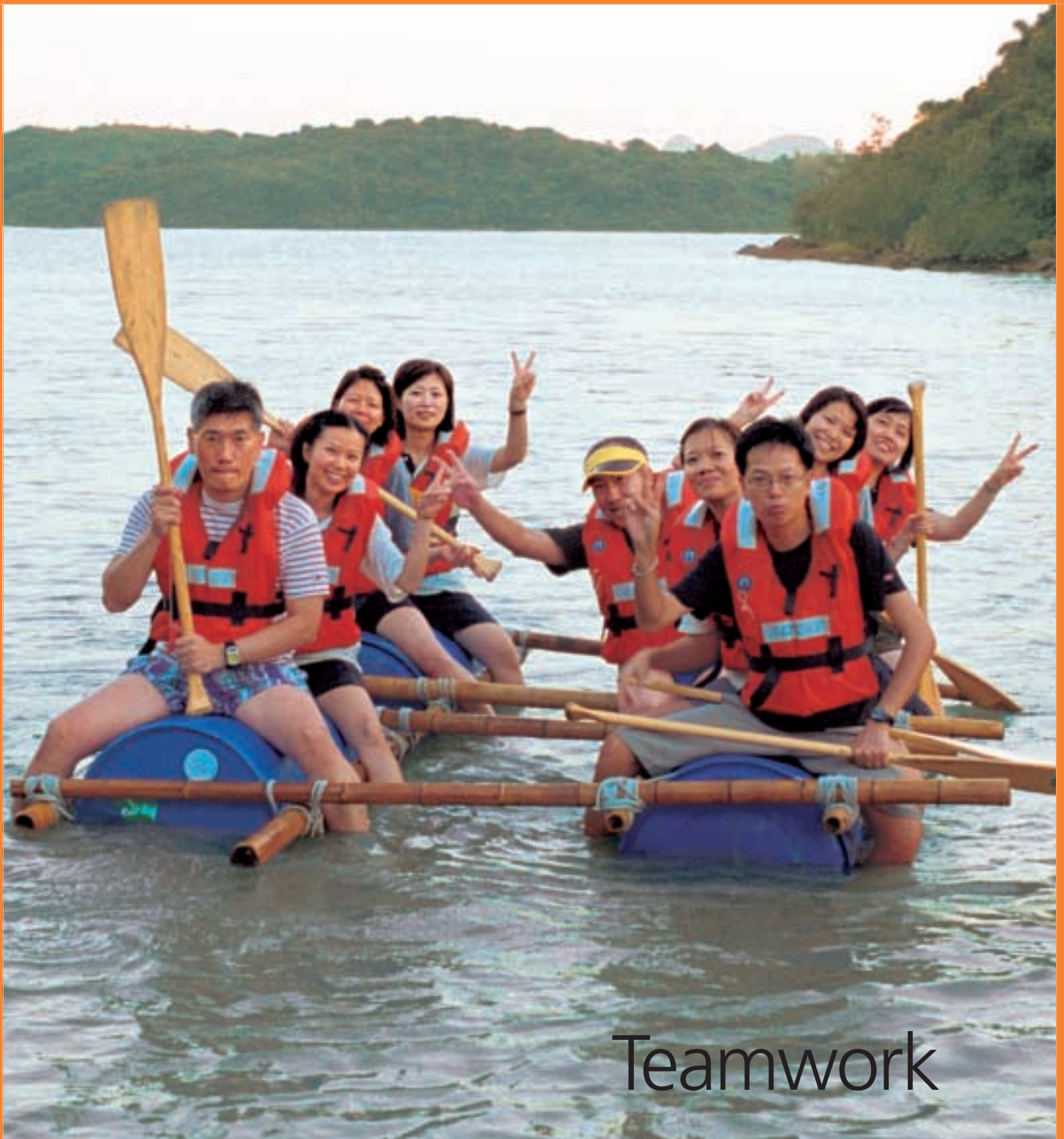
At the beginning of 2003, we restructured the Bank's corporate and commercial banking operations into a new Wholesale Banking Group ('WBG'). Encompassed under WBG are business functions including corporate lending and syndication, commercial banking and trade finance, China corporate business, as well as our US branches. The new arrangement will further sharpen our market focus, and will create higher levels of synergy across the Bank's different lines of business.

New SME Business Model

Small to medium enterprise ('SME') businesses will remain one of the key pillars of our economy. To professionally serve this market segment, we aim to design and introduce a new business model which will enable us to deliver quality customer service in a cost-effective way. Additional professional staff will be recruited, system enhancements will be enforced, and product offerings will be expanded as an integral part of this exercise.

Greater China Business

To capitalize on the new business opportunities arising from China's entry into the World Trade Organization ('WTO'), and the ever increasing economic activities between the Mainland, Hong Kong and Taiwan, WBG and our China Banking Department will join forces to expand and strengthen our business capabilities in the region. We have committed additional resources to support these new initiatives. At the same time, we are also exploring various means to effectively leverage on the CITIC network to achieve more extensive market coverage and higher levels of customer satisfaction.



Teamwork

Through inspiring teamwork and professional excellence, Treasury and Financial Institutions was able to respond optimally to our customers' needs and to achieve higher returns. Teamwork, innovativeness and professionalism were integral to the successful placement of our benchmark Upper Tier II transaction, and our winning of The Asset's 'Best Hybrid Bank Bond Deal'.

Treasury & Financial Institutions

In 2002, the Bank continued to focus on strengthening our risk management capabilities, the highly disciplined management of liquidity, capital, assets and liabilities, and overall control of costs of funds.



Enhancing Returns and Strengthening Risk Controls

We continued our key strategy of restructuring the liability mix and bolstering our long-term sources of funds by issuing Certificates of Deposit ('CDs') at regular intervals during the year. Through public syndication and private placement, we issued HK\$3.5 billion CDs in 2002. The persistently liquid market conditions amid weak loan demand, subdued new business growth and tightening of credit spreads on financial papers contributed to a further reduction of our overall cost of funds. Through the series of CD and debt issuance, our investor base has been significantly enlarged as evidenced by a much larger universe of participants in each of our syndicates.

Our planned and focused investments of surplus funds yielded satisfactory results for the year amidst a very difficult operating environment and slower business growth. Most of these investments were high credit quality securities which also enhanced our overall liquidity. Through selective hedging of investment portfolios and dedicated market risk management techniques, portfolio risks were prudently managed and returns were enhanced.

During the year, we further refined our Treasury system to provide streamlined processing of trades from deal captures

to settlement. Segregation of risk management functions between middle office and back office from front office trading ensures independent control and effective risk monitoring. Upgrading the Bank's risk management capabilities is a continuous process to ensure pro-active and sound market risk management and controls are in place.

Setting Benchmarks in the Market

In addition to the successful management of assets and liabilities, the Bank also prudently managed its capital requirements. We engaged HSBC, Industrial and Commercial Bank of China (Asia) and UBS Warburg as joint bookrunners and lead managers to arrange for our landmark US\$250 million Upper Tier II transaction in May 2002. Being the first Upper Tier II transaction in Asia (ex-Japan) and well received by the market, the issue was awarded the 'Best Hybrid Bank Bond Deal' by The Asset magazine. Through this transaction, not only have we succeeded in enhancing our profile among institutional investors in Asia and Europe, we have also set a capital funding benchmark for banks in Hong Kong. Like the subordinated debt issued by the Bank in 2001, Upper Tier II is an innovative and efficient capital instrument which further strengthened the Bank's capital base for potential acquisition and organic expansion going forward.

Creating Broader and Deeper Customer Relationships

With customer focus central to the Bank's philosophy, new initiatives were adopted for customer acquisition through product development and bolstering co-operation between the Bank's business units. Against a background of low interest rates and perceptible interest rates cuts, there was increasing demand from customers for yield enhancing. These demands were met through timely arranging of equity and currency linked products for retail customers and structural hedging products for corporate clients. Various seminars were organized for customers in the Mainland to enhance customer relationship and bolster the Bank's profile for China marketing.

Another encouraging development during the fiscal year was the extension to the Bank of counterparty limits through improved relationships with interbank counterparties. Expanded re-purchase facilities established with premier financial institutions greatly enhanced the Bank's access to market liquidity.

Realizing Synergies within the Franchise

With the challenging market environment in the US and continuing volatility in global interest rates, we are prepared for an interest rate reversal and are building hedges that will minimize the impact of interest rate fluctuations. Our focus on yield enhancement products including equity and currency linked products to meet customer demand should also benefit both revenue growth and customer acquisition. With the smooth integration of treasury and financial institutions functions with the former HKCB in 2002, we are confident that resulting synergies will continue to present themselves, bringing exceptional value to the Bank in 2003.



A special golf day to celebrate the successful issuance of the Bank's landmark US\$250 million Perpetual Subordinated Guaranteed Notes with our business partners



Integrity

Integrity is fundamental to our business. Throughout the years, CITIC Ka Wah Bank has been adhering to the highest standard of integrity. Through continuous enhancement of risk management, be it credit, liquidity, market, interest rate, operational, legal, strategic or reputation risk, we fully demonstrate our culture of integrity, with a view to becoming the most trusted partner of our customers.

Risk Management

The Bank continues to enhance its risk management system to identify, measure, monitor and control the various types of risks within the Bank's activities and to hold capital against these risks. The Bank's senior management has designated risk owners who have the primary responsibility for overseeing and monitoring the respective risk type, and for ensuring that adequate policies and procedures are being maintained and enforced through an effective internal control system.



The Credit and Risk Management Committee, chaired by Mr. Ronald Carstairs who is a veteran banker and an Independent Non-Executive Director of the Bank, was established in November 2002 to provide Board level governance of the Bank's risk management strategies, policies and mechanism. The Committee oversees the Bank's risk management through various committees at the Bank's management level, including Management Committee, Credit Committee, Non Performing Loan ('NPL') Committee, International Credit Committee, Asset & Liability Management Committee ('ALCO') and Operations & Control Committee.

The Audit Committee, an independent body, assists the Board in reviewing compliance with the policies, procedures and internal and statutory regulations. Chaired by Mr. Stephen Fan, an experienced professional accountant and an Independent Non-Executive Director of the Bank, the Committee oversees the Bank's internal and external auditors and assists the Board in providing independent review of the effectiveness of the Bank's financial reporting process and internal control system.

Credit Risk Management

Credit risk management is one of the most important disciplines in the Bank's operations. It has become steadily more challenging due to today's increasingly stringent supervisory requirements and difficult economic environment. The integration with HKCB brought along a further challenge on the alignment of credit risk management culture. To overcome such challenges and to support new business development, the Bank implemented new policies and procedures, such as large exposure policy, to meet compliance and supervisory requirements; and to cater for its operations in various new business areas, such as negative equity mortgage refinancing services to retail customers and FX / swap facilities to corporate customers.

Within the Bank Group, the credit risk management function is centralized and is governed by the Credit and Risk Management Committee at Board level. The Committee defines and delegates the approval authority to three credit related functional committees: the Credit Committee, the International Credit Committee and the NPL Committee,

which focus on different aspects of the credit risk management function of the Group. These three committees comprise the Chief Executive Officer, the Group Credit Head and other members of senior management. Within the delegated authority, the Credit Committee approves, inter alia, credit policies of the Group, credit applications, loan classifications and policy exceptions. The International Credit Committee manages, approves and controls the interbank counterparty risk of the Group. The NPL Committee controls and manages all criticized credits and approves specific provisions.

During the year, the credit policies, including loan classification and provisioning, and credit approval hierarchy of CKWB and HKCB were reviewed and aligned. Control procedures for new business areas were also implemented to support the business expansion of the Bank. In addition, a post-approval review team continued to perform loan reviews on selected loan products of the Group which were perceived to be of comparatively high risk.

The ongoing enhancement and improvement in credit risk management has proved to be fruitful. The Bank's classification rate for new corporate accounts booked after 1998 continues to be relatively low, and these classified accounts are largely covered by related general provisions and collateral. The Bank will continue to adopt a prudent credit policy. At the same time, it will continue to further strengthen its credit risk management functions to protect asset quality.

Liquidity Management

Liquidity management ensures there is adequate cash flow to meet all obligations in a timely and cost-effective manner. Liquidity risk is managed by maintaining an adequate stock of liquid assets of appropriate quality to ensure that the Bank can meet obligations at all times as they fall due and to provide the Bank with sufficient resources for contingency purposes.

In addition to the regular issuing of long-dated certificates of deposit, the Bank has also arranged re-purchase agreement facilities in order to enhance liquidity. The liquidity management policy has also been revised to initiate a more pro-active approach towards the management of liquidity.

Market Risk Management

The Bank continues to manage its market risk effectively via the Market Risk Management Unit of the Audit & Risk Management Department. Market risk ensues once the Bank undertakes positions in markets such as foreign exchange, interest rates, securities and equities. Such positions are driven by execution of customer orders, proprietary trading and hedging.

The ALCO establishes the Bank's maximum market risk limits. Exposures are monitored and reported to Management regularly.

The average daily revenue generated from the Treasury's trading activities during 2002 was HK\$6,000 and the standard deviation was HK\$3,272,000.

The maximum daily loss was HK\$13,166,000 with 113 out of 244 days showing losses. The most frequent result was a daily revenue of HK\$19,000 to HK\$497,000 with 32 occurrences. The highest daily revenue was HK\$14,620,000.

The Bank's foreign exchange risk arises with foreign exchange position taking, commercial dealing, investment in foreign currency securities and through overseas branches. All foreign exchange positions are managed by the Treasury within limits approved by the ALCO. The average daily foreign exchange trading loss for the year ended 31 December 2002 was HK\$37,000.

Risk Management

Interest Rate Risk Management

The Bank's interest rate risk exists in both the bank book and the trading book. While the risk entailed in the former is reviewed by the ALCO on a monthly basis, the latter is marked to market daily. The average daily revenue incurred in the trading book for the year ended 31 December 2002 was HK\$42,000.

Operational Risk Management

The primary objective of the Operations & Control Committee is to assist the Bank's senior management to ensure that an effective operation and internal control system is in place. While the Committee does not carry the responsibility of day-to-day operations, it will address operational or control issues raised and may make decisions to direct the Bank's operations as the Committee deems appropriate.

The operational policies and procedures of the Bank are subject to constant review by senior management to ensure their robustness in containing risks and that they are in line with best banking practices. During 2002, over 400 policies and procedures were reviewed and revised with a view to improving overall operational efficiency and controls.

The Bank's operational risk management has been enhanced with the successful implementation of the new core banking system. The replacement of manual processing tasks and follow-ups by automated processing and system interfaces had led to improved accuracy. More efficient processing to handle higher transaction volume and rush orders had helped eliminate possible delays. Furthermore, improved management information reporting had resulted in more effective measurement and monitoring of the operational risk factors.

The integration with HKCB has resulted in greater operating synergy where the operating strength of both banks was combined in the areas of systems, procedures and staff expertise to further improve the overall operational risk management capabilities. Following this successful integration, the Bank's computer processing capabilities and expertise in IT were greatly enhanced to support a more sophisticated product range. Data centers of the two banks were consolidated in mid-August 2002 to optimize operations and cost efficiency. Test simulations have been successful in our 24 x 7 backup data center to assure business continuity in the event of external disruptions to our major operating centers.

The integration of systems and operations has provided an unprecedented opportunity for the detailed review of the contingency arrangements for which business continuity plans will be refined and tested accordingly.

Legal Risk Management

The Bank is subject to various forms of legal risk, the management of which has become more challenging due to increasingly stringent legal and regulatory requirements as well as the Bank's rapid development in new products and businesses. To overcome such challenges the Bank continued to enhance its legal risk management capabilities through the implementation of relevant controls, policies and procedures during the year. Amongst the more significant measures were the continued staff training of key changes in relevant legal and regulatory requirements; the strict enforcement of controls to ensure the review by the Legal and Compliance functions prior to the launch of new products and services; and the further enhancement of control on subsidiaries and associated companies through the setting up of relevant policies.

Strategic and Reputation Risks Management

The Bank is aware of the importance in defining and enforcing the appropriate business strategies, as well as in protecting and promoting the reputation of the Bank. The Management Committee of the Bank is responsible for monitoring and controlling the Bank's strategic and reputation risks. High level policies in respect of strategic risk and reputation risk have been drafted with a view to identifying and assessing risks, and improving controls.

Biographies of Directors and Senior Executives

Biographies of Directors

Arranged in the order of number of strokes of the Directors' Chinese surnames

Mr. Kong Dan

(Chairman)

Aged 55. Appointed as a Director and was elected Chairman of the Bank on 25 November 2002. Mr. Kong is presently the Vice Chairman and President of CITIC Group and the Chairman of CITIC International Financial Holdings Limited. He holds a Master Degree in Economics from the China Academy of Social Sciences. Mr. Kong was formerly the Vice Chairman and President of China Everbright Group Limited, Vice Chairman of China Everbright Limited and Chairman of China Everbright Technology Limited. He has extensive business connections and experience in investment and finance.

Mr. Kong Siu Chee Kenneth

(Executive Vice President and Alternate Chief Executive Officer)

Aged 56. Appointed as a Director of the Bank on 17 January 2002 and was further appointed as Alternate Chief Executive Officer of the Bank on 25 November 2002. Mr. Kong is also the Director and Managing Director of CITIC International Financial Holdings Limited. He obtained a Bachelor Degree in Economics from the University of Hong Kong and a MBA Degree from the Chinese University of Hong Kong. Mr. Kong is an Associate of the Institute of Bankers (U.K.). Before joining the Bank, Mr. Kong had been working in Standard Chartered Bank for 24 years.

Mr. Ju Weimin

Aged 39. Appointed as a Director of the Bank on 25 November 2002. Mr. Ju obtained a Bachelor Degree in Economics from the Hangchow Institute of Electronic Engineering and a Master Degree in Economics from the People's University of China. He is presently the Director and Chief Accountant of CITIC Group and a Director of CITIC International Financial Holdings Limited.

Mr. Lam Kwong Siu

(Independent Non-Executive Director)

Aged 68. Appointed as an Independent Non-Executive Director of the Bank on 17 January 2002. Mr. Lam is presently the Vice Chairman of BOC International Holdings Limited, Director of Bank of China and Ananda Wing On Travel (Holdings) Limited, and the Independent Non-Executive Director of CITIC International Financial Holdings Limited. He was formerly the Deputy Chief Executive of Bank of China Hongkong-Macau Regional Office, Chairman of Po Sang Bank Limited, Vice Chairman of Chiyu Banking Corporation Limited and the Director of BOC China Fund Limited and Henderson China Holdings Limited. He has over 40 years of continuous banking experience.

Mr. Fan Sheung Tak Stephen

(Independent Non-Executive Director)

Aged 63. Appointed as an Independent Non-Executive Director of the Bank on 25 November 2002. Mr. Fan is the Fellow Member of the Association of Chartered Certified Accountants in the United Kingdom and The Hong Kong Society of Accountants. He is the founder and Senior Partner of Fan, Mitchell & Co. and the Independent Non-Executive Director of CITIC International Financial Holdings Limited.

Mr. Chang Zhenming

(Executive Vice Chairman)

Aged 46. Appointed as a Director of the Bank on 17 January 2002 and was elected Executive Vice Chairman on 25 November 2002. Mr. Chang is also the Director and Chief Executive Officer of CITIC International Financial Holdings Limited, Chairman of CITIC International Assets Management Limited and Ka Wah International Merchant Finance Limited, Chairman and Chief Executive Officer of CITIC Capital Markets Holdings Limited, Executive Director and Vice President of CITIC Group and a Director of CITIC Pacific Limited. Mr. Chang has nearly 20 years' broad range of experience in the finance industry.

Mrs. Chan Hui Dor Lam Doreen

(President and Chief Executive Officer)

Aged 49. Appointed as a Director of the Bank on 17 January 2002 and was further appointed as President and Chief Executive Officer of the Bank on 16 April 2002. Mrs. Chan is also the Director, Managing Director and Alternate Chief Executive Officer of CITIC International Financial Holdings Limited, Chairman of HKCB Finance Limited and Ka Wah Credit Limited. Prior to joining the Bank, she was in charge of the retail banking business for a major international bank in Hong Kong. Mrs. Chan has over 25 years of experience in the banking industry, of which over 10 years has been specializing in retail banking business.

Mr. Ronald Carstairs

(Independent Non-Executive Director)

Aged 64. Appointed as an Independent Non-Executive Director of the Bank on 25 November 2002. Mr. Carstairs is also the Deputy Chairman and Independent Non-Executive Director of Quality

HealthCare Asia Limited. He was the former Managing Director of Dah Sing Financial Holdings Limited and has over 30 years of commercial and retail banking experience in the Asia Pacific Region.

Mr. Zhao Shengbiao

(Executive Vice President and Country Head, U.S.A.)

Aged 52. Appointed as a Director of the Bank on 25 November 2002. He is now also the Executive Vice President and Country Head, U.S.A. of the Bank and in charge of the overall business operations in the U.S.A. Mr. Zhao is also a Director of CITIC International Financial Holdings Limited. He graduated from the University of International Business and Economics, Beijing and obtained a Master Degree in Finance from the College of Insurance, New York. He has over 20 years of experience in international banking and worked in London, Paris, Hong Kong and New York.

Mr. Lo Wing Yat Kelvin

(Executive Vice President)

Aged 44. Appointed as a Director of the Bank on 17 January 2002. Mr. Lo is now also the Executive Vice President of the Bank. Further, he is also a Director and Managing Director of CITIC International Financial Holdings Limited, Director and Chief Executive Officer of CITIC International Assets Management Limited and Ka Wah International Merchant Finance Limited. Mr. Lo graduated from the University of Hong Kong with a Bachelor Degree in Laws. He was admitted as a Solicitor of the Supreme Court of Hong Kong in 1984 and a Solicitor of the Supreme Court of England and Wales in 1989. Prior to joining the Bank, Mr. Lo served as an In-house Counsel of Bank of China Hongkong-Macau Regional Office and then became partner of Messrs Kao, Lee & Yip and Messrs Linklaters.

Mr. Dou Jianzhong

Aged 47. Appointed as a Director of the Bank on 25 November 2002. Mr. Dou graduated from the University of International Business and Economics, Beijing in 1979 and obtained a Master Degree in Economics from Liao Ning University. He was granted the prestigious title of 'Senior Economist' by CITIC Group. Mr. Dou is presently an Executive Director and Vice President of CITIC Group, President of CITIC Industrial Bank and Director of CITIC International Financial Holdings Limited.

Biographies of Senior Executives

Mr. Yeung Wai Keung Moses

Joined the Bank as Senior Vice President and Treasurer in June 2000 and becomes an Executive Vice President in charge of the overall activities of Treasury Department and Financial Institutions Department of the Bank since June 2002. Mr. Yeung obtained a Master Degree in Business Administration from the University of Hawaii. He has gained over 24 years of regional experience in treasury management from Citibank Hong Kong, Citibank Tokyo, UBS Australia, Credit Suisse Hong Kong and Banco Santander Hong Kong. Mr. Yeung is responsible for controlling and managing liquidity, funding and trading risk of the Bank. In addition, he drives and formulates business strategies and policies for commercial foreign exchange, deposits and innovative financial products.

Mr. Lam Che Keung Eddie

Joined the Bank as Senior Vice President in April 2000 and is now in charge of the Information Technology Department of the Bank. Mr. Lam has over 30 years of experience in the information technology field. Before joining the Bank, Mr. Lam worked in Citibank for 27 years in various locations including Hong Kong, U.S.A. and Singapore.

Mrs. Lam Lau Tak Mi Lorainne

Joined the Bank as Senior Vice President in January 2002 and is now in charge of the Retail Banking Group of the Bank covering the business lines of general retail banking services, wealth management, credit card and hire purchase & leasing. Mrs. Lam was elected Vice Chairman of HKCB Finance Limited in January 2003. She holds a Master Degree in Business Administration from the University of Liverpool, England. She has over 21 years of experience in retail banking management from Chase Manhattan Bank and Standard Chartered Bank.

Mr. Lee Man Wood Simon

Joined the Bank as Senior Vice President in October 1997 in charge of the Credit Department. He graduated from the University of Winnipeg and is a Certified Management Accountant of Ontario. Before joining the Bank, Mr. Lee held senior positions in Banque Indosuez, American Express Bank Limited and Chase Manhattan Bank.

Mr. Lee Yuk Ling Lincoln

Joined the Bank as Senior Vice President and Chief Financial Officer in April 2002 in charge of the Financial Management Department of the Bank. Mr. Lee has over 25 years of continuous experience in the banking industry in Hong Kong. Before joining the Bank, Mr. Lee held various senior management positions in finance, credit card and operation with Chase Manhattan Bank and Dao Heng Bank. He is a Fellow Member of the Chartered Institute of Management Accountants and The Hong Kong Institute of Company Secretaries, and an Associate Member of The Hong Kong Society of Accountants.

Ms. Leung May Chu Nancy

Joined the Bank as Senior Vice President and Head of Human Resources Department in August 1998. Ms. Leung graduated from the University of Hong Kong, majored in Economics. She served in the education profession before switching to the commercial / financial sectors. Before joining the Bank, Ms. Leung was the head of human resources function in the UK merchant bank Samuel Montague & Co., Xerox (Hong Kong & China), ABN AMRO Bank, Jardine Fleming Holdings Limited and Peregrine Holdings Limited.

Ms. Margaret Man

Joined the Bank as Senior Vice President in October 1998 and is now the Head of China Banking of the Bank. Ms. Man graduated from the Graduate School of the People's Bank of China obtaining a Master Degree in Banking and Finance. She had been a Division Chief in People's Bank of China ('PBOC') and worked for PBOC for 7 years. Before joining the Bank, Ms. Man was a Deputy Managing Director of China Venturetechno International Co. Ltd.

Mr. Wong Shiu Lim Calvin

Joined the Bank as Senior Vice President in July 2001 and is now the Head of Group Compliance Department. Mr. Wong obtained a MBA Degree in Finance from the University of California, Irvine and a Bachelor Degree in Accounting from the Chinese University of Hong Kong. He is a member of The Hong Kong Society of Accountants and the American Institute of Certified Public Accountants. Before joining the Bank, Mr. Wong was the Head of Compliance of UBS Warburg in Hong Kong.

Ms. Chan Pik Ha Betty

Joined the Bank as Vice President and Head of Corporate Communications in June 1999 and became Head of Corporate Relations in January 2002 in charge of Corporate Communications and Investor Relations. Ms. Chan obtained a Bachelor Degree in Economics from Manchester University in the U.K. and a M.Sc. in Marketing from the University of Manchester, Institute of Science & Technology. Before joining the Bank, Ms. Chan was a Director of PricewaterhouseCoopers, in charge of Marketing and Communications.

Mr. Ng Chun Tak

Joined the Bank in May 1999 as Vice President and Head of Audit & Risk Management. Mr. Ng obtained a MBA degree in Finance from the City University Business School in London. He is a Fellow Member of The Hong Kong Society of Accountants and The Association of Chartered Certified Accountants of U.K. Before joining the Bank, he has worked for various multinational and local banks.

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董事會報告書

Report of the Directors

董事會謹將截至二零零二年十二月三十一日止年度的報告書及經審核財務報表呈覽。

主要業務

中信嘉華銀行有限公司(前稱香港華人銀行有限公司)(「本行」)及其附屬公司(「本集團」)的主要業務是在香港提供一般銀行及相關金融服務。本行在紐約、洛杉磯和開曼群島設有分行，在上海和北京也設有代表處。本行各主要附屬公司於二零零二年十二月三十一日的詳情載於財務報表附註18內。

更改名稱

於二零零二年十一月二十五日，即「中信嘉華銀行有限公司(合併)條例」(「合併條例」)的指定日期，前中信嘉華銀行有限公司(「前中信嘉華」)按合併條例將其大部份業務轉歸香港華人銀行有限公司所有，自此，前中信嘉華成為一所投資控股公司，持有本行所有股份權益，而名稱亦更改為中信國際金融控股有限公司(CITIC International Financial Holdings Limited)，本行亦同時易名為中信嘉華銀行有限公司(CITIC Ka Wah Bank Limited)。

財務報表

本集團截至二零零二年十二月三十一日止年度的溢利和本集團於該日的財政狀況載於第65頁至第127頁的財務報表內。

股息

本行於截至二零零二年十二月三十一日止年度宣佈派發中期股息共港幣346,716,000元，當中港幣166,716,000元已於本年度內派發(二零零一年：港幣36,000,000元)。董事會不建議派發截至二零零二年十二月三十一日止年度末期股息(二零零一年：無)。

固定資產

固定資產的變動載於財務報表附註21內。

儲備

本集團及本行於本年度的儲備變動載於財務報表附註27內。

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of CITIC Ka Wah Bank Limited (formerly known as The Hongkong Chinese Bank, Limited) (the 'Bank') and its subsidiaries (the 'Group') are the provision of general banking and related financial services, primarily in Hong Kong. The Bank operates branches in New York, Los Angeles and the Cayman Islands. It also has representative offices in Shanghai and Beijing. Particulars of the Bank's principal subsidiaries as at 31 December 2002 are set out in note 18 on the financial statements.

CHANGE OF NAME

On 25 November 2002, the appointed date of the CITIC Ka Wah Bank Limited (Merger) Ordinance (the 'Ordinance'), the bulk of the business undertakings of the old CITIC Ka Wah Bank Limited ('CKWB') were vested in The Hongkong Chinese Bank, Limited in accordance with the Ordinance and thereafter, CKWB became an investment holding company holding all the shareholding interests of the Bank. The name of CKWB was changed to CITIC International Financial Holdings Limited (中信國際金融控股有限公司) and the name of the Bank was changed to CITIC Ka Wah Bank Limited (中信嘉華銀行有限公司) simultaneously.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2002 and the state of the Group's affairs as at that date are set out in the financial statements on pages 65 to 127.

DIVIDENDS

A total amount of interim dividend of HK\$346,716,000 was declared for the year ended 31 December 2002, among which HK\$166,716,000 was paid during the year (2001: HK\$36,000,000). The directors do not recommend the payment of a final dividend for the year ended 31 December 2002 (2001: Nil).

FIXED ASSETS

Movements in fixed assets are set out in note 21 on the financial statements.

RESERVES

Movements in the reserves of the Group and the Bank during the year are set out in note 27 on the financial statements.

董事會報告書

Report of the Directors

董事

本財政年度內及截至本報告書日期止的董事如下
(按董事中文姓氏的筆劃排列)：

孔 丹先生 (董事長)	(於二零零二年十一月二十五日委任)
江紹智先生 (執行副總裁兼 替任行政總裁)	(於二零零二年一月十七日委任)
居偉民先生	(於二零零二年十一月二十五日委任)
林廣兆先生 (獨立非執行董事)	(於二零零二年一月十七日委任)
范尚德先生 (獨立非執行董事)	(於二零零二年十一月二十五日委任)
常振明先生 (常務副董事長)	(於二零零二年一月十七日委任)
陳許多琳女士 (總裁兼行政總裁)	(於二零零二年一月十七日委任)
賈世德先生 (獨立非執行董事)	(於二零零二年十一月二十五日委任)
趙盛彪先生 (執行副總裁兼 美國地區總經理)	(於二零零二年十一月二十五日委任)
盧永逸先生 (執行副總裁)	(於二零零二年一月十七日委任)
竇建中先生	(於二零零二年十一月二十五日委任)
陳念良先生	(於二零零二年一月十七日離任)
丁亞力女士	(於二零零二年一月十七日離任)
蔣 偉先生	(於二零零二年一月十七日離任)
姜智宏先生	(於二零零二年一月十七日離任)
麥明瀚先生	(於二零零二年一月十七日離任)
寧高寧先生	(於二零零二年一月十七日離任)
李 白先生 (替任董事：李文藻先生)	(於二零零二年一月十七日離任)
李文正博士 (替任董事：李 宗先生)	(於二零零二年一月十七日離任)
李 宗先生	(於二零零二年一月十七日離任)
卓盛泉先生	(於二零零二年十一月二十五日離任)
祈立德先生	(於二零零二年十一月二十五日離任)
許起予先生	(於二零零二年十一月二十五日離任)
李永鴻先生	(於二零零二年十一月二十五日離任)

根據本行的公司組織章程細則第97條，所有董事需
依章告退，並願膺選連任。

DIRECTORS

The directors during the financial year and up to the date of this report are as follows
(arranged in the order of number of strokes of the directors' Chinese surnames):

Mr. Kong Dan (Chairman)	(appointed on 25 November 2002)
Mr. Kong Siu Chee Kenneth (Executive Vice President and Alternate Chief Executive Officer)	(appointed on 17 January 2002)
Mr. Ju Weimin	(appointed on 25 November 2002)
Mr. Lam Kwong Siu (Independent Non-Executive Director)	(appointed on 17 January 2002)
Mr. Fan Sheung Tak Stephen (Independent Non-Executive Director)	(appointed on 25 November 2002)
Mr. Chang Zhenming (Executive Vice Chairman)	(appointed on 17 January 2002)
Mrs. Chan Hui Dor Lam Doreen (President and Chief Executive Officer)	(appointed on 17 January 2002)
Mr. Ronald Carstairs (Independent Non-Executive Director)	(appointed on 25 November 2002)
Mr. Zhao Shengbiao (Executive Vice President and Country Head, U.S.A.)	(appointed on 25 November 2002)
Mr. Lo Wing Yat Kelvin (Executive Vice President)	(appointed on 17 January 2002)
Mr. Dou Jianzhong	(appointed on 25 November 2002)
Mr. Chan Nim Leung Leon	(resigned on 17 January 2002)
Ms. Ding Ya Li	(resigned on 17 January 2002)
Mr. Jiang Wei	(resigned on 17 January 2002)
Mr. Keung Chi Wang Ralph	(resigned on 17 January 2002)
Mr. Gerard Joseph McMahon	(resigned on 17 January 2002)
Mr. Ning Gaoning	(resigned on 17 January 2002)
Mr. James Riady (Alternate: Mr. Lee Man Cho)	(resigned on 17 January 2002)
Dr. Mochtar Riady (Alternate: Mr. Stephen Riady)	(resigned on 17 January 2002)
Mr. Stephen Riady	(resigned on 17 January 2002)
Mr. Albert Saychuan Cheok	(resigned on 25 November 2002)
Mr. Stephen Edward Clark	(resigned on 25 November 2002)
Mr. Kor Kee Yee	(resigned on 25 November 2002)
Mr. Lee Wing Hung Raymond	(resigned on 25 November 2002)

In accordance with Article 97 of the Bank's Articles of Association, all the remaining
directors retire and, being eligible, offer themselves for re-election.

董事權益

本行的直接控股公司中信國際金融控股有限公司（「中信國際金融控股」）設有一項高級行政人員購股權計劃（「購股權計劃」），據此，本行合資格的僱員（包括本行董事）可認購中信國際金融控股的股份。陳許多琳女士、江紹智先生、盧永逸先生及趙盛彪先生均獲賦予購股權，可根據購股權計劃行使購股權，認購中信國際金融控股的股份。有關購股權計劃的詳情載於財務報表附註35內。

本行、其任何控股公司、附屬公司或同系附屬公司於年末或本年度內任何時間，概無訂立任何令本行董事直接或間接享有重大權益的重要合約。

除上述者外，本行、其任何控股公司、附屬公司或同系附屬公司均沒有在本年度內任何時間訂立任何安排，致使本行董事可透過收購本行或任何其他法人公司的股份或債券而獲益。

管理合約

本年度內，本行概無就全盤業務或其中重大部份業務的管理簽訂或存有任何合約。

監管政策手冊的《本地註冊認可機構披露財務資料》

截至二零零二年十二月三十一日止年度的財務報表在各重大方面，均符合香港金融管理局頒佈的監管政策手冊《本地註冊認可機構披露財務資料》指引的規定。

核數師

羅兵咸永道會計師事務所在本年度內退任後，本行委任畢馬威會計師事務所為本行核數師。重新委任畢馬威會計師事務所為本行核數師的決議案，將在即將召開的股東週年大會上提呈。

承董事會命
董事長
孔丹

香港，二零零三年三月十二日

DIRECTORS' INTERESTS

The immediate holding company, CITIC International Financial Holdings Limited ('CIFH'), operates a Senior Executive Share Option Scheme (the 'Scheme') enabling its eligible employees (including directors of the Bank) to acquire shares of CIFH. Mrs. Chan Hui Dor Lam Doreen, Mr. Kong Siu Chee Kenneth, Mr. Lo Wing Yat Kelvin and Mr. Zhao Shengbiao were granted options to subscribe for shares in CIFH which were exercisable pursuant to the Scheme. Details of the Scheme are set out in note 35 on the financial statements.

No contract of significance, to which the Bank, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Apart from the above, at no time during the year was the Bank, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

MANAGEMENT CONTRACTS

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

SUPERVISORY POLICY MANUAL ON FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS

The financial statements for the year ended 31 December 2002 comply, in all material respects, with the guideline on 'Financial Disclosure by Locally Incorporated Authorised Institutions' under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

AUDITORS

KPMG were appointed the Bank's auditor during the year upon the retirement of PricewaterhouseCoopers. 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
Kong Dan
Chairman

Hong Kong, 12 March 2003

核數師報告書

Auditors' Report



核數師報告書

致中信嘉華銀行有限公司各股東
(前稱「香港華人銀行有限公司」)
(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核刊於第65頁至第127頁按照香港公認會計原則編製的財務報表。

董事及核數師各自的責任

香港《公司條例》規定董事須編製真實與公平的財務報表。在編製真實與公平的財務報表時，董事必須貫徹採用合適的會計政策，作出審慎及合理的判斷和估計，並說明任何重大背離現行會計準則的原因。

我們的責任是根據我們審核工作的結果，對這些財務報表提出獨立意見，並向股東報告。

意見的基礎

我們是按照香港會計師公會頒佈的《核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製這些財務報表時所作的主要估計和判斷，所釐定的會計政策是否適合貴行及貴集團的具體情況及有否貫徹運用並足夠披露這些會計政策。

我們在策劃和進行審核工作時，是以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。在提出意見時，我們亦已衡量財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

意見

我們認為，這些財務報表均真實與公平地反映貴行及貴集團於二零零二年十二月三十一日的財政狀況及貴集團截至該日止年度的溢利和現金流量，並已按照香港《公司條例》適當地編製。

畢馬威會計師事務所

執業會計師

香港，二零零三年三月十二日

Auditors' report to the shareholders of

CITIC Ka Wah Bank Limited

(Formerly The Hongkong Chinese Bank, Limited)

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 65 to 127 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2002 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

Hong Kong, 12 March 2003

綜合收益表

Consolidated Income Statement

截至二零零二年
十二月三十一日止年度
(以港幣為單位)

for the year ended 31 December 2002
(Expressed in Hong Kong dollars)

		附註 Note	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
利息收入	Interest income	4(a)	3,186,364	1,240,636
利息支出	Interest expense		(1,479,280)	(721,406)
淨利息收入	Net interest income		1,707,084	519,230
費用及佣金收入	Fees and commission income		359,817	56,716
費用及佣金支出	Fees and commission expense		(46,381)	(6,612)
其他經營收入	Other operating income	4(b)	157,925	56,071
經營收入	Operating income		2,178,445	625,405
經營支出	Operating expenses	4(c)	(1,017,520)	(352,717)
未計準備前經營溢利	Operating profit before provisions		1,160,925	272,688
呆壞賬準備	Charge for bad and doubtful debts		(509,228)	(227,831)
經營溢利	Operating profit	4	651,697	44,857
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets		(8,987)	(546)
投資物業重估淨虧損	Net deficit on revaluation of investment properties		(13,879)	(4,800)
出售聯營公司淨虧損	Net loss on disposal of associates		(190)	–
出售持有至到期證券淨溢利	Net profit on disposal of held-to-maturity securities		51,949	–
持有至到期證券及投資證券準備	Provision on held-to-maturity securities and investment securities		(13,194)	(6,087)
所佔聯營公司溢利減虧損	Share of profits less losses of associates		–	32
正常業務的稅前溢利	Profit from ordinary activities before taxation	30	667,396	33,456
稅項	Taxation	6(a)	(21,599)	(1,511)
股東應佔溢利	Profit attributable to shareholders	7 & 27(g)	645,797	31,945
本年度股息：	Dividends attributable to the year:			
本年度已宣派的中期股息	Interim dividends declared during the year	8	346,716	36,000

綜合資產負債表

Consolidated Balance Sheet

於二零零二年十二月三十一日
(以港幣為單位)

at 31 December 2002
(Expressed in Hong Kong dollars)

	附註 Note	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
資產			
現金及短期資金	9	5,380,135	5,769,338
一個月後到期的銀行及其他 金融機構存款			
	13(d)	221,006	37,847
貿易票據減準備	10	374,942	80,309
存款證	11	1,030,944	605,402
其他證券投資	12	2,583,605	168,462
客戶墊款及其他賬項減準備			
	13(a)	42,847,862	11,776,417
持有至到期證券及投資證券			
	17	18,575,250	486,991
聯營公司投資	19	120,110	54,295
有形固定資產	21	1,745,920	1,014,903
總資產		72,879,774	19,993,964
負債			
銀行及其他金融機構存款 及結存	22	2,039,519	60,880
客戶存款	23	54,910,978	15,346,636
已發行存款證	24	5,832,512	990,607
其他賬項及準備		1,210,871	357,499
總負債		63,993,880	16,755,622
資金來源			
股本	26	2,393,341	2,393,341
儲備	27	2,202,381	845,001
股東資金		4,595,722	3,238,342
債務資本	28	4,290,172	—
		8,885,894	3,238,342
負債及資金來源總額		72,879,774	19,993,964

董事會於二零零三年三月十二日核准並授權發佈

Approved and authorised for issue by the Board of Directors on 12 March 2003

常振明
Mr. Chang Zhenming
常務副董事長
Executive Vice Chairman

陳許多琳
Mrs. Chan Hui Dor Lam Doreen
董事、總裁兼行政總裁
Director, President and CEO

江紹智
Mr. Kong Siu Chee Kenneth
董事兼替任行政總裁
Director and ACEO

李若齡
Mr. Lee Yuk Ling Lincoln
財務總監
Chief Financial Officer

第70頁至第127頁的附註屬財務報表一部份。

The notes on pages 70 to 127 form part of these financial statements.

資產負債表

Balance Sheet

於二零零二年十二月三十一日
(以港幣為單位)

at 31 December 2002
(Expressed in Hong Kong dollars)

	附註 Note	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
資產			
現金及短期資金	9	5,357,204	5,767,310
一個月後到期的銀行及其他 金融機構存款			
	13(d)	221,006	37,847
貿易票據減準備	10	374,942	80,309
存款證	11	1,015,944	605,402
其他證券投資	12	2,580,509	168,462
客戶墊款及其他賬項減準備			
	13(a)	41,553,198	10,282,151
應收附屬公司款項	16	979,633	493,800
持有至到期證券及投資證券			
	17	18,527,378	486,091
附屬公司投資	18	763,866	312,266
聯營公司投資	19	120,105	31,076
有形固定資產	21	1,670,229	992,864
總資產		73,164,014	19,257,578
負債			
銀行及其他金融機構存款及 結存	22	2,039,519	90,309
客戶存款	23	54,395,883	14,734,709
已發行存款證	24	5,832,512	990,607
其他賬項及準備			
	20	1,006,712	340,736
應付附屬公司款項		5,545,934	41,655
總負債		68,820,560	16,198,016
資金來源			
股本	26	2,393,341	2,393,341
儲備	27	1,950,113	666,221
股東資金		4,343,454	3,059,562
負債及資金來源總額		73,164,014	19,257,578

董事會於二零零三年三月十二日核准並授權發佈

Approved and authorised for issue by the Board of Directors on 12 March 2003

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第70頁至第127頁的附註屬財務報表一部份。

The notes on pages 70 to 127 form part of these financial statements.

綜合權益變動報表

Consolidated Statement of Changes in Equity

截至二零零二年
十二月三十一日止年度
(以港幣為單位)

for the year ended 31 December 2002
(Expressed in Hong Kong dollars)

		附註 Note	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
於1月1日的股東權益	Shareholders' equity at 1 January		3,238,342	3,242,397
投資物業重估淨虧損	Net deficit on revaluation of investment properties	27(b)	(20,481)	—
匯兌差額	Exchange differences	27(f)	(17)	—
未在收益表內確認的淨虧損	Net losses not recognised in the income statement		(20,498)	—
因合併而增加	Additions through merger	27		
— 一般儲備	— General reserve		100,000	—
— 其他物業重估儲備	— Other property revaluation reserve		11,945	—
— 資本儲備	— Capital reserve		37,500	—
— 投資物業重估儲備	— Investment property revaluation reserve		20,481	—
— 匯兌差額	— Exchange differences		19	—
— 保留溢利	— Retained profits		908,852	—
			1,078,797	—
股東應佔溢利	Profit attributable to shareholders		645,797	31,945
本年度已核准股息	Dividends approved during the year		(346,716)	(36,000)
於12月31日的股東權益	Shareholders' equity at 31 December		4,595,722	3,238,342

第70頁至第127頁的附註屬財務報表一部份。

The notes on pages 70 to 127 form part of these financial statements.

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零二年
十二月三十一日止年度
(以港幣為單位)

for the year ended 31 December 2002
(Expressed in Hong Kong dollars)

			二零零二年 2002	二零零一年 2001 重報 Restated
		附註 Note	港幣千元 HK\$'000	港幣千元 HK\$'000
經營業務	Operating activities			
用於經營業務的現金	Cash used in operating activities	30	(4,420,417)	(2,989,242)
已付香港利得稅	Hong Kong profits tax paid		(4,275)	(17,337)
已付海外利得稅	Overseas profits tax paid		(1,091)	(53)
來自經營業務產生的淨現金流出	Net cash outflow from operating activities		(4,425,783)	(3,006,632)
投資業務	Investing activities			
已收股票股息	Dividend received from equity securities		17,873	–
購入有形固定資產	Purchase of tangible fixed assets		(88,534)	(17,240)
出售有形固定資產所得款項	Proceeds from disposal of tangible fixed assets		1,825	40
出售聯營公司所得款項	Proceeds from disposal of associates		54,455	–
用於投資業務的現金淨額	Net cash used in investing activities		(14,381)	(17,200)
融資業務	Financing activities			
支付股息	Dividend paid		(166,716)	(36,000)
發行債務資本所得款項	Proceeds from loan capital issued		1,950,078	–
購回債務資本	Repurchase of loan capital		–	(230,856)
支付發行債務資本利息	Interest paid on loan capital issued		(178,432)	(12,869)
來自／(用於)融資業務的現金淨額	Net cash from/(used in) financing activities		1,604,930	(279,725)
現金及現金等值項目減少淨額	Net decrease in cash and cash equivalents		(2,835,234)	(3,303,557)
因合併而增加的數額	Addition through merger	33(b)	3,029,944	–
於1月1日的現金及現金等值項目	Cash and cash equivalents at 1 January		5,237,674	8,541,231
於12月31日的現金及現金等值項目	Cash and cash equivalents at 31 December	32	5,432,384	5,237,674

第70頁至第127頁的附註屬財務報表一部份。

The notes on pages 70 to 127 form part of these financial statements.

財務報表附註

Notes on the Financial Statements

(以港幣為單位)

(Expressed in Hong Kong dollars)

1. 集團重組

中信嘉華銀行有限公司(簡稱「中信嘉華」)於二零零一年十月三十一日與香港華人銀行集團有限公司達成買賣協議，收購香港華人銀行有限公司(簡稱「華人銀行」)全部已發行股本，總代價為港幣4,200,000,000元，包括現金代價港幣3,360,000,000元，金額港幣840,000,000元之存款證。收購已於二零零二年一月十七日完成。而華人銀行已成為中信嘉華的全資附屬公司。

根據《中信嘉華銀行有限公司(合併)條例》(簡稱「合併條例」)，中信嘉華與華人銀行合併，合併於二零零二年十一月二十五日生效。據此，中信嘉華的大部份資產及負債轉移至華人銀行。根據合併條例，華人銀行截至二零零二年十二月三十一日止年度的財務報表，乃按照中信嘉華於二零零二年一月一日將業務轉歸華人銀行的基準所編製。同時，中信嘉華易名為中信國際金融控股有限公司(簡稱「中信國際金融控股」)，成為擴大後的銀行的控股公司，並繼續在香港聯合交易所有限公司(簡稱「聯交所」)上市。華人銀行則易名為中信嘉華銀行有限公司(簡稱「本行」)，繼續經營整合後的銀行業務。

2. 主要業務

本行及其附屬公司(統稱為「本集團」)的主要業務是提供銀行及相關金融服務。這些業務對本集團的業績或資產具有重大影響。

1. GROUP RE-ORGANISATION

On 31 October 2001, CITIC Ka Wah Bank Limited ('CKWB') entered into a Sale and Purchase Agreement with The HKCB Bank Holding Company Limited to acquire the entire issued share capital of The Hongkong Chinese Bank, Limited ('HKCB') for an aggregate consideration of HK\$4,200 million comprising cash consideration of HK\$3,360 million plus HK\$840 million in principal amount of Certificates of Deposit. The acquisition was completed on 17 January 2002 and HKCB became a wholly-owned subsidiary of CKWB thereafter.

With effect from 25 November 2002, CKWB has been merged with HKCB through the CITIC Ka Wah Bank Limited (Merger) Ordinance ('Merger Ordinance') under which the majority of assets and liabilities of CKWB have been transferred to HKCB. By virtue of the Merger Ordinance, the financial statements of HKCB for the year ended 31 December 2002 were prepared as if the undertaking of CKWB had vested in HKCB on 1 January 2002. At the same time, CKWB changed its name to CITIC International Financial Holdings Limited ('CIFH'), which became the holding company of the enlarged bank and continues to be listed on The Stock Exchange of Hong Kong Limited (the 'SEHK'). HKCB changed its name to CITIC Ka Wah Bank Limited (the 'Bank') and continues to operate the integrated banking businesses.

2. PRINCIPAL ACTIVITIES

The principal activities of the Bank and its subsidiaries (the 'Group'), which materially affect the results or comprise the assets of the Group, are the provision of banking and related financial services.

3. 主要會計政策

(a) 遵例聲明

這些財務報表已按照香港會計師公會頒佈的所有適用《會計實務準則及詮釋》、香港公認會計原則及香港《公司條例》規定編製，以及在所有重要的事項上符合香港金融管理局（簡稱「金管局」）頒佈的《本地註冊認可機構披露財務資料》規定。本集團採用的主要會計政策概述如下。

(b) 財務報表編製基準

本行於截至二零零二年十二月三十一日止年度的綜合財務報表包括本行及其附屬公司以及本集團於聯營公司的權益。

除了投資物業以重估值以及部份證券投資及衍生金融工具以市值列賬外，各財務報表是以歷史成本作為編製基準。有關詳情已載列於下列會計政策。

(c) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本（如適用）時，根據下列方法在收益表內確認：

- (i) 計劃持有至到期的有期債務證券利息收入按溢價攤銷或購入折扣所調整的數額，在產生時確認，使回報率自購入日至到期日期間維持不變。除了呆賬利息外，其他利息收入均按尚未償還債務本金及適用利率，以時間比例為基準計算（附註3(d)(iv)）。

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice ('SSAP') and Interpretations issued by the Hong Kong Society of Accountants ('HKSA'), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance, and comply, in all material respects, with the module on 'Financial Disclosure by Locally Incorporated Authorised Institutions' issued by the Hong Kong Monetary Authority ('HKMA'). A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The consolidated financial statements of the Bank for the year ended 31 December 2002 comprise the Bank and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties, and the marking to market of certain investments in securities and derivative financial instruments as explained in the accounting policies set out below.

(c) 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 income statement as follows:

- (i) Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity. Other interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable, except in the case of interest on doubtful debts (note 3(d)(iv)).

3. 主要會計政策 (續)

(c) 收入確認 (續)

- (ii) 費用及佣金收入在賺取時確認，但如費用是為彌補持續為客戶提供一項服務的成本或承受風險而收取或費用性質為利息則除外。在這些情況下，費用在相關期間按適當基準確認。
- (iii) 融資租賃及分期付款的隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致上相同。
- (iv) 除非有具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之應收租金會在按該租賃資產的會計年期以等額分期確認為其它經營收入。租賃回贈收益在收益表內列作淨應收租賃支出總額的一部份。其或然應收租金以該收入產生的年度列作收入。
- (v) 股息收入確認如下：
 - 上市投資的股息收入是在該項投資的股價除息時確認；及
 - 非上市投資的股息收入在股東收取款項的權利確立時確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Revenue recognition (Cont'd)

- (ii) Fees and commission income are recognised when earned except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised on an appropriate basis over the relevant period.
- (iii) Finance income implicit in the finance lease and hire purchase payments is recognised as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period.
- (iv) Rental income receivable under operating leases is recognised as other operating income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.
- (v) Dividend income is recognised as follows:
 - dividend income from listed investments is recognised when the share price of the investment goes ex-dividend; and
 - dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

3. 主要會計政策 (續)

(d) 墊款及呆賬

- (i) 客戶、銀行及其他金融機構的墊款均按尚未欠債務的本金減任何暫記利息及呆壞賬準備列賬。住宅按揭貸款的現金回贈需資本化及在提前還款罰息期間在收益表攤銷。
- (ii) 在對本集團無追索權的情況下所售的樓宇按揭貸款應收款項，在對此款項的控制權不可撤銷地轉讓予第三者時確認，該款項亦從資產負債表剔除。
- (iii) 特別及一般準備
呆賬特別準備在董事會認為有需要時提撥，本行亦會提撥一般準備。特別準備就個別銀行備用信貸而提撥；而一般準備則就其他無法個別界定，但從經驗中預期可能存在的其他銀行備用信貸風險而提撥。這些準備從客戶墊款及貿易票據中扣除。若墊款已再無實際機會收回時，尚欠債務將予沖銷。
- (iv) 利息暫記的墊款
呆賬應計利息記入暫記賬項內，並從資產負債表適用的「客戶墊款及其他賬項」中扣除。來自現金付款或把抵押品變現的金額用於償還逾期債務。如有盈餘，則用作抵銷任何特別準備，然後抵銷暫記利息。
- (v) 購入用以交換墊款的資產
為實現有序的變現，取代墊款而購入(已正式轉讓法定擁有權)的資產(除股票及債務證券外)重新分類，列入其他賬項。購入資產以取代當日出售墊款的賬面值入賬，如有任何準備，有關數據已及時更新。價值下降備抵，則把減值損失(參閱附註3(j))入賬。

為實現有序的變現，取代墊款而購入(未正式轉讓法定擁有權)的資產仍以墊款列賬。在這情況下，墊款的賬面值及估計可從售出取回資產收入之間的差額，應作減值準備。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Advances and doubtful debts

- (i) Advances to customers, banks and other financial institutions are stated at the principal amounts outstanding net of any suspended interest and provisions for bad and doubtful debts. Cash rebate and other incentives granted in relation to residential mortgage loans are capitalised and amortised to the income statement over the early prepayment penalty period.
- (ii) Sales of accounts receivable on mortgage loans without recourse to the Group are recognised when control over the receivables has been irrevocably transferred to a third party and the receivables are then no longer included in the balance sheet.
- (iii) Specific and general provisions
Specific provisions are made for doubtful debts as and when they are considered necessary by the directors and, in addition, amounts have been set aside as general provisions. The specific element relates to individual banking facilities. The general element relates to other exposures not separately identified but expected from experience to exist in any portfolio of banking facilities. These provisions are deducted from advances to customers and from trade bills. When there is no longer any realistic prospect of recovery, the outstanding debt is written off.
- (iv) Advances on which interest is being suspended
Interest accrued on doubtful debts is credited to a suspense account which is netted in the balance sheet against 'Advances to customers and other accounts'. Amounts received from cash payment or the realisation of collateral are applied to the repayment of outstanding indebtedness, with any surplus used to recover any specific provisions and then suspended interest.
- (v) Assets acquired in exchange for advances
Assets, other than equity and debt securities, acquired (with formal legal title transferred) in exchange for advances in order to achieve an orderly realisation are reclassified to other accounts. The asset acquired is recorded at the carrying value of the advance disposed of at the date of the exchange, with any provisions having been duly updated. Impairment losses (see note 3(j)), if necessary, are made to allow for declines in the estimated fair value of the assets acquired.

Assets acquired (without formal legal title transferred) in exchange for advances in order to achieve an orderly realisation continue to be reported as advances. In this regard, provision has been made on the shortfall between the carrying amount of the loans and advances and the expected net sales proceeds from realisation of the repossessed assets.

3. 主要會計政策 (續)

(e) 附屬公司

按照香港《公司條例》規定，附屬公司是指本集團直接或間接持有超過半數已發行股本，或控制超過半數投票權，或控制其董事會組成的公司。本行有權直接或間接管轄其財務及經營政策，以透過其活動得益的附屬公司，均視為受本行控制。

於受控附屬公司的投資均在綜合財務報表中綜合計算。然而，如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴格而長期的規限下運作，以致其向本集團轉移資金的能力嚴重受損，則這些投資會按公平價值列入綜合資產負債表。公平價值的變動於產生時在綜合收益表確認。

集團公司間結存及交易和集團公司間交易所產生的任何未變現溢利均在編製綜合財務報表時悉數抵銷。集團公司間交易所產生的未變現虧損的抵銷方法與未變現收益相同，但只限於無法證明已出現減值的數額。

在本行的資產負債表中，於附屬公司的投資均按成本減任何減值損失(附註3(j))後入賬。然而，如購入並持有這些投資的唯一目的是在短期內將之出售或是在嚴格而長期的規限下運作，以致其向本行轉移資金的能力嚴重受損，則這些投資會按公平價值入賬。公平價值的變動於產生時在收益表確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Bank has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Bank's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 3(j)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Bank, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

3. 主要會計政策 (續)

(f) 聯營公司

聯營公司是指本集團或本行可對其管理發揮重大影響的公司，但並不控制或共同控制其管理，包括參與其財務及經營決策。

聯營公司投資均在綜合財務報表最初以權益法按成本入賬，投資後本集團佔聯營公司淨資產的比例出現變化後再作調整。然而，如購入並持有這些投資的唯一目的是在短期內將之出售或是在嚴格而長期的規限下運作，以致其向投資者轉移資金的能力嚴重受損，則這些投資會按公平價值列賬。公平價值的變動於產生時在綜合收益表確認。綜合收益表反映本集團本年度佔聯營公司投資後業績的百分比。

本集團及其聯營公司間交易所產生的未實現盈虧均予抵銷，但只限於本集團於有關聯營公司的權益。然而，如未實現虧損證明使已轉讓的資產減值，則該項虧損立即於收益表確認。

在本行的資產負債表中，於聯營公司的投資是以成本扣除減值損失列賬（參閱附註3(j)）。然而，如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴格而長期的規限下運作，以致其向投資者轉移資金的能力嚴重受損，則這些投資會按公平價值入賬。任何公平價值的變動將於產生時在收益表確認。

(g) 證券投資

本集團及本行就證券投資（於附屬公司及聯營公司的投資除外）的政策如下：

- (i) 本集團及／或本行有能力並計劃持有至到期的定期債務證券歸類持有至到期證券。持有至到期證券是以攤銷成本減任何減值準備記入資產負債表。準備是在預期不會全數收回賬面值時提撥，並在收益表內確認為支出。這些準備是就各項投資個別釐定。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Associates

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case, it is stated at fair value with changes in fair value recognised in the consolidated income statement as they arise. The consolidated income statement reflects the Group's share of the post-acquisition results of the associates for the year.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the Bank's balance sheet, its investments in associates are stated at cost less impairment losses (see note 3(j)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

(g) Investments in securities

The Group and the Bank's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Dated debt securities that the Group and/or the Bank have the ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value. Provisions are made when carrying amounts are not expected to be fully recovered and are recognised as an expense in the income statement, such provisions being determined for each investment individually.

3. 主要會計政策 (續)

(g) 證券投資 (續)

- (ii) 持續持有作同一長期指定用途的投資列為投資證券。投資證券是以成本減任何減值準備記入資產負債表。除非有證據證明減值是臨時性，否則，準備在公平價值跌至低於賬面值時提撥，並在收益表內確認為支出。這些準備是就各項投資個別釐定。
- (iii) 在引致撇減或沖銷的情況及事項不再存在，並有具說服力的憑證顯示新的情況及事項將會在可預見將來持續下去，則持有至到期證券及投資證券的賬面值的準備將撥回。
- (iv) 所有其他證券(不管是為買賣還是其他目的持有)均以公平價值記入資產負債表。公平價值的變動於產生時於收益表內確認。如果證券主要是為了從短期價格波動或證券商的利潤賺取溢利而購入，則這些證券作為買賣證券列賬。
- (v) 出售證券投資的損益按估計出售收入淨額與投資賬面值之間的差額釐定，並在產生時記入收益表。

(h) 銷售及重購協議

按銷售及重購協議出售的證券實質上視為有抵押貸款，因此，這些證券按其列作持有至到期日證券、投資證券或其他投資的分類，按成本或市價列入資產負債表；而出售收入則按交易另一方的身份列入「客戶存款」或「銀行及其他金融機構存款及結存」。售價與重購價之差價在出售日至重購日之間的期間按有效收入基準攤銷，並列入利息支出。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Investments in securities (Cont'd)

- (ii) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as expenses in the income statement, such provisions being determined for each investment individually.
- (iii) Provisions against the carrying value of held-to-maturity securities and investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- (iv) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair values. Changes in fair value are recognised in the income statement as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.
- (v) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(h) Sale and repurchase agreements

Securities sold under sale and repurchase agreements are considered to be, in substance, secured loans. Therefore the securities are maintained on the balance sheet at cost or market value depending on their classification as held-to-maturity securities, investment securities or other investments and the proceeds of the sale are included in 'Deposits from customers' or 'Deposits and balances of banks and other financial institutions' depending on the identity of the counterparty. The difference between the sale price and the repurchase price is amortised on an effective yield basis over the period from the date of sale to the date of repurchase and is included in interest expense.

3. 主要會計政策 (續)

(i) 有形固定資產及折舊

- (i) 這些財務報表按香港會計師公會頒佈的會計實務準則第17號「物業、廠房及設備」第80節所載的臨時規定編製，故並無在結算日重估其他物業的公平市場價值。董事無意在將來對其他物業重估。

- (ii) 有形固定資產是按下列基準記入資產負債表：

- 除非尚餘租賃期二十年或以下之外，投資物業每年由外聘的合資格估值師所評估的公開市值記入資產負債表。而投資物業不需再計提折舊。

- 永久業權土地不予折舊。其他物業按以下方式在其估計可用年限內以直線法沖銷其成本或估值計算折舊：

租賃土地 — 於租賃剩餘年內計算折舊

樓宇 — 以三十年或土地租賃剩餘年期兩者中的較短者計算折舊

- 傢俬、裝置及設備以成本減按直線法計算的折舊入賬，以在資產的估計可用年限（一般為四至十年）內沖銷其成本。

- (iii) 重估投資物業所產生的變動一般會撥入儲備處理，但下列情況除外：

- 如果出現重估虧損，而且有關的虧損額超過投資物業組合在截至重估前計入儲備的數額，便會在收益表列支；及
- 如果以往曾將同一項投資物業組合的重估虧損在收益表列支，則在出現重估盈餘時，便會撥入收益表計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Tangible fixed assets and depreciation

- (i) In preparing these financial statements, advantage has been taken of the transitional provisions set out in paragraph 80 of SSAP 17 'Property, plant and equipment' issued by the HKSA, with the effect that other premises have not been revalued to open market value at the balance sheet date. It is not the directors' intention to revalue other premises in the near future.

- (ii) Tangible fixed assets are carried in the balance sheet on the following bases:

- Investment properties are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers. No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

- Freehold land is not depreciated. Other premises are depreciated on a straight-line basis to write off their cost or valuation over their estimated useful lives which are as follows:

Land held on leases — over the unexpired terms of the leases

Buildings — over 30 years or the unexpired terms of the land leases, whichever is shorter

- Furniture, fixtures and equipment are stated at cost less depreciation calculated on the straight-line basis to write off the assets over their estimated useful lives, which are generally between four and ten years.

- (iii) Changes arising on the revaluation of investment properties are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of the portfolio of investment properties, immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be taken to the income statement, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties, had previously been charged to the income statement.

3. 主要會計政策 (續)

(i) 有形固定資產及折舊 (續)

- (iv) 在超過現有資產原來評估的表現水平的未來經濟效益很可能會流入本集團時，與固定資產有關而已經確認的其後支出將加入資產的賬面值。所有其他其後支出則於產生期間確認為支出。
- (v) 報廢或出售固定資產所產生的損益以預計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在收益表確認。出售投資物業時，以往記入投資物業重估儲備的有關盈餘或虧損部分亦會轉入該年度的收益表內。就所有其他固定資產而言，任何相關的重估盈餘將由重估儲備轉入保留溢利。

(j) 資產減值損失

本行在每個結算日審閱下列資產的內部和外來資料，以確定下列資產有否出現減值跡象，或以往確認的減值損失有否減少或不復存在：

- 物業、廠房及設備(按重估數額列賬的物業除外)；
- 於附屬公司及聯營公司的投資(根據附註3(e)及3(f)所述，按公平價值列賬者除外)；及
- 其他資產。

如果發現有減值跡象，便會估計資產的可收回數額。每當資產的賬面金額高於可收回數額時，便會確認減值損失。

- (i) 計算可收回數額
- 資產可收回數額是出售淨額及使用值兩者中之較高者。在評估使用值時，會採用一項當時市場評估貨幣的時間值及相對於該資產的風險的稅前貼現率將預計未來現金流量貼現為現值。當某資產未能大部份地獨立於其他資產產生現金流量時，其可收回數額取決於可獨立地產生現金流量的最小資產組合(即一個現金產生單位)。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Tangible fixed assets and depreciation (Cont'd)

- (iv) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (v) Profits or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(j) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associates (except for those accounted for at fair value under notes 3(e) & 3(f)); and
- other assets.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

- (i) Calculation of recoverable amount
- The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. 主要會計政策 (續)

(j) 資產減值損失 (續)

(ii) 減值損失轉回

如在用來確定的資產的可收回數額的估計有所改變，則減值損失會被轉回。減值損失轉回只限於如該等減值損失從未在以往年度確認時的賬面價值。減值損失轉回在該被確認的年度記入收益表內。

(k) 融資租賃及分期付款合約

承租人基本上承受擁有權帶來的全部風險及利益的資產租賃列為融資租賃。出租人沒有轉移擁有權的所有風險及利益的資產租賃列為經營租賃。

(i) 融資租賃的資產

在本集團是融資租賃的出租人情況下，對融資租賃而租出的資產的投資淨額視作客戶墊款，在資產負債表列賬。有融資租賃特徵的分期付款合約以同樣方式列作融資租賃。融資租賃的收入會根據主要會計政策附註3(c)(iii)確認列於賬內。

(ii) 經營租賃費用

如本集團使用經營租賃資產，除非有其他基準更能表示從該等經營租賃資產獲得利益的模式，否則其租賃支出按該租賃年期相關的會計年期以等額分期記入收益表。租賃回贈收入視為淨租賃支出總額的一部份，在收益表內確認。

(l) 現金等值項目

現金及現金等值項目包括現金以及銀行及其他金融機構結存，以及短期、流動性極高的銀行間存款及投資，可隨時兌換為已知的現金數額，價值變動風險並不重大，並在購入後三個月內到期。就現金流量表而言，現金及現金等值項目亦包括須即時償還，屬本集團管理的現金的一部份的銀行及其他金融機構結存。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Impairment of assets (Cont'd)

(ii) Reversals of impairment losses

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are taken to the income statement in the year in which the reversals are recognised.

(k) Leases and hire purchase contracts

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held under finance leases

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the balance sheet as advances to customers. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 3(c)(iii).

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(l) Cash equivalents

Cash and cash equivalents comprise cash and balances with banks and other financial institutions, and short-term, highly liquid inter-bank placements and investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in values, having been within three months of maturity at acquisition. Balances of banks and other financial institutions that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3. 主要會計政策 (續)

(m) 僱員福利

- (i) 本集團僱員的薪金、年度花紅、受薪年假、假期津貼及本集團非貨幣性福利成本均列入僱員提供相關服務的年度。如果有關付款或結算受到遞延，而其影響將十分重大，則這些金額將按現值列賬。
- (ii) 本集團設有一項界定供款公積金及一項強制性公積金計劃。有關供款在供款到期時計入收益表內。
- (iii) 只當本集團顯示其承諾因自願離職計劃而終止僱傭關係或提供補償時才可把終止補償金確認，而且該計劃必須有詳細的正式規劃，沒有合理撤銷的可能性。

(n) 遞延稅項

遞延稅項在可預見將來合理估計因收入及支出的會計與稅務處理的所有重大時差而產生的稅務影響，以負債法提撥。

未來的遞延稅項利益只會在合理肯定可實現的情況下才會確認。

(o) 外幣換算

本年度內的外幣交易按交易日的匯率換算為港幣。以外幣計算的貨幣資產與負債則按資產負債表結算日的匯率換算為港幣。匯兌盈虧均撥入收益表處理。

海外分行及附屬公司的業績按本年度平均匯率換算為港幣。資產負債表項目則按結算日的匯率換算。產生的匯兌差額作為儲備變動處理。

計算出售海外分行或附屬公司的損益包括截至出售日由該分行或附屬公司產生的累計匯兌差額。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme. Contributions are charged to the income statement as and when the contributions fall due.
- (iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of overseas branches and subsidiaries are translated into Hong Kong dollars at the average exchange rates for the year. Balance sheet items are translated at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of an overseas branch or subsidiary, the cumulative amount of the exchange differences which relate to that overseas branch or subsidiary is included in the calculation of the profit or loss on disposal.

3. 主要會計政策 (續)

(p) 準備及或有負債

倘若本集團或本行須就已發生的事件承擔法律或推定義務，而履行該義務預期很可能會導致經濟利益外流，並可作出可靠的估計，便會就該不定的時間或數額的負債計提準備。如果貨幣時間價值重大，則按預計履行義務支出的現值計列準備。

倘若經濟利益外流的可能性不大或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但倘若該等經濟效益外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生而確定存在與否的潛在債務亦會披露為或有負債；但倘若這些經濟利益外流的可能性極低則除外。

(q) 資產負債表外的金融工具

資產負債表外的金融工具一般指源自本集團及本行在外匯、利率及證券市場上所進行的期貨、遠期、掉期和期權交易的衍生工具。如在法律上有抵銷的權力，則淨額適用。

該等金融工具的會計處理方法取決於所從事交易是作為買賣用途，還是作為資產及負債投資組合管理的一部份。

(i) 供買賣的衍生工具

買賣交易包括為滿足客戶及內部需要的交易，以及任何相關的對沖。

作買賣用途的交易按市值計算，所引起損益的淨現值在作出未獲利潤及日後還款成本的適當遞延後，於收益表內確認為買賣溢利／虧損。交易的未實現收益記入資產負債表的「應計利息及其他賬項」。交易的未實現虧損則記入「其他賬項及準備」。

不在交易所買賣的衍生工具的公平價值是本集團在結算日終止合同時，考慮到當時的市場狀況及交易另一方當時的信用狀況而估計可收取或須支付的金額。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Off-balance sheet financial instruments

Off-balance sheet financial instruments, commonly referred to as derivatives, arise from futures, forward, swap and option transactions undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. Netting is applied where a legal right of set-off exists.

The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or as part of the management of asset and liability portfolios.

(i) Derivatives used for trading purposes

Trading transactions include transactions undertaken to service customers' needs and for proprietary purposes, as well as any related hedges.

Transactions undertaken for trading purposes are marked to market and the net present value of the gain or loss arising is recognised in the income statement as trading gains/losses, after appropriate deferrals for the unearned credit margin and future servicing costs. Unrealised gains on transactions are included in 'Accrued interest and other accounts' in the balance sheet. Unrealised losses on transactions are included in 'Other accounts and provisions'.

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.

3. 主要會計政策 (續)

(q) 資產負債表外的金融工具 (續)

- (ii) 供資產負債管理的衍生工具
符合條件作為對沖的衍生工具是以其對沖的基本資產、負債或未平倉盤淨額相同的基準估值。任何損益以相關資產、負債或未平倉盤淨額所產生損益相同的基準確認。

在以下各種條件都符合時，對沖的關係才可成立：

- 對沖開始時即有正式文件記錄對沖的資料；
- 對沖預期十分有效；
- 對沖的有效性能可靠地量度；
- 在整個報告期間對沖均十分有效；及
- 成交機會很高，可最終影響盈虧淨額的現金流量變動風險的預計交易對沖。

對沖衍生工具終止後的任何盈虧按終止合同的原來年期在收益表遞延及攤銷。當基本資產、負債或對沖盤已售或終止時，對沖衍生工具即按市值在收益表列賬。

(r) 關連人士

就此等財務報表而言，與本集團有權直接或間接監控另一方或對另一方人士的財務及經營決策作出重大影響，或另一方人士有權直接或間接監控本集團或對本集團的財務及經營決策作出重大影響，或本集團與另一方人士均受制於共同的監控或共同的重大影響下，則被視為關連人士。關連人士可為個別人士或其他實體。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Off-balance sheet financial instruments (Cont'd)

- (ii) Derivatives used for asset and liability management purposes
Derivatives that qualify as hedges are valued on an equivalent basis to the underlying assets, liabilities or net positions which they are hedging. Any profit or loss is recognised on the same basis as that arising from the related assets, liabilities or net positions.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

Any gain or loss on termination of hedging derivatives is deferred and amortised to the income statement over the original life of the terminated contract. Where the underlying asset, liability or position is sold or terminated, the hedging derivative is immediately marked to market through the income statement.

(r) Related parties

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

4. 經營溢利

本年度經營溢利已計算下列各項：

(a) 利息收入

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
證券投資利息收入	Interest income from investments in securities	1,127,203	77,484
其他利息收入	Other interest income	2,059,161	1,163,152
		3,186,364	1,240,636

(b) 其他經營收入

4. OPERATING PROFIT

The operating profit for the year is stated after taking account of the following:

(a) Interest income

(b) Other operating income

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
其他收益	Other revenue		
股息收入	Dividend income		
上市投資	Listed investments	–	2,422
非上市投資	Unlisted investments	17,873	–
租金收入減支出	Rental income less outgoings of		
港幣469,000元	HK\$469,000 (2001: Nil)	8,804	5,423
(2001年：無)			
		26,677	7,845
其他收入淨額	Other net income		
其他證券投資淨利／(虧損)	Net gain/(loss) on other investments in securities	74,140	(747)
外匯買賣淨利	Net gain arising from dealing in foreign currencies	13,828	10,777
其他買賣業務的淨虧損	Net loss arising from other dealing activities	(56,591)	(1,464)
購回已發行的後償浮息	Profit on repurchase of subordinated		
票據溢利	floating rate notes issued	–	860
其他	Others	99,871	38,800
		131,248	48,226
總額	Total	157,925	56,071

4. 經營溢利 (續)

(c) 經營支出

4. OPERATING PROFIT (Cont'd)

(c) Operating expenses

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
僱員成本	Staff costs		
薪金及其他僱員成本	Salaries and other staff costs	549,761	199,739
退休金成本 (附註34)	Retirement costs (note 34)	24,457	1,066
樓宇及設備支出	Premises and equipment expenses		
樓宇租金	Rental of premises	50,189	19,557
折舊 (附註21)	Depreciation (note 21)	113,388	42,228
其他	Others	72,461	26,548
核數師酬金	Auditors' remuneration	3,174	2,234
廣告費	Advertising	74,869	7,745
傳訊、印刷及文儀用品	Communication, printing and stationery	47,045	8,698
法律及專業費用	Legal and professional fees	32,974	10,769
其他	Others	49,202	34,133
		1,017,520	352,717

5. 董事酬金

根據香港《公司條例》第161條披露的董事酬金如下：

5. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
袍金	Fees	180	102
退休金供款	Pension contributions	1,541	749
其他	Others	27,893	38,731
		29,614	39,582

6. 稅項

(a) 綜合收益表內列報的稅項為：

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
香港利得稅	Hong Kong Profits Tax	22,731	9,237
海外稅項	Overseas taxation	2,148	55
以往年度超額準備	Overprovision in respect of prior years	(3,280)	(7,781)
		21,599	1,511

香港利得稅準備按截至二零零二年十二月三十一日止年度估計應課稅溢利以稅率16% (二零零一年：16%) 計算。海外分行及附屬公司的稅款亦按其經營所在國家適用的現行稅率計算。

The provision for Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profits for the year ended 31 December 2002. Taxation for overseas branches and subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries in which they operate.

(b) 資產負債表內列報，並已列入「其他賬項及準備」的稅項為：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
香港利得稅	Hong Kong Profits Tax	1,544	1,742	—	—
海外稅項	Overseas taxation	1,223	—	1,223	—
		2,767	1,742	1,223	—

(b) Taxation in the balance sheets, which is included in 'Other accounts and provisions', represents:

6. 稅項 (續)

(c) 於結算日未計入的遞延稅項主要包括下列各項：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
超過折舊費用的 折舊免稅額	Depreciation allowances in excess of depreciation charges	(54,889)	(14,436)	(55,354)	(13,839)
呆壞貸款及墊款的 一般準備	General provisions for bad and doubtful loans and advances	79,702	21,539	76,515	15,434
稅項虧損	Tax loss	17,514	91,831	17,514	91,831
淨遞延稅務收益淨額	Net deferred tax benefits	42,327	98,934	38,675	93,426

7. 股東應佔溢利

綜合股東應佔溢利包括一筆已列入本行財務報表，為數港幣696,480,000元的溢利（二零零一年：港幣18,109,000元的虧損）。

7. PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of HK\$696,480,000 (2001: a loss of HK\$18,109,000) which has been dealt with in the financial statements of the Bank.

8. 股息

8. DIVIDENDS

		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
已宣派及已付中期股息	Interim dividends declared and paid	166,716	36,000
已宣派但未付中期股息	Interim dividends declared but not yet paid	180,000	—
		346,716	36,000

9. 現金及短期資金

9. CASH AND SHORT-TERM FUNDS

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
銀行及其他金融 機構存款 及結存	Cash and balances with banks and other financial institutions	657,000	182,264	634,069	180,236
即期及短期 通知存款 (a)	Money at call and short notice (a)	4,723,135	5,063,409	4,723,135	5,063,409
國庫券 (包括外匯 基金票據) (b)	Treasury bills (including Exchange Fund Bills) (b)	—	523,665	—	523,665
		5,380,135	5,769,338	5,357,204	5,767,310

(a) 即期及短期通知存款是指一個月內到期的存款。

(a) Money at call and short notice represents deposits of up to a maximum of one month maturity.

(b) 國庫券 (包括外匯基金票據) 分析如下：

(b) The analysis of treasury bills (including Exchange Fund Bills) is as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
持有至到期證券	Held-to-maturity securities	—	523,665	—	523,665
非上市及由中央政府及 中央銀行發行	Unlisted and issued by central governments and central banks	—	523,665	—	523,665

9. 現金及短期資金 (續)

上述證券按結算日至合約到期日剩餘期間分析的到期情況如下：

9. CASH AND SHORT-TERM FUNDS (Cont'd)

The maturity profile of securities included above and analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
3個月內但毋須即時償還	3 months or less but not repayable on demand	–	69,674	–	69,674
3個月至1年	1 year or less but over 3 months	–	453,991	–	453,991
		–	523,665	–	523,665

10. 貿易票據減準備

10. TRADE BILLS LESS PROVISIONS

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
貿易票據	Trade bills	378,094	80,764	378,094	80,764
呆壞賬一般準備 (附註14)	General provisions for bad and doubtful debts (note 14)	(3,152)	(455)	(3,152)	(455)
		374,942	80,309	374,942	80,309

11. 存款證

11. CERTIFICATES OF DEPOSIT

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
持有至到期證券 – 債務證券 – 非上市 – 上市	Held-to-maturity securities – debt securities – unlisted – listed	937,340 93,604	605,402 –	922,340 93,604	605,402 –
		1,030,944	605,402	1,015,944	605,402
上市證券的市值	Market value of listed securities:	97,496	–	97,496	–

上述存款證按結算日至合約到期日剩餘期間分析的到期情況如下：

The maturity profile of certificates of deposit included above and analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
3個月內但毋須即時償還	3 months or less but not repayable on demand	16,069	39,997	16,069	39,997
3個月至1年	1 year or less but over 3 months	458,366	294,451	443,366	294,451
1年至5年	5 years or less but over 1 year	556,509	270,954	556,509	270,954
		1,030,944	605,402	1,015,944	605,402

12. 其他證券投資

12. OTHER INVESTMENTS IN SECURITIES

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
債務證券	Debt securities				
於香港上市	Listed in Hong Kong	68,394	–	68,394	–
於香港以外地區上市	Listed outside Hong Kong	812,069	–	812,069	–
非上市	Unlisted	1,491,746	3,874	1,491,746	3,874
		2,372,209	3,874	2,372,209	3,874
股票	Equity securities				
於香港上市	Listed in Hong Kong	16,011	7,112	15,444	7,112
非上市	Unlisted	161,594	123,697	159,065	123,697
		177,605	130,809	174,509	130,809
投資基金－非上市	Investment funds – unlisted	33,791	33,779	33,791	33,779
		2,583,605	168,462	2,580,509	168,462

其他證券投資的發行機構如下：

The issuers of other investments in securities are as follows:

中央政府及中央銀行	Central governments and central banks	302,790	–	302,790	–
銀行及其他金融機構	Banks and other financial institutions	1,591,963	123,697	1,591,963	123,697
法人公司	Corporate entities	246,521	44,765	243,425	44,765
公營機構	Public sector entities	442,331	–	442,331	–
		2,583,605	168,462	2,580,509	168,462

上市證券的市值：

Market value of listed securities:

債務證券	Debt securities	880,463	–	880,463	–
股票	Equity securities	16,011	7,112	15,444	7,112
		896,474	7,112	895,907	7,112

12. 其他證券投資 (續)

上述的債務證券按結算日至合約到期日剩餘期間分析的到期情況如下：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
3個月至1年	1 year or less but over 3 months	861,769	—	861,769	—
1年至5年	5 years or less but over 1 year	1,240,980	—	1,240,980	—
5年後	After 5 years	265,379	—	265,379	—
不定期	Undated	4,081	3,874	4,081	3,874
		2,372,209	3,874	2,372,209	3,874

非上市股票包括總值港幣123,697,000元(二零零一年：港幣123,697,000元)的華商銀行(「華商」)25%股份。華商於中國深圳設立及經營業務，是一家合營銀行。

本集團於一九九九年委任華商另一名股東尋找以約港幣129,947,000元價款購入本集團持有的華商25%股份的買家。本集團從該華商股東收取相當於該商定出售價款金額的現金存款。同時，本集團和該華商股東也同意，在本集團收取該筆現金存款開始，本集團不再參與華商的管理和營運或分享其財務業績相關事宜。

作出以上安排後，本集團持有的華商25%股份已在前年度重新分類，在資產負債表列作「聯營公司投資」的項目改為以公平價值列作「其他證券投資」。董事認為，本集團收取的現金存款扣除預計交易成本後最能反映本集團持有華商25%股份的公平價值。

該華商股東告知本集團，於本年度內尚未能為本集團於華商之25%股份物色買家，因此以上的安排仍然有效。

12. OTHER INVESTMENTS IN SECURITIES (Cont'd)

The maturity profile of debt securities included above and analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

The unlisted equity securities include an amount of HK\$123,697,000 (2001: HK\$123,697,000) representing 25% equity interest in Chinese Mercantile Bank ('CMB'), a joint venture bank established and operating in Shenzhen, The People's Republic of China.

In 1999, the Group appointed the other shareholder of CMB to identify a buyer to acquire the 25% equity interest in CMB held by the Group at a consideration of approximately HK\$129,947,000. A cash deposit in the amount of this agreed sale consideration was received by the Group from that other shareholder of CMB. At the same time, the Group and that other shareholder of CMB also agreed that the Group would no longer have any further involvement in the management and operations of CMB, or participation in its financial results, from the time of receipt of the cash deposit.

As a result of the above arrangements, the 25% equity interest in CMB held by the Group has been reclassified, in prior year, from the caption 'Investments in associates' to 'Other investments in securities' in the balance sheet, which are stated at fair value. In the opinion of the Directors, the cash deposit received by the Group less anticipated transaction costs best represents the fair value of the 25% equity interest in CMB held by the Group.

That other shareholder of CMB informed the Group that a buyer for the Group's 25% equity interest in CMB has not yet been identified during the year, and the above-mentioned arrangements remain valid.

13. 客戶墊款及其他賬項減準備

(a) 客戶墊款及其他賬項減準備

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
客戶墊款 (附註13(d))	Advances to customers (note 13(d))	41,941,753	12,050,954	40,610,733	10,531,433
呆壞賬特別準備 (附註14)	Specific provisions for bad and doubtful debts (note 14)	(442,648)	(337,951)	(398,490)	(316,247)
呆壞賬一般準備 (附註14)	General provisions for bad and doubtful debts (note 14)	(494,985)	(134,164)	(475,067)	(96,006)
銀行及其他金融機構 墊款 (附註13(d))	Advances to banks and other financial institutions (note 13(d))	41,004,120	11,578,839	39,737,176	10,119,180
應計利息及其他賬項 減準備	Accrued interest and other accounts less provisions	79,872	42,497	79,872	42,497
		1,763,870	155,081	1,736,150	120,474
		42,847,862	11,776,417	41,553,198	10,282,151

(b) 融資租賃及分期付款合約的投資淨額

客戶墊款包括按融資租賃及有融資租賃特徵的分期付款合約租借給客戶的設備的投資淨額。這些合約的最初租賃期一般為期五至二十年，期後可選擇按賬面值購入這些租借資產。

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS LESS PROVISIONS

(a) Advances to customers and other accounts less provisions

(b) Net investment in finance leases and hire purchase contracts

Advances to customers include net investment in equipment and vehicles leased to customers under finance leases and hire purchase contracts having the characteristics of finance leases. The contracts usually run for an initial period of 5 to 20 years, with an option for acquiring the leased asset at nominal value.

13. 客戶墊款及其他賬項減準備 (續)

(b) 融資租賃及分期付款合約的投資淨額 (續)

十二月三十一日按融資租賃交易的最低應收租金總額及其現值如下：

		本集團 The Group					
		二零零二年 2002			二零零一年 2001		
		最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000	最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000
1年內	Within 1 year	450,433	142,487	592,920	138,717	27,695	166,412
1年至5年	After 1 year but within 5 years	980,482	366,993	1,347,475	421,587	69,945	491,532
5年後	After 5 years	1,796,949	608,899	2,405,848	592,438	478,860	1,071,298
呆壞賬準備	Provisions for bad and doubtful debts	3,227,864	1,118,379	4,346,243	1,152,742	576,500	1,729,242
		(29,996)			(36,689)		
		3,197,868			1,116,053		

13. 客戶墊款及其他賬項減準備 (續)

(b) 融資租賃及分期付款合約的投資淨額
(續)

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS
LESS PROVISIONS (Cont'd)

(b) Net investment in finance leases and hire purchase contracts
(Cont'd)

		本行 The Bank					
		二零零二年 2002			二零零一年 2001		
		最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000	最少融資 賬款現值 Present value of the minimum lease payments 港幣千元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 港幣千元 HK\$'000	最少融資 賬款總額 Total minimum lease payments 港幣千元 HK\$'000
1年內	Within 1 year	362,720	116,875	479,595	42,682	11,251	53,933
1年至5年	After 1 year but within 5 years	868,872	334,403	1,203,275	194,676	30,145	224,821
5年後	After 5 years	1,650,110	566,023	2,216,133	518,018	464,534	982,552
		2,881,702	1,017,301	3,899,003	755,376	505,930	1,261,306
呆壞賬準備	Provisions for bad and doubtful debts	(5,921)			(13,735)		
		2,875,781			741,641		

13. 客戶墊款及其他賬項減準備 (續)

(c) 不履約貸款是指利息撥入暫記賬項或已停止計息的墊款如下：

		本集團 The Group				
		利息懸賬 貸款總額		利息懸賬 貸款抵押金額	利息懸賬 貸款提撥 的特別準備 Specific provisions in respect of loans on which interest is placed in suspense	暫記利息
		Total amount of loans on which interest is placed in suspense		Pledged amount for loans on which interest is placed in suspense	provisions in respect of loans on which interest is placed in suspense	Amount of interest in suspense
		港幣千元 HK\$'000	% *	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於2002年12月31日	As at 31 December 2002	1,699,314	4.05	991,769	402,491	223,282
於2001年12月31日	As at 31 December 2001	1,001,618	8.31	540,269	337,449	475,078

		本行 The Bank				
		利息懸賬 貸款總額		利息懸賬 貸款抵押金額	利息懸賬 貸款提撥 的特別準備 Specific provisions in respect of loans on which interest is placed in suspense	暫記利息
		Total amount of loans on which interest is placed in suspense		Pledged amount for loans on which interest is placed in suspense	provisions in respect of loans on which interest is placed in suspense	Amount of interest in suspense
		港幣千元 HK\$'000	% *	港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
於2002年12月31日	As at 31 December 2002	1,574,718	3.88	903,909	359,449	205,970
於2001年12月31日	As at 31 December 2001	886,716	8.42	456,447	315,745	461,764

* 佔客戶貸款總額計算

* Based on total advances to customers

本集團及本行截至二零零二年十二月三十一日及二零零一年十二月三十一日，並無利息記入暫記賬項或已停止計息的銀行及其他金融機構墊款；也沒有為以上兩種墊款在該兩天提撥特別準備。

There were no advances to banks and other financial institutions in the Group and the Bank on which interest is being placed in suspense or on which interest accrual has ceased as at 31 December 2002 and 31 December 2001, nor were there any specific provisions made for them on these two days.

經衡量該墊款的抵押品價值後，已提撥特別準備。

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

13. 客戶墊款及其他賬項減準備 (續)

(d) 按結算日至合約到期日剩餘期間分析的到期情況如下：

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS
LESS PROVISIONS (Cont'd)

(d) The maturity profile analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
客戶墊款 (附註13(a))：	Advances to customers (note 13(a)):				
須即時償還	Repayable on demand	2,593,094	1,083,821	2,584,755	1,078,160
3個月內但毋須 即時償還	3 months or less but not repayable on demand	3,643,828	1,249,993	3,569,062	1,137,208
3個月至1年	1 year or less but over 3 months	4,688,290	1,031,662	4,530,023	771,959
1年至5年	5 years or less but over 1 year	15,167,716	2,752,515	14,685,117	2,312,718
5年後	After 5 years	14,461,832	4,573,379	14,028,577	4,158,909
不定期	Undated	1,386,993	1,359,584	1,213,199	1,072,479
		41,941,753	12,050,954	40,610,733	10,531,433
銀行及其他金融機構 存款及墊款：	Placements with and advances to banks and other financial institutions:				
1個月內但毋須 即時償還	1 month or less but not repayable on demand	—	8,125	—	8,125
1個月至3個月	3 months or less but over 1 month	221,006	27,820	221,006	27,820
3個月至1年	1 year or less but over 3 months	19,872	11,587	19,872	11,587
1年至5年	5 years or less but over 1 year	60,000	32,812	60,000	32,812
		300,878	80,344	300,878	80,344
相等於：	Representing:				
1個月後到期的銀行 及其他金融機構存款	Placements with banks and other financial institutions maturing after one month	221,006	37,847	221,006	37,847
銀行及其他金融機構 墊款 (附註13(a))	Advances to banks and other financial institutions (note 13(a))	79,872	42,497	79,872	42,497
		300,878	80,344	300,878	80,344

14. 呆壞賬準備

2002

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

		本集團 The Group			暫記利息 Suspended interest 港幣千元 HK\$'000
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於1月1日	At 1 January	338,486	134,619	473,105	475,078
因合併而增加的數額	Addition through merger	191,803	368,773	560,576	33,588
購入貸款及準備而 增加的數額	Addition through acquisition of loans and provisions	934	1,850	2,784	–
沖銷數額	Amounts written off	(619,692)	–	(619,692)	(452,608)
記入收益表的新準備	New provisions charged to the income statement	642,988	60,458	703,446	–
撥回收益表的準備	Provisions released to the income statement	(126,655)	(67,563)	(194,218)	–
已收回金額	Amounts recovered	70,253	–	70,253	–
年度內的暫記利息	Interest suspended during the year	–	–	–	257,375
已收回暫記利息	Suspended interest recovered	–	–	–	(90,151)
於12月31日	At 31 December	498,117	498,137	996,254	223,282
相等於：	Representing:				
貿易票據(附註10)	Trade bills (note 10)	–	3,152	3,152	
客戶墊款(附註13(a))	Advances to customers (note 13(a))	442,648	494,985	937,633	
其他賬項	Other accounts	55,469	–	55,469	
		498,117	498,137	996,254	

14. 呆壞賬準備 (續)

2001

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (Cont'd)

		本集團 The Group			暫記利息 Suspended interest 港幣千元 HK\$'000
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於1月1日	At 1 January	311,173	179,297	490,470	310,645
沖銷數額	Amounts written off	(245,196)	—	(245,196)	(66,914)
記入收益表的新準備	New provisions charged to the income statement	327,564	12,700	340,264	—
撥回收益表的準備	Provisions released to the income statement	(55,055)	(57,378)	(112,433)	—
年度內的暫記利息	Interest suspended during the year	—	—	—	248,649
已收回暫記利息	Suspended interest recovered	—	—	—	(17,302)
於12月31日	At 31 December	338,486	134,619	473,105	475,078
相等於：	Representing:				
貿易票據 (附註10)	Trade bills (note 10)	—	455	455	
客戶墊款 (附註13(a))	Advances to customers (note 13(a))	337,951	134,164	472,115	
其他賬項	Other accounts	535	—	535	
		338,486	134,619	473,105	

14. 呆壞賬準備 (續)

2002

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (Cont'd)

		本行 The Bank			暫記利息 Suspended interest 港幣千元 HK\$'000
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	
於1月1日	At 1 January	316,782	96,461	413,243	461,764
因合併而增加的數額	Addition through merger	175,423	363,243	538,666	38,251
沖銷數額	Amounts written off	(550,130)	–	(550,130)	(445,830)
記入收益表的新準備	New provisions charged to the income statement	549,398	61,087	610,485	–
撥回收益表的準備	Provisions released to the income statement	(75,914)	(42,572)	(118,486)	–
已收回金額	Amounts recovered	38,206	–	38,206	–
年度內的暫記利息	Interest suspended during the year	–	–	–	238,953
已收回暫記利息	Suspended interest recovered	–	–	–	(87,168)
於12月31日	At 31 December	453,765	478,219	931,984	205,970
相等於：	Representing:				
貿易票據(附註10)	Trade bills (note 10)	–	3,152	3,152	
客戶墊款 (附註13(a))	Advances to customers (note 13(a))	398,490	475,067	873,557	
其他賬項	Other accounts	55,275	–	55,275	
		453,765	478,219	931,984	

14. 呆壞賬準備 (續)

2001

		本行 The Bank			
		特別 Specific 港幣千元 HK\$'000	一般 General 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	暫記利息 Suspended interest 港幣千元 HK\$'000
於1月1日	At 1 January	289,025	131,066	420,091	303,217
沖銷數額	Amounts written off	(186,731)	—	(186,731)	(60,282)
記入收益表的新準備	New provisions charged to the income statement	265,612	12,700	278,312	—
撥回收益表的準備	Provisions released to the income statement	(51,124)	(47,305)	(98,429)	—
年度內的暫記利息	Interest suspended during the year	—	—	—	235,522
已收回暫記利息	Suspended interest recovered	—	—	—	(16,693)
於12月31日	At 31 December	316,782	96,461	413,243	461,764
相等於：	Representing:				
貿易票據 (附註10)	Trade bills (note 10)	—	455	455	
客戶墊款 (附註13(a))	Advances to customers (note 13(a))	316,247	96,006	412,253	
其他賬項	Other accounts	535	—	535	
		316,782	96,461	413,243	

14. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (Cont'd)

15. 重大關連人士交易

- (a) 本年度內，本集團在其日常銀行業務過程中與其控股公司及控股公司的附屬公司進行了多項交易，其中特別包括借貸、接受及存放同業存款、參與銀團貸款、往來銀行交易和外匯交易。這些交易的合約定價是按照每次進行交易時的相關市場利率而定，並與提供給本集團其他交易方及客戶的條款相同。董事會認為，這些交易是按正常商業條款進行。

15. MATERIAL RELATED PARTY TRANSACTIONS

- (a) During the year, the Group entered into a number of transactions with its holding companies and its holding companies' subsidiaries, in the ordinary course of its banking business including, inter alia, lending, the acceptance and placement of inter-bank deposits, participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The contracts were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of the directors, these transactions were conducted on normal commercial terms.

15. 重大關連人士交易 (續)

本年度內，關連人士交易的收支及於結算日的結欠如下：

(i) 收入／(支出)

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
利息收入	Interest income	2,301	1,347
利息支出	Interest expenses	(50,398)	(33,459)
其他收入	Other income	6,685	13,628
其他支出	Other expenses	(5,068)	(849)
		(46,480)	(19,333)

(ii) 控股公司

15. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

Information relating to income and expense from related party transactions during the year and balances outstanding as at the balance sheet date is set out below:

(i) Income/(expense)

		本集團及本行 The Group and the Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	117,094	—
客戶存款	Deposits from customers	1,162,517	383,319
其他賬項及準備	Other accounts and provisions	2,366	684
		1,164,883	384,003

(ii) Holding companies

		本集團及本行 The Group and the Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	117,094	—
客戶存款	Deposits from customers	1,162,517	383,319
其他賬項及準備	Other accounts and provisions	2,366	684
		1,164,883	384,003

15. 重大關連人士交易 (續)

(iii) 同系附屬公司

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	4,351	69,318	4,351	69,041
銀行及其他金融機 構存款及結存	Deposits and balances of banks and other financial institutions	97,316	—	97,316	—
客戶存款	Deposits from customers	1,835,970	672,783	1,835,970	656,446
其他賬項及準備	Other accounts and provisions	31,474	349	31,474	276
		1,964,760	673,132	1,964,760	656,722

(b) 最終控股公司的一家附屬公司在其中國另一家附屬銀行開立了港元及人民幣銀行賬戶，以收取本集團於中國的借款人的還款。這些賬戶於二零零二年十二月三十一日時的結存為港幣36,000,000元(二零零一年: 無)，是由該附屬公司以信託方式代本集團持有而沒有任何負擔。

15. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(iii) Fellow subsidiaries

(b) A subsidiary of the ultimate holding company has opened Hong Kong dollar and Renminbi bank accounts in another subsidiary bank of the ultimate holding company in the PRC to receive repayments from the Group's borrowers located in the PRC. The balances of these accounts, which amounted to HK\$36 million at 31 December 2002 (2001: Nil), were held in trust on behalf of the Group free of any encumbrances.

16. 應收附屬公司款項

		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
即期及短期通知存款	Money at call and short notice	464,908	—
1個月後到期的銀行及 其他金融機構存款	Placements with banks and other financial institutions maturing after one month	363,400	472,000
客戶墊款及其他賬項 減準備	Advances to customers and other accounts less provisions	151,325	21,800
		979,633	493,800

16. AMOUNTS DUE FROM SUBSIDIARIES

17. 持有至到期證券及投資證券

17. HELD-TO-MATURITY SECURITIES AND INVESTMENT SECURITIES

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
持有至到期證券	Held-to-maturity securities				
於香港上市	Listed in Hong Kong	276,062	100,707	276,062	100,707
於香港以外地區上市	Listed outside Hong Kong	5,096,234	98,590	5,026,555	98,590
		5,372,296	199,297	5,302,617	199,297
非上市	Unlisted	13,215,061	293,565	13,215,061	293,565
		18,587,357	492,862	18,517,678	492,862
投資證券－ 債務證券	Investment securities – debt securities				
非上市	Unlisted	15,932	8,500	11,842	7,600
投資證券－股票	Investment securities – equity securities				
非上市	Unlisted	24,065	14,246	24,065	14,246
		18,627,354	515,608	18,553,585	514,708
減值準備	Provision for diminution in value				
持有至到期證券	Held-to-maturity securities	(52,104)	(28,617)	(26,207)	(28,617)
		18,575,250	486,991	18,527,378	486,091

17. 持有至到期證券及投資證券 (續)

債務證券及股票的發行機構如下：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
中央政府及中央銀行	Central governments and central banks	1,011,640	150,003	1,011,640	150,003
銀行及其他金融機構	Banks and other financial institutions	7,866,612	168,769	7,866,612	168,769
法人公司	Corporate entities	9,456,110	169,095	9,386,431	169,095
公營機構	Public sector entities	281,060	4,995	281,060	4,995
其他	Others	11,932	22,746	7,842	21,846
		18,627,354	515,608	18,553,585	514,708
上市證券市值	Market value of listed securities				
債務證券	Debt securities	5,709,174	177,549	5,673,547	177,549

上述債務證券按結算日至合約到期日剩餘期間分析的到期情況如下：

17. HELD-TO-MATURITY SECURITIES AND INVESTMENT SECURITIES (Cont'd)

The issuers of debt securities and equity securities are as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
3個月內但毋須即時償還	3 months or less but not repayable on demand	193,974	76,991	150,560	76,991
3個月至1年	1 year or less but over 3 months	2,474,339	185,147	2,474,339	185,147
1年至5年	5 years or less but over 1 year	9,359,058	199,751	9,332,793	199,751
5年後	After 5 years	6,548,386	—	6,548,386	—
不定期	Undated	27,532	39,473	23,442	38,573
		18,603,289	501,362	18,529,520	500,462

The maturity profile of debt securities included above and analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

本年度內，在附註11及17呈示出售攤銷成本為港幣2,569,608,000元（二零零一年：無）的持有至到期證券的溢利為港幣51,949,000元（二零零一年：無），於收益表內確認。出售這些持有至到期證券主要由於考慮到重組後本集團的綜合投資組合需維持最多的流動資金。

During the year, held-to-maturity securities shown in Notes 11 and 17 with an amortised cost of HK\$2,569,608,000 (2001: Nil) were disposed of at a profit of HK\$51,949,000 (2001: Nil) being recognised in the income statement. The major reason for disposal of these held-to-maturity securities was to maintain optimum liquidity requirement after taking into consideration of a combined investment portfolio of the Group after re-organisation.

18. 附屬公司投資 (按成本入賬)

下文只列出對本集團業績或資產有重大影響的主要附屬公司詳情。

18. INVESTMENTS IN SUBSIDIARIES, AT COST

The following list contains the particulars of principal subsidiaries which materially affect the results or assets of the Group.

公司名稱 Name of company	註冊成立／ 經營地區 Place of incorporation/ operation	持有股份 百分比 % of shares held	主要業務 Principal activities	已發行 普通股本 Issued ordinary share capital
啓福國際有限公司 Carford International Limited	香港 Hong Kong	100%	物業持有 Property holding	港幣2元 HK\$2
CKWB (Cayman Islands) Limited	開曼群島／香港 Cayman Islands/ Hong Kong	100%	發行後償票據 Issuer of subordinated notes	美金1元 US\$1
CKWH-UT2 Limited	開曼群島／香港 Cayman Islands/ Hong Kong	100%	發行後償票據 Issuer of subordinated notes	美金1元 US\$1
GCT Management Limited	美國 USA	100%	物業管理 Property management	美金496,454元 US\$496,454
香港華人財務有限公司 HKCB Finance Limited	香港 Hong Kong	100%	消費借貸 Consumer financing	港幣300,000,000元 HK\$300,000,000
香港華人保險代理有限公司 HKCB Insurance Agency Limited	香港 Hong Kong	100%	保險代理 Insurance agency	港幣2元 HK\$2
嘉華信用財務有限公司 Ka Wah Credit Limited	香港 Hong Kong	100%	消費借貸 Consumer financing	港幣50,000,000元 HK\$50,000,000
嘉華國際財務有限公司 Ka Wah International Merchant Finance Limited	香港 Hong Kong	100%	金融服務 Financial services	港幣432,500,000元 HK\$432,500,000
嘉華投資有限公司 KWB Investment Limited	香港 Hong Kong	100%	投資控股 Investment holding	港幣5,000,000元 HK\$5,000,000
香港華人銀行(代理人)有限公司 The Hongkong Chinese Bank (Nominees) Limited	香港 Hong Kong	100%	代理服務 Nominee services	港幣5,000元 HK\$5,000
恒康香港有限公司 Viewcon Hong Kong Limited	香港 Hong Kong	100%	按揭融資 Mortgage financing	港幣2元 HK\$2

除嘉華投資有限公司外，以上所有附屬公司均由本行直接持有。

All the above subsidiaries are held directly by the Bank except for KWB Investment Limited.

19. 聯營公司投資

19. INVESTMENTS IN ASSOCIATES

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
非上市股份 (按成本入賬)	Unlisted shares, at cost	–	–	120,105	31,076
淨資產所佔金額	Share of net assets	120,110	54,295	–	–
		120,110	54,295	120,105	31,076

主要聯營公司的詳情如下：

Details of the principal associate are as follows:

公司名稱	業務結構形式	註冊成立／ 經營地區 Place of incorporation/ operation	主要業務	持有股份百分比	已發行股本面值 Nominal value of issued shares
Name of company	Form of business structure		Principal activities	% of shares held	
嘉華五矢中國香港基金有限公司 The Ka Wah Five Arrows China Hong Kong Fund Limited	法人公司 Incorporated	科克群島／中國 Cook Islands/ Mainland China	投資控股 Investment holding	32.6%	美金46,002元 US\$46,002

20. 應付附屬公司款項

20. AMOUNTS DUE TO SUBSIDIARIES

		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	514,745	–
客戶存款	Deposits from customers	4,356,707	41,655
其他賬項及準備	Other accounts and provisions	674,482	–
		5,545,934	41,655

21. 有形固定資產

21. TANGIBLE FIXED ASSETS

		本集團 The Group			
		投資物業 Investment properties 港幣千元 HK\$'000	其他樓宇 Other premises 港幣千元 HK\$'000	傢俬、裝置 及設備 Furniture, fixtures and equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本或估值：	Cost or valuation:				
於2002年1月1日	At 1 January 2002	95,595	945,274	252,107	1,292,976
增加：	Additions:				
– 因合併	– through merger	91,050	547,085	436,890	1,075,025
– 其他	– others	–	165	88,369	88,534
出售	Disposals	–	–	(57,496)	(57,496)
重估淨虧損	Net deficit on revaluation	(34,360)	–	–	(34,360)
於2002年12月31日	At 31 December 2002	152,285	1,492,524	719,870	2,364,679
上述資產的成本 或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
成本	Cost	–	1,299,450	719,870	2,019,320
估值	Valuation				
– 1985年	– 1985	–	43,334	–	43,334
– 1988年	– 1988	–	149,740	–	149,740
– 2002年	– 2002	152,285	–	–	152,285
		152,285	1,492,524	719,870	2,364,679
累計折舊：	Accumulated depreciation:				
於2002年1月1日	At 1 January 2002	–	125,377	152,696	278,073
因合併而增加的數額	Addition through merger	–	129,021	144,961	273,982
本年度折舊(附註4(c))	Charge for the year (note 4(c))	–	34,566	78,822	113,388
因出售而撥回	Written back on disposals	–	–	(46,684)	(46,684)
於2002年12月31日	At 31 December 2002	–	288,964	329,795	618,759
賬面淨值：	Net book value:				
於2002年12月31日	At 31 December 2002	152,285	1,203,560	390,075	1,745,920
於2001年12月31日	At 31 December 2001	95,595	819,897	99,411	1,014,903

21. 有形固定資產 (續)

21. TANGIBLE FIXED ASSETS (Cont'd)

		本行 The Bank			
		投資物業 Investment properties 港幣千元 HK\$'000	其他樓宇 Other premises 港幣千元 HK\$'000	傢俬、裝置 及設備 Furniture, fixtures and equipment 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
成本或估值：	Cost or valuation:				
於2002年1月1日	At 1 January 2002	80,000	945,274	226,246	1,251,520
增加：	Addition:				
– 因合併	– through merger	91,050	479,017	427,762	997,829
– 其他	– others	–	165	87,788	87,953
出售	Disposals	–	–	(52,731)	(52,731)
重估淨虧損	Net deficit on revaluation	(34,360)	–	–	(34,360)
於2002年12月31日	At 31 December 2002	136,690	1,424,456	689,065	2,250,211
上述資產的成本 或估值分析如下：	The analysis of cost or valuation of the above assets is as follows:				
成本	Cost	–	1,231,382	689,065	1,920,447
估值	Valuation				
– 1985年	– 1985	–	43,334	–	43,334
– 1988年	– 1988	–	149,740	–	149,740
– 2002年	– 2002	136,690	–	–	136,690
		136,690	1,424,456	689,065	2,250,211
累計折舊：	Accumulated depreciation:				
於2002年1月1日	At 1 January 2002	–	125,377	133,279	258,656
因合併而增加的數額	Addition through merger	–	118,764	137,646	256,410
本年度折舊	Charge for the year	–	32,951	75,863	108,814
因出售而撥回	Written back on disposals	–	–	(43,898)	(43,898)
於2002年12月31日	At 31 December 2002	–	277,092	302,890	579,982
賬面淨值：	Net book value:				
於2002年12月31日	At 31 December 2002	136,690	1,147,364	386,175	1,670,229
於2001年12月31日	At 31 December 2001	80,000	819,897	92,967	992,864

21. 有形固定資產 (續)

投資物業及其他樓宇的賬面淨值包括：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
租賃	Leasehold				
香港	Held in Hong Kong				
– 長期租賃 (50年以上)	– Long term leases (over 50 years)	286,273	–	286,273	–
– 中期租賃 (10年至50年)	– Medium term leases (10 - 50 years)	1,052,288	899,897	996,093	899,897
香港以外地區	Held outside Hong Kong				
– 中期租賃 (10年至50年)	– Medium term leases (10 - 50 years)	17,284	15,595	1,688	–
		1,355,845	915,492	1,284,054	899,897

如果其他物業均按成本減累計折舊入賬，本集團及本行於二零零二年十二月三十一日在資產負債表中的其他樓宇賬面淨值應為港幣108,801,000元(二零零一年：無)。

獨立測量師行威格斯(香港)有限公司及 Appraisal Advisory Group, Ltd 於二零零二年十二月三十一日按公開市場價值，重估本集團及本行的投資物業。本集團因物業重估而產生的淨虧損達港幣34,360,000元，其中港幣20,481,000元已沖銷投資物業重估儲備，餘下之港幣13,879,000元為該虧損超過投資物業儲備之數額，已計入收益表中。

威格斯(香港)有限公司某些僱員為香港測量師學會會員，而 Appraisal Advisory Group, Ltd 某些僱員則為紐約州註冊一般房地產估價師。

投資物業產生的租金收入總額達港幣7,752,000元(二零零一年：港幣4,823,000元)。

本集團通過經營租賃的方式租出投資物業。有關物業的最初租賃期一般為兩至三年，期後可於所有條款重新商定後續期。以上租賃均不涉及或有租金。

21. TANGIBLE FIXED ASSETS (Cont'd)

The net book value of investment properties and other premises comprises:

The net book value of other premises of the Group and the Bank at 31 December 2002 would have been HK\$108,801,000 (2001: Nil) respectively had they been carried at cost less accumulated depreciation.

Investment properties of the Group and the Bank were revalued at 31 December 2002 by independent firms of surveyors, Vigers Hong Kong Ltd and Appraisal Advisory Group, Ltd, on an open market value basis. The net deficit arising on revaluation amounted to HK\$34,360,000 in the Group, of which HK\$20,481,000 has been charged to the investment property revaluation reserve and the remaining balance of HK\$13,879,000, being the excess of deficit over the balance on the investment property revaluation reserve, is charged to the income statement.

Vigers Hong Kong Ltd has among its staff Fellows of the Hong Kong Institute of Surveyors. Appraisal Advisory Group, Ltd has among its staff New York State Certified General Real Estate Appraiser.

The gross rental income arising from investment properties amounted to HK\$7,752,000 (2001: HK\$4,823,000).

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

21. 有形固定資產 (續)

本集團及本行按不可解除的經營租賃未來應收的最低租金總額如下：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
1年內	Within 1 year	8,530	4,728	7,900	3,972
1年至5年	After 1 year but within 5 years	5,449	7,406	5,449	6,776
		13,979	12,134	13,349	10,748

21. TANGIBLE FIXED ASSETS (Cont'd)

The Group and the Bank's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

22. 銀行及其他金融機構存款及結存

22. DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
須即時償還	Repayable on demand	166,164	27,641	166,164	32,070
商定到期日或通知期的 剩餘到期時間：	With agreed maturity dates or periods of notice, by remaining maturity:				
3個月內但毋須 即時償還	3 months or less but not repayable on demand	1,873,355	33,239	1,873,355	58,239
		2,039,519	60,880	2,039,519	90,309

23. 客戶存款

23. DEPOSITS FROM CUSTOMERS

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
活期及往來賬戶存款	Demand deposits and current deposits	1,271,813	424,793	1,271,813	418,996
儲蓄存款	Savings deposits	7,194,928	1,329,231	7,194,862	1,329,231
定期、即期及短期通知存款	Time, call and notice deposits	46,444,237	13,592,612	45,929,208	12,986,482
		54,910,978	15,346,636	54,395,883	14,734,709

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
須即時償還	Repayable on demand	8,950,666	2,280,656	8,950,666	2,274,860
商定到期日或通知期的剩餘到期時間：	With agreed maturity dates or periods of notice, by remaining maturity:				
3個月內但毋須即時償還	3 months or less but not repayable on demand	42,939,888	11,752,242	42,695,578	11,257,828
3個月至1年	1 year or less but over 3 months	3,016,233	1,313,738	2,745,448	1,202,021
1年至5年	5 years or less but over 1 year	4,191	—	4,191	—
		54,910,978	15,346,636	54,395,883	14,734,709

24. 已發行存款證

24. CERTIFICATES OF DEPOSIT ISSUED

		本集團及本行 The Group and the Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
商定到期日或通知期的剩餘到期時間：	With agreed maturity dates or periods of notice, by remaining maturity:		
3個月內但毋須即時償還	3 months or less but not repayable on demand	1,000,000	—
3個月至1年	1 year or less but over 3 months	1,566,579	990,607
1年至5年	5 years or less but over 1 year	3,265,933	—
		5,832,512	990,607

25. 銷售及購回的資產

25. ASSETS SUBJECT TO SALE AND REPURCHASE TRANSACTIONS

以下資產及負債將供銷售及購回：

The following assets and liabilities are subject to sale and repurchase transactions:

		本集團及本行 The Group and the Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
已記入持有至到期證券及投資證券賬項中	Included in held-to-maturity securities and investment securities	1,633,873	—
已記入銀行及其他金融機構存款及結存賬項中	Included in deposits and balance of banks and other financial institutions	1,681,482	—

26. 股本

26. SHARE CAPITAL

		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
法定股本：	Authorised:		
每股面值港幣 1元的普通股 5,000,000,000股	5,000,000,000 ordinary shares of HK\$1 each	5,000,000	5,000,000
已發行及繳足股本：	Issued and fully paid:		
每股面值港幣 1元的普通股 2,393,341,176股 (2001年： 2,393,341,176股)	2,393,341,176 (2001: 2,393,341,176) ordinary shares of HK\$1 each	2,393,341	2,393,341

27. 儲備

27. RESERVES

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
(a) 股份溢價	(a) Share Premium				
於1月1日及 12月31日	At 1 January and 31 December	282,930	282,930	282,930	282,930
(b) 投資物業 重估儲備	(b) Investment property revaluation reserve				
於1月1日	At 1 January	—	—	—	—
因合併而增加的數額	Addition through merger	20,481	—	20,481	—
重估淨虧損	Net deficit on revaluation	(20,481)	—	(20,481)	—
於12月31日	At 31 December	—	—	—	—

27. 儲備 (續)

27. RESERVES (Cont'd)

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
(c) 其他物業重估儲備	(c) Other property revaluation reserve				
於1月1日	At 1 January	—	—	—	—
因合併而增加的數額	Addition through merger	11,945	—	11,945	—
於12月31日	At 31 December	11,945	—	11,945	—
(d) 資本儲備	(d) Capital reserve				
於1月1日	At 1 January	3,771	3,771	2,903	2,903
因合併而增加的數額	Addition through merger	37,500	—	—	—
於12月31日	At 31 December	41,271	3,771	2,903	2,903
(e) 一般儲備	(e) General reserve				
於1月1日	At 1 January	—	—	—	—
因合併而增加的數額	Addition through merger	100,000	—	100,000	—
於12月31日	At 31 December	100,000	—	100,000	—
(f) 匯兌差額	(f) Exchange differences				
於1月1日	At 1 January	—	—	—	—
因合併而增加的數額	Addition through merger	19	—	—	—
本年度	Current year	(17)	—	—	—
於12月31日	At 31 December	2	—	—	—
(g) 保留溢利	(g) Retained profits				
於1月1日	At 1 January	558,300	562,355	380,388	434,497
因合併而增加的數額	Addition through merger	908,852	—	822,183	—
本年度溢利／(虧損)	Profit/(loss) for the year	645,797	31,945	696,480	(18,109)
本年度已宣派的股息 (附註8)	Dividends declared in respect of the current year (Note 8)	(346,716)	(36,000)	(346,716)	(36,000)
於12月31日	At 31 December	1,766,233	558,300	1,552,335	380,388
儲備總額	Total reserves	2,202,381	845,001	1,950,113	666,221

27. 儲備 (續)

股份溢價賬的應用受香港《公司條例》第48B條所管轄。

本行於二零零二年十二月三十一日可供分派股東的儲備總額為港幣1,652,335,000元(二零零一年：港幣380,388,000元)。

28. 債務資本

27. RESERVES (Cont'd)

The application of the share premium is governed by section 48B of the Hong Kong Companies Ordinance.

At 31 December 2002, the aggregate amount of reserves available for distribution to shareholders of the Bank was HK\$1,652,335,000 (2001: HK\$380,388,000).

28. LOAN CAPITAL

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
於1月1日	At 1 January	—	231,716
因合併而增加的數額	Addition through merger	2,340,094	—
本年度內增加	Issue during the year	1,950,078	—
本年度內購回	Repurchase during the year	—	(231,716)
於12月31日	At 31 December	4,290,172	—

合併後購入的債務資本的結餘，是面值及賬面值港幣23.4億元(美金3億元)於二零零一年七月五日發行的7.625%後償票據。這些票據由本行只具單一目的的一家全資擁有附屬公司CKWB (Cayman Islands) Ltd發行及列作第二級資本。本行無條件地及不會變更地對這些票據的所有應付金額作出擔保。這些票據將於二零一一年七月五日期到期。

本行已於二零零二年五月發行價值港幣19.5億元(美金2.5億元)的另一項債務資本。該項債務資本為9.125%永久後償票據，列作第二級資本，由本行只具單一目的的一家全資擁有附屬公司CKWH-UT2 Ltd發行。本行無條件地及不會變更地對這些票據的所有應付金額作出擔保。這些票據將於二零一二年贖回。

The balance acquired through merger represents 7.625% subordinated notes with face value and carrying amount of HK\$2,340 million (US\$300 million) issued on 5 July 2001. The notes were issued by CKWB (Cayman Islands) Ltd, a single purpose wholly-owned subsidiary of the Bank and qualified as tier 2 capital. The Bank unconditionally and irrevocably guarantees all amounts payable under the notes. The notes will mature on 5 July 2011.

In May 2002, the Bank issued another loan capital with face value of HK\$1,950 million (US\$250 million), representing 9.125% perpetual subordinated notes qualifying as tier 2 capital issued by CKWH-UT2 Ltd, a single purpose wholly-owned subsidiary of the Bank. The Bank unconditionally and irrevocably guarantees all amounts payable under the notes. The notes will be callable in 2012.

29. 資產負債表外風險

(a) 或有負債及承擔

以下是每類主要或有負債及承擔的合約金額概要：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
直接信貸代替品	Direct credit substitutes	1,187,756	40,882	1,187,756	40,882
與交易有關的或 有項目	Transaction-related contingencies	38,994	55,854	38,994	55,854
與貿易有關的或有項目	Trade-related contingencies	1,262,930	148,277	1,260,417	148,277
遠期有期存款	Forward forward deposits	–	77,852	–	77,852
其他承擔：	Other commitments:				
– 原到期日在 1年以下 或可無條件撤銷	– with an original maturity of under 1 year or which are unconditionally cancellable	9,294,444	2,842,893	9,288,865	3,644,111
– 原到期日在1年 或以上	– with an original maturity of 1 year or over	922,801	70,853	922,801	70,853
		12,706,925	3,236,611	12,698,833	4,037,829

或有負債及承擔是與信貸相關的工具，當中包括承兌票據、信用證、提供信貸的擔保以及承擔。涉及的風險基本上與向客戶提供貸款信貸額涉及的信貸風險相同。因此，這些交易涉及的信貸申請、組合管理及抵押品要求與銀行客戶相同。合約金額是指在合約全數提取後發生客戶拖欠而需承擔風險的金額。由於信貸額可能在到期時仍未動用，故合約金額並非預期未來現金流入。

29. 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:

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for banks. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

29. 資產負債表外風險 (續)

(b) 衍生工具

衍生工具是指根據一項或多項基本資產或指數的價值來釐定其價值的財務合約。

以下是本集團及本行各種主要衍生工具的名義金額概要：

29. OFF-BALANCE SHEET EXPOSURES (Cont'd)

(b) Derivatives

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

The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group and the Bank:

		本集團 The Group					
		二零零二年 2002			二零零一年 2001		
		交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
匯率合約	Exchange rate contracts						
遠期交易	Forwards	1,095,192	—	1,095,192	425,038	—	425,038
掉期交易	Swaps	34,890,559	4,999,417	39,889,976	63,915	30,878	94,793
買入期權	Options purchased	66,884	—	66,884	—	—	—
賣出期權	Options written	40,490	—	40,490	—	—	—
利率合約	Interest rate contracts						
遠期交易及 期貨交易	Forwards and futures	2,262,090	—	2,262,090	—	—	—
掉期交易	Swaps	2,127,535	9,526,349	11,653,884	—	173,881	173,881
買入期權	Options purchased	931,162	—	931,162	—	—	—
賣出期權	Options written	931,162	—	931,162	—	—	—
股份合約	Equity contracts						
買入期權	Options purchased	—	18,372	18,372	—	—	—
賣出期權	Options written	—	18,371	18,371	—	—	—
		42,345,074	14,562,509	56,907,583	488,953	204,759	693,712

29. 資產負債表外風險 (續)

(b) 衍生工具 (續)

		二零零二年 2002			本行 The Bank		
		交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000	交易 Trading 港幣千元 HK\$'000	對沖 Hedging 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
匯率合約	Exchange rate contracts						
遠期交易	Forwards	1,095,192	—	1,095,192	425,038	—	425,038
掉期交易	Swaps	34,890,559	4,999,417	39,889,976	80,258	30,878	111,136
買入期權	Options purchased	66,884	—	66,884	—	—	—
賣出期權	Options written	40,490	—	40,490	—	—	—
利率合約	Interest rate contracts						
遠期交易及期貨交易	Forwards and futures	2,262,090	—	2,262,090	—	—	—
掉期交易	Swaps	2,127,535	9,526,349	11,653,884	—	173,881	173,881
買入期權	Options purchased	931,162	—	931,162	—	—	—
賣出期權	Options written	931,162	—	931,162	—	—	—
股份合約	Equity contracts						
買入期權	Options purchased	—	18,372	18,372	—	—	—
賣出期權	Options written	—	18,371	18,371	—	—	—
		42,345,074	14,562,509	56,907,583	505,296	204,759	710,055

以上的交易由本集團及本行在外匯、利率及證券市場進行。這些工具的名義金額是指仍未平倉的交易額，並非風險金額。

The above transactions are undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

29. 資產負債表外風險 (續)

- (c) 本集團及本行上述資產負債表外風險的重置成本及信貸風險加權金額如下。這金額未計入雙邊淨額安排的影響，以下數據為毛額。

		本集團 The Group			
		二零零二年 2002		二零零一年 2001	
		重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000
或有負債及承擔	Contingent liabilities and commitments	不適用 N/A	1,332,425	不適用 N/A	129,648
匯率合約	Exchange rate contracts	135,779	118,904	13,020	3,988
利率合約	Interest rate contracts	601,457	171,752	1,207	790
股份合約	Equity contracts	104	792	–	–
		737,340	1,623,873	14,227	134,426

		本行 The Bank			
		二零零二年 2002		二零零一年 2001	
		重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000	重置成本 Replacement cost 港幣千元 HK\$'000	信貸風險 加權金額 Credit risk weighted amount 港幣千元 HK\$'000
或有負債及承擔	Contingent liabilities and commitments	不適用 N/A	1,331,972	不適用 N/A	129,648
匯率合約	Exchange rate contracts	135,779	118,904	13,024	4,021
利率合約	Interest rate contracts	601,457	171,752	1,207	790
股份合約	Equity contracts	104	792	–	–
		737,340	1,623,420	14,231	134,459

重置成本是指重置所有按市價計算具正數價值的合約成本，未計入雙邊淨額安排的影響。

Replacement cost represents the cost of replacing all contracts which have a positive value when marked to market and which have not been subject to any bilateral netting arrangement.

29. 資產負債表外風險 (續)

(c) (續)

信貸風險加權金額是指按照香港《銀行業條例》有關資本充足比率的附表三所計算的金額，取決於合約另一方的財政狀況及到期的情況。或有負債及承擔的風險加權由0%至100%不等，而匯率、利率及其他衍生工具合約則由0%至50%不等。

(d) 資本承擔

於十二月三十一日未償付而又未在財務報表內提撥準備的購入樓宇及設備資本承擔如下：

29. OFF-BALANCE SHEET EXPOSURES (Cont'd)

(c) (Cont'd)

Credit risk-weighted amount refers to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance on capital adequacy and depend on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments, and from 0% to 50% for exchange rate, interest rate and other derivatives contracts.

(d) Capital commitments

Capital commitments for acquisition of premises and equipment outstanding at 31 December not provided for in the financial statements were as follows:

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
已授權及訂約	Authorised and contracted for	9,983	3,114	9,983	3,114

29. 資產負債表外風險 (續)

(e) 租賃承擔

於二零零二年十二月三十一日，根據不可解除經營租賃未來應付的最低租金總額如下：

		本集團 The Group		本行 The Bank	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000	二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
樓宇	Premises				
1年內	Within 1 year	46,489	12,772	37,657	9,232
1年至5年	After 1 year but within 5 years	43,011	5,618	21,304	5,006
5年後	After 5 years	10,691	–	11,691	–
		100,191	18,390	70,652	14,238
設備	Equipment				
1年內	Within 1 year	2,248	–	2,248	–
1年至5年	After 1 year but within 5 years	2,923	–	2,923	–
		5,171	–	5,171	–

本集團及本行通過經營租賃的方式租借多項物業及設備。有關物業及設備的最初租賃期一般為兩至四年，可於所有條款重新商定後續期。以上租賃均不涉及或有租金。

29. OFF-BALANCE SHEET EXPOSURES (Cont'd)

(e) Lease commitments

At 31 December 2002, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

The Group and the Bank lease a number of properties and items of equipment under operating leases. The leases typically run for an initial period of two to four years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

30. 用於經營業務之現金與正常業務的
稅前溢利對賬表

30. RECONCILIATION OF PROFIT FROM ORDINARY
ACTIVITIES BEFORE TAXATION TO CASH USED IN
OPERATING ACTIVITIES

		二零零二年 2002	二零零一年 2001 重報 Restated
		港幣千元 HK\$'000	港幣千元 HK\$'000
正常業務的稅前溢利	Profit from ordinary activities before taxation	667,396	33,456
呆壞賬準備	Charge for bad and doubtful debts	509,228	227,831
投資物業重估淨虧損	Net deficit on revaluation of investment properties	13,879	4,800
出售有形固定資產淨虧損	Net loss on disposal of tangible fixed assets	8,987	546
出售持有至到期證券淨溢利	Net profit on disposal of held-to-maturity securities	(51,949)	—
購回已發行後償票據的溢利	Profit on repurchase of subordinated notes issues	—	(860)
出售聯營公司淨虧損	Net loss on disposal of associates	190	—
持有至到期證券及投資 證券減值準備	Provision on held-to-maturity securities and investment securities	13,194	6,087
應佔聯營公司溢利減虧損	Share of profits less losses of associates	—	(32)
遞延支出攤銷	Amortisation on deferred expenses	46,630	2,916
折舊	Depreciation	113,388	42,228
權益性投資證券股息收入	Dividend income from equity investment securities	(17,873)	(2,422)
已發行後償票據利息	Interest expense on subordinated notes	280,745	7,884
買賣業務現金流入淨額	Net cash inflow from trading activities	1,583,815	322,434
國庫券減少(須於3個月後償還)	Decrease in treasury bills (repayable beyond three months)	1,261,403	129,934
銀行及其他金融機構存款增加 (須於3個月後償還)	Increase in placements with banks and other financial institutions (repayable beyond three months)	(31,795)	(18,205)
存款證減少	Decrease in certificates of deposit	2,525,176	1,110
其他證券投資(增加)/減少	(Increase)/decrease in other investments in securities	(1,974,876)	24,007
客戶、銀行及金融機構墊款、 貿易票據及其他賬項減少	Decrease in advances to customers, banks and financial institutions, trade bills and other accounts	1,202,593	848,690
持有至到期證券及投資 證券增加	Increase in held-to-maturity securities and investment securities	(5,037,910)	(185,906)
銀行及其他金融機構 結存減少	Decrease in deposits and balances of banks and other financial institutions	(991,911)	(45,487)
客戶存款減少	Decrease in deposits of customers	(2,658,734)	(3,612,403)
已發行存款證增加/(減少)	Increase/(decrease) in certificates of deposit issued	508,001	(58,283)
應付利息及其他負債減少	Decrease in interest payable and other liabilities	(432,808)	(395,133)
已發行債務證券減少	Decrease in issued debt securities	(373,371)	—
用於經營業務的現金	Cash used in operating activities	(4,420,417)	(2,989,242)

31. 本年度內融資變動分析

31. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

		二零零二年 2002 債務資本 Loan capital 港幣千元 HK\$'000	二零零一年 2001 債務資本 Loan capital 港幣千元 HK\$'000
於1月1日	At 1 January	–	231,716
合併後增加的數額	Addition through merger	2,340,094	–
融資業務現金流入／ (流出) 淨額	Net cash inflow/(outflow) from financing activities	1,950,078	(230,856)
購回後償浮息 票據溢利	Profit on repurchase of subordinated floating rate notes	–	(860)
於12月31日	At 31 December	4,290,172	–

32. 現金及現金等值項目結餘分析

32. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 重報 Restated 港幣千元 HK\$'000
現金及於銀行及其他 金融機構結存	Cash and balances with banks and other financial institutions	657,000	182,264
即期及短期通知存款	Money at call and short notice	4,723,135	5,063,409
銀行及其他金融機構存款 (須於3個月內償還)	Placements with banks and other financial institutions repayable within three months	171,006	19,642
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	(118,757)	(27,641)
		5,432,384	5,237,674

33. 合併而增加的數額

(a) 已轉撥的資產淨額：

33. ADDITION THROUGH MERGER

(a) Net assets transferred:

		二零零二年 2002 港幣千元 HK\$'000
現金及短期資金	Cash and short-term funds	3,786,384
貿易票據減準備	Trade bills less provisions	223,932
存款證	Certificates of deposit	2,948,033
其他證券投資	Other investments in securities	440,267
客戶墊款及其他 賬項減準備	Advances to customers and other accounts less provisions	32,918,050
持有至到期證券及 投資證券	Held-to-maturity securities and investment securities	13,014,279
聯營公司投資	Investments in associates	120,460
有形固定資產	Tangible fixed assets	801,043
銀行及其他金融機構 存款及結存	Deposits and balances of banks and other financial institutions	(2,898,136)
客戶存款	Deposits from customers	(42,223,076)
已發行存款證	Certificates of deposit issued	(4,333,904)
其他賬項及準備	Other accounts and provisions	(1,005,070)
已發行債務證券	Issued debt securities	(373,371)
債務資本	Loan capital	(2,340,094)
		1,078,797
相等於：	Represented by：	
以下儲備的增加數額：	Additions to the following reserves:	
– 投資物業重估儲備	– Investment property revaluation reserve	20,481
– 其他物業重估儲備	– Other property revaluation reserve	11,945
– 資本儲備	– Capital reserve	37,500
– 一般儲備	– General reserve	100,000
– 匯兌差額	– Exchange differences	19
– 保留溢利	– Retained profits	908,852
		1,078,797

33. 合併而增加的數額 (續)

(b) 合併後的現金及現金等值項目流入淨額分析：

		二零零二年 2002 港幣千元 HK\$'000
現金及短期資金	Money at call and short notice	2,649,614
國庫券	Treasury bills repayable	
(須於三個月內償還)	within three months	399,032
銀行及其他金融	Deposits and balances of banks and	
機構存款及結存	other financial institutions	(18,702)
		3,029,944

34. 僱員退休計劃

本集團設有一項界定供款公積金計劃(簡稱「退休計劃」)。據此，本集團須把相當於僱員基本薪金10%的供款撥入基金內。該退休計劃是一個強制性公積金(簡稱「強積金」)豁免計劃，涵蓋範圍遍及本集團所有全職僱員。僱員毋須作出任何供款。如果僱員在獲得全數供款前離開本集團，本集團不得將僱員所放棄的供款用作減少現時的供款額，而需將有關供款撥入一個獨立的福利基金，作為該退休計劃成員的福利金。

除了該退休計劃外，本集團自二零零零年十二月一日起，也參與一項認可強積金退休計劃，為現有及新僱員提供計劃選擇。本集團已根據強積金計劃規定提供等同強制部分的福利。

本年度內，本行就這些計劃作出的供款約為港幣2,400萬元(二零零一年：港幣100萬元)(附註4(c))。

33. ADDITION THROUGH MERGER (Cont'd)

(b) Analysis of net inflow of cash and cash equivalents through merger:

		二零零二年 2002 港幣千元 HK\$'000
Cash and short notice	Money at call and short notice	2,649,614
Treasury bills	Treasury bills repayable	
(due within three months)	within three months	399,032
Banks and other financial	Deposits and balances of banks and	
institutions	other financial institutions	(18,702)
		3,029,944

34. STAFF RETIREMENT SCHEME

The Group has a defined contribution provident fund scheme (the 'Retirement Scheme') under which it contributes 10% of the employees' basic salaries. The Retirement Scheme is an MPF exempted scheme and covers all permanent full-time employees of the Group. No employee contributions are required. Contributions forfeited by leavers prior to vesting fully in the contributions may not be used by the Group to reduce the existing level of contribution but are transferred to a separate welfare fund which shall be applied for the welfare of the Retirement Scheme's members.

Besides the Retirement Scheme, the Group also participated in an approved MPF scheme effective on 1 December 2000 to provide scheme choice to both existing and new employees. Mandatory benefits are being provided under the MPF Scheme.

During the year, the Bank contributed approximately HK\$24 million (2001: HK\$1 million) (note 4(c)) to these schemes.

35. 證券形式的福利

中信國際金融控股目前設有一項高級行政人員購股權計劃(簡稱「購股權計劃」)。據此,本行合資格的高級行政人員(包括執行董事)均獲賦予購股權,以認購中信國際金融控股股份。該項購股權計劃於一九九五年三月三十日開始採用,並將於二零零五年三月二十九日終止。購股權的行使價由中信國際金融控股董事會釐定,並以股份的面值和股份於截至賦予日期前五個營業日在聯交所錄得的平均收市價的80%兩者中的較高數額為準。賦予購股權的價款為港幣一元。根據購股權計劃賦予的購股權可認購的股份總數,不得超過中信國際金融控股不時發行股本的10%;但按照購股權計劃行使購股權所配發及發行的股份則除外。

於二零零二年十二月三十一日,購股權計劃可認購的股份總數為300,835,662,佔中信國際金融控股已發行股本9.9%。每股購股權讓持有人可認購一股股份。於購股權賦予日,本行或中信國際金融控股概無確認僱員福利成本或責任。購股權行使時,中信國際金融控股的股本隨着收取所得金額而增加。本行毋須為購股權計劃向中信國際金融控股償還任何成本開支。

36. 高級行政人員貸款

本行根據香港《公司條例》第161B條披露高級行政人員的貸款詳情如下:

35. EQUITY COMPENSATION BENEFITS

A Senior Executive Share Option Scheme (the 'Option Scheme') is maintained by CIFIH which granted to eligible senior executives (including executive directors) of the Bank for subscription of shares of CIFIH. The Option Scheme was adopted on 30 March 1995 and will be terminated on 29 March 2005. The exercise price of options was determined by the Board of Directors of CIFIH and was the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on SEHK for the five business days immediately preceding the date of the grant. The consideration for accepting the options granted was HK\$1.00 per grant. The maximum number of shares in respect of which options may be granted under the Option Scheme may not exceed 10% of the issued share capital of CIFIH from time to time, excluding any shares which have been fully allotted and issued pursuant to the exercise of any option granted under the Option Scheme.

As at 31 December 2002, the total number of ordinary shares available for issue under the Option Scheme is 300,835,662 or 9.9% of the issued share capital of CIFIH. Each option gives the holder the right to subscribe for one share. At the date of the grant, no employee benefit cost or obligation is recognised by the Bank or CIFIH. When the options are exercised, equity of CIFIH is increased by the amount of the proceeds received. The Bank is not required to reimburse any cost in respect of the Option Scheme to CIFIH.

36. LOANS TO OFFICERS

Particulars of loans to officers of the Bank disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
於12月31日的結欠	Balance outstanding at 31 December		
— 來自本行的貸款	— By the Bank	145,329	51,475
本年度內最高結欠總額	Maximum aggregate amount outstanding during the year		
— 來自本行的貸款	— By the Bank	292,653	139,966

於二零零二年十二月三十一日,並無到期而未償還利息,也沒有為這些貸款提撥準備。

There was no interest due but unpaid nor any provision made against these loans at 31 December 2002.

37. 用作抵押的資產

二零零二年十二月三十一日，總值港幣9,400萬元的存款證（二零零一年：無）及總值港幣60萬元的即期及短期通知存款（二零零一年：無）已抵押予美國貨幣監理處，作為於美國的法定存款。

38. 比較數字

這些財務報表（包括綜合現金流量表）中的項目呈示及分類方式，因應金管局頒佈的《本地註冊認可機構披露財務資料》規定及經修訂會計實務準則第十五號「現金流量報表」的準則予以更改。

- 對財務報表附註列出比較數字作更詳細分析；及
- 而稅項中某些現金流量、投資回報及融資還款分別列作經營、投資及融資業務；及
- 某些銀行及其他金融機構存款及結存已從現金及現金等值項目的定義中剔除。

比較數字已按符合本年度賬項呈示要求而作出更改。

39. 最終控股公司

董事認為，本行於二零零二年十二月三十一日的直接控股公司為於香港註冊成立的中信國際金融控股有限公司，而最終控股公司為在中華人民共和國註冊成立的中國國際信托投資公司。

40. 財務報表核准

這些財務報表已於二零零三年三月十二日獲董事會核准並授權發佈。

37. ASSETS PLEDGED AS SECURITY

On 31 December 2002, certificates of deposit amounting to HK\$94 million (2001: Nil) and money at call and short notice amounting to HK\$0.6 million (2001: Nil) have been pledged to the Office of the Comptroller of Currency in the USA as statutory deposits.

38. COMPARATIVE FIGURES

The presentation and classification of items in the financial statements (including consolidated cash flow statement) have been changed due to the compliance with the revised guideline on 'Financial Disclosure by Locally Incorporated Authorized Institutions' under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority and the adoption of the requirements of revised SSAP 15 'Cash flow statements'. As a result :

- additional analysis with comparative figures have been provided in the notes on the financial statements; and
- cash flow items from taxation, returns on investments and servicing of finance have been classified into operating, investing and financing activities respectively; and
- certain deposits and balances of banks and other financial institutions have been excluded from the definition of cash and cash equivalents.

Comparative figures have been adjusted to conform with the current year's presentation.

39. ULTIMATE HOLDING COMPANY

At 31 December 2002, the directors consider the immediate holding company to be CITIC International Financial Holdings Limited which is incorporated in Hong Kong, and the ultimate holding company to be China International Trust and Investment Corporation which is incorporated in the People's Republic of China.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 12 March 2003.

未經審核財務資料補充

Unaudited Supplementary Financial Information

二零零二年十二月三十一日
(以港幣為單位)

as at 31 December 2002
(Expressed in Hong Kong dollars)

(A) 資本充足比率及流動資金比率

(A) CAPITAL ADEQUACY AND LIQUIDITY RATIOS

		二零零二年 2002	二零零一年 2001
未經調整資本充足比率	Unadjusted capital adequacy ratio	17.21%	27.06%
經調整資本充足比率	Adjusted capital adequacy ratio	16.60%	27.05%
2002年1月1日至2002年 10月31日十個月的 平均流動資金比率	Average liquidity ratio for 10 months from 1 January 2002 – 31 October 2002	46.92%	
2002年11月1日至2002年 12月31日兩個月的 平均流動資金比率	Average liquidity ratio for 2 months from 1 November 2002 – 31 December 2002	47.09%	
截至2001年12月31日 止年度平均流動資金比率	Average liquidity ratio for year ended 31 December 2001		58.75%

未經調整資本充足比率是根據香港金融管理局(「金管局」)為監管目的所規定，按本行及其若干附屬公司的合併基準，並且符合香港《銀行業條例》附表三的基準計算。

The unadjusted capital adequacy ratio is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the Hong Kong Monetary Authority (the 'HKMA') for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

經調整資本充足比率已考慮結算日的市場風險，按照金管局頒佈的《就市場風險維持足夠資本》指引及與未經調整資本充足比率相同的合併基準計算。

The adjusted capital adequacy ratio which takes into account market risks as at the balance sheet date is computed in accordance with the Guideline 'Maintenance of Adequate Capital Against Market Risks' issued by the HKMA and on the same consolidated basis as for unadjusted capital adequacy ratio.

平均流動資金比率根據金管局為監管目的所規定，按本行及若干附屬公司的合併基準，並且符合香港《銀行業條例》附表四的基準計算。

The average liquidity is computed on the consolidated basis covering the Bank and certain of its subsidiaries as required by the HKMA for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

(B) 扣除減項後資本基礎**(B) CAPITAL BASE AFTER DEDUCTIONS**

		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
核心資本	Core capital		
實繳普通股本	Paid up ordinary share capital	2,393,341	2,393,341
股份溢價	Share premium	282,930	282,930
儲備	Reserves	1,896,363	559,169
核心資本總額	Total core capital	4,572,634	3,235,440
合格補助資本	Eligible supplementary capital		
土地及土地權益重估儲備	Reserves on revaluation of land and interests in land	8,362	2,032
呆賬一般準備	General provisions for doubtful debts	498,137	134,619
永久後償債項	Perpetual subordinated debt	1,950,078	–
有期後償債項	Term subordinated debt	2,286,317	–
補助資本總額	Gross value of supplementary capital	4,742,894	136,651
合格補助資本總額	Eligible value of supplementary capital	4,572,634	136,651
扣除減項前總資本基礎	Total capital base before deductions	9,145,268	3,372,091
總資本基礎減項	Deductions from total capital base	(156,615)	(107,226)
扣除減項後總資本基礎	Total capital base after deductions	8,988,653	3,264,865

(C) 分部資料

(i) 按地區劃分

根據本集團的主要營業地點或倘屬本行，則根據負責匯報業績或將資產記賬的分行地點而言，本集團主要在香港經營業務，本集團90%以上的經營收入、稅前溢利、總資產、總負債、或有負債及承擔均源自香港或屬香港業務賬目。

		本集團 The Group					
		二零零二年 2002			二零零一年 2001		
		客戶墊款 Advances to customers 港幣千元 HK\$'000	逾期貸款 及墊款 Overdue loans and advances 港幣千元 HK\$'000	不履約貸款 Non- performing loans 港幣千元 HK\$'000	客戶墊款 Advances to customers 港幣千元 HK\$'000	逾期貸款 及墊款 Overdue loans and advances 港幣千元 HK\$'000	不履約貸款 Non- performing loans 港幣千元 HK\$'000
香港	Hong Kong	32,443,305	1,691,184	1,606,411	11,804,086	1,166,835	1,001,618
中國	Mainland China	8,331,392	73,334	84,172	92,604	—	—
美國	USA	875,390	—	8,731	27,636	—	—
其他	Others	291,666	—	—	126,628	—	—
		41,941,753	1,764,518	1,699,314	12,050,954	1,166,835	1,001,618

上述有關地區分析的資料已按交易另一方所在地劃分，風險轉移已考慮在內。由與交易方不同的國家的一方作出擔保的債權風險將轉至擔保方的國家賬項中。銀行或其他金融機構分行的債權風險則轉至其總部所在國家的賬項中。

客戶不履約墊款是指利息記入暫記賬項或已停止計息的墊款。

(C) SEGMENTAL INFORMATION

(i) By geographical area

On the basis of the location of the principal operations of the Group or, in the case of the Bank, on the location of the branches responsible for reporting the results or booking the assets, the Group operates predominantly in Hong Kong with over 90% of the Group's operating income, profit before taxation, total assets, total liabilities, contingent liabilities and commitments arise therefrom or booked therein.

The above geographical analysis are classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

Non-performing advances to customers are those advances on which interest is being placed in suspense or on which interest accrual has ceased.

(C) 分部資料 (續)**(ii) 按業務劃分**

2002

		本集團 The Group			總額 Total 港幣千元 HK\$'000
		商業及零售 銀行業務 Commercial and retail banking 港幣千元 HK\$'000	財資及 投資業務 Treasury and investment activities 港幣千元 HK\$'000	其他業務 Other business activities 港幣千元 HK\$'000	
經營收入	Total operating income	1,742,371	541,924	(105,850)	2,178,445
未計呆壞賬準備前 溢利／(虧損)	Profit/(loss) before charge for bad and doubtful debts	885,774	475,407	(200,256)	1,160,925
已計呆壞賬準備的 溢利／(虧損)	Profit/(loss) after charge for bad and doubtful debts	376,546	475,407	(200,256)	651,697
稅前溢利／(虧損)	Profit/(loss) before taxation	367,138	521,930	(221,672)	667,396

2001

		本集團 The Group			總額 Total 港幣千元 HK\$'000
		商業及零售 銀行業務 Commercial and retail banking 港幣千元 HK\$'000	財資及 投資業務 Treasury and investment activities 港幣千元 HK\$'000	其他業務 Other business activities 港幣千元 HK\$'000	
經營收入	Total operating income	495,200	106,730	23,475	625,405
未計呆壞賬準備前 溢利／(虧損)	Profit/(loss) before charge for bad and doubtful debts	296,643	38,724	(62,679)	272,688
已計呆壞賬準備的 溢利／(虧損)	Profit/(loss) after charge for bad and doubtful debts	68,812	38,724	(62,679)	44,857
稅前溢利／(虧損)	Profit/(loss) before taxation	68,812	32,637	(67,993)	33,456

(D) 客戶墊款 – 按行業劃分

按行業劃分的客戶墊款資料按金管局所用的類別及定義分析。

(D) ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS

The analysis of advances to customers by industry sectors is based on categories and definitions used by the HKMA.

		本集團 The Group 客戶墊款總額 Gross advances to customers	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
用於香港的貸款	Loans for use in Hong Kong		
工商及金融界	Industrial, commercial and financial		
– 物業發展	– Property development	563,368	28,498
– 物業投資	– Property investment	5,147,370	2,369,098
– 金融界	– Financial concerns	1,621,606	530,788
– 股票經紀	– Stockbrokers	27,590	19,400
– 批發及零售貿易	– Wholesale and retail trade	2,464,647	540,546
– 製造業	– Manufacturing	3,318,627	607,558
– 運輸業及運輸設備	– Transport and transport equipment	4,938,645	1,077,894
– 其他	– Others	3,175,545	917,533
個人	Individuals		
– 購入居者有其屋計劃、私人發展商參與興建居屋計劃及租者置其屋計劃單位的貸款	– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	30,990	36,735
– 購入其他住宅物業的貸款	– Loans for the purchase of other residential properties	13,246,473	3,894,888
– 信用卡墊款	– Credit card advances	335,647	176,325
– 其他	– Others	1,289,488	893,197
貿易融資	Trade finance	1,968,023	809,002
用於香港以外地區的貸款	Loans for use outside Hong Kong	3,813,734	149,492
		41,941,753	12,050,954

(E) 取回資產**(E) REPOSSESSED ASSETS**

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
已計入客戶墊款及其他賬項	Included in advances to customers and other accounts	409,682	283,720

(F) 匯率風險

本集團來自買賣、非買賣及結構性外匯盤的匯率風險的資料披露如下。向金管局申報的期貨盤淨額是按照該局的銀行持有外匯盤申報表(MA(BS)6)中所載的方式計算。

(F) CURRENCY RISK

The information concerning the foreign currency exposures of the Group arising from trading, non-trading and structural positions is disclosed as follows. The net option position reported is calculated in accordance with the methods set out in the banking return 'Foreign Currency Position' (MA(BS)6) submitted to the HKMA.

相等於港幣千元 Equivalent in HK\$'000		二零零二年 2002			二零零一年 2001		
		美元 US dollars	人民幣 Renminbi	總額 Total	美元 US dollars	人民幣 Renminbi	總額 Total
現貨資產	Spot assets	27,472,826	144,948	27,617,774	3,817,123	—	3,817,123
現貨負債	Spot liabilities	(25,049,311)	(74,251)	(25,123,562)	(4,361,162)	—	(4,361,162)
遠期買入	Forward purchases	20,917,099	—	20,917,099	929,697	—	929,697
遠期賣出	Forward sales	(19,641,958)	—	(19,641,958)	(240,443)	—	(240,443)
期貨盤淨額	Net option position	3,959	—	3,959	—	—	—
長盤淨額	Net long position	3,702,615	70,697	3,773,312	145,215	—	145,215

期貨盤淨額是按照最差情況方式計算。

The net option position is calculated using the worst case approach.

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(G) 跨境債權

跨境債權資料是資產負債表上呈示考慮了風險轉移後按交易另一方所在地計算的交易另一方風險。由與交易方不同的國家的一方作出擔保的債權風險將轉至擔保方的國家賬項中。銀行或其他金融機構分行的債權風險則轉至其總部所在國家的賬項中。轉移風險後達總跨境債權10%或以上的個別國家或地區債權如下：

(G) CROSS-BORDER CLAIMS

Cross border claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate cross border claims are shown as follows:

		銀行及 其他金融機構 Banks and other financial institutions 港幣千元 HK\$'000	公營機構 Public sector entities 港幣千元 HK\$'000	其他 Others 港幣千元 HK\$'000	總額 Total 港幣千元 HK\$'000
二零零二年	2002				
香港以外亞太區	Asia and Pacific excluding Hong Kong	5,003,680	83,160	9,667,383	14,754,223
其中澳洲	of which Australia	3,073,500	—	8,550	3,082,050
其中中國	of which Mainland China	1,146,360	83,160	9,229,333	10,458,853
西歐	Western Europe	9,285,160	—	5,639,410	14,924,570
其中德國	of which Germany	3,506,880	—	1,219,750	4,726,630
其中英國	of which United Kingdom	2,226,590	—	1,114,910	3,341,500
二零零一年	2001				
香港以外亞太區	Asia and Pacific excluding Hong Kong	1,165,412	—	195,741	1,361,153
其中澳洲	of which Australia	—	—	—	—
其中中國	of which Mainland China	—	—	—	—
西歐	Western Europe	3,408,586	—	21,494	3,430,080
其中德國	of which Germany	953,267	—	7,165	960,432
其中英國	of which United Kingdom	—	—	—	—
其中法國	of which France	648,357	—	—	648,357
其中荷蘭	of which Netherlands	574,924	—	7,165	582,089
南北美洲	North and South America	840,152	31,087	105,866	977,105
中東及非洲	Middle East and Africa	1,093	—	—	1,093

(H) 逾期及重整資產

(i) 逾期客戶墊款(扣除暫記利息)

扣除已資本化但記入暫記賬項內的應計利息的客戶墊款總額已逾期達：

		本集團 The Group	
		二零零二年 2002	二零零一年 2001
		港幣千元 HK\$'000	港幣千元 HK\$'000
		% *	% *
– 3個月至6個月	– 6 months or less		
	but over 3 months	262,097	210,421
– 6個月至1年	– 1 year or less		
	but over 6 months	169,342	294,150
– 1年以上	– over 1 year	1,333,079	662,264
總額	Total	1,764,518	1,166,835
有抵押逾期墊款	Secured overdue advances	1,059,650	763,514
無抵押逾期墊款	Unsecured overdue advances	704,868	403,321
		1,764,518	1,166,835
持有有抵押逾期墊款 抵押品的市值	Market value of collateral held against the secured overdue advances	1,701,268	951,239
特別準備	Specific provisions made	347,557	288,982

* 佔客戶貸款總額計算

於二零零二年十二月三十一日及二零零一年十二月三十一日，本集團並無逾期超過三個月的銀行及其他金融機構墊款。

(H) OVERDUE AND RESCHEDULED ASSETS

(i) Overdue advances to customers (net of suspended interest)

The gross amount of advances, net of accrued interest that has been capitalised but accrued to a suspense account, which have been overdue for periods of:

		本集團 The Group	
		二零零二年 2002	二零零一年 2001
		港幣千元 HK\$'000	港幣千元 HK\$'000
		% *	% *
– 3 months to 6 months	– 6 months or less		
	but over 3 months	262,097	210,421
– 6 months to 1 year	– 1 year or less		
	but over 6 months	169,342	294,150
– 1 year or more	– over 1 year	1,333,079	662,264
Total	Total	1,764,518	1,166,835
Secured overdue advances	Secured overdue advances	1,059,650	763,514
Unsecured overdue advances	Unsecured overdue advances	704,868	403,321
		1,764,518	1,166,835
Market value of collateral held against the secured overdue advances	Market value of collateral held against the secured overdue advances	1,701,268	951,239
Specific provisions made	Specific provisions made	347,557	288,982

* Based on total advances to customers

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 31 December 2002 and 31 December 2001.

(H) 逾期及重整資產 (續)

(i) 逾期客戶墊款(扣除暫記利息) (續)

逾期貸款及墊款以及不履約貸款的對賬：

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
逾期超過3個月的客戶墊款	Advances to customers overdue for more than 3 months	1,764,518	1,166,835
減：逾期超過3個月而仍然計息的款項	Less: Amount overdue for more than 3 months and on which interest is still being accrued	(173,900)	(284,858)
加：未逾期或逾期3個月或以下而利息記入暫記賬項或已停止計息的款項	Add: Amount overdue for 3 months or less, or not yet overdue and on which interest is being placed in suspense or on which interest accrual has ceased	75,591	102,405
加：利息記入暫記賬項或已停止計息的重整墊款	Add: Rescheduled advances on which interest is being placed in suspense or on which interest accrual has ceased	33,105	17,236
利息記入暫記賬項或已停止計息的客戶墊款	Advances to customers on which interest is being placed in suspense or on which interest accrual has ceased	1,699,314	1,001,618

(ii) 其他逾期資產

(H) OVERDUE AND RESCHEDULED ASSETS (Cont'd)

(i) Overdue advances to customers (net of suspended interest) (Cont'd)

Reconciliation between overdue loans and advances and non-performing loans:

		本集團 The Group	
		二零零二年 2002 港幣千元 HK\$'000	二零零一年 2001 港幣千元 HK\$'000
貿易票據總額已逾期達：	The gross amount of trade bills which has been overdue for:		
– 3個月至6個月	– 6 months or less but over 3 months	282	–
– 1年以上	– over 1 year	12,864	4,734
		13,146	4,734
逾期1年以上的其他證券投資	Other investments in securities which have been overdue for over 1 year	4,081	3,874
逾期1年以上的持有至到期證券	Held-to-maturity securities which have been overdue for over 1 year	15,601	30,973

(H) 逾期及重整資產 (續)

(iii) 重整貸款

		本集團 The Group	
		二零零二年 2002	二零零一年 2001
		港幣千元 HK\$'000	港幣千元 HK\$'000
		% *	% *
重整貸款	Rescheduled loans	68,559	17,236

* 佔客戶貸款總額計算

於二零零二年十二月三十一日及二零零一年十二月三十一日，本集團並無重組的銀行及其他金融機構貸款。

(I) 企業管治

本集團致力於保持高企業管治水平，在本年度內及在所有重要的事項上，均符合金管局頒佈的監管政策手冊《本地註冊認可機構的企業管治》所載的規定。

(J) 董事委員會

董事會已設立以下的委員會：

(i) 審核委員會

該委員會為獨立機構，協助董事會監察本行是否符合各項政策、程序以及內部及法定規定；監督本行內部及外部核數師；並協助董事會獨立檢討本行的財務匯報流程及內部控制制度的有效性。

(ii) 高層人事委員會

該委員會監督本行高級行政人員的聘任及撤離、薪酬及繼任計劃，也協助董事會挑選及引薦填補董事會空缺的人選。

(iii) 信貸及風險委員會

該委員會監督本行的風險管理策略、政策及機制。有關的風險主要包括信貸、市場、利率、資金流動性、營運、信譽、法律及策略性風險。該委員會通過銀行管理層面的多個委員會監督本行的風險管理，包括信貸委員會、不良貸款委員會、國際信貸委員會、資產及負債管理委員會以及營運及監控委員會。

(H) OVERDUE AND RESCHEDULED ASSETS (Cont'd)

(iii) Rescheduled loans

		本集團 The Group	
		二零零二年 2002	二零零一年 2001
		港幣千元 HK\$'000	港幣千元 HK\$'000
		% *	% *
重整貸款	Rescheduled loans	68,559	17,236

* Based on total advances to customers

There were no advances to banks and other financial institutions which were rescheduled as at 31 December 2002 and 31 December 2001.

(I) CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance and has complied, in all material respects, throughout the year with the module on 'Corporate Governance of Locally Incorporated Authorized Institutions' under the Supervisory Policy Manual issued by the HKMA.

(J) BOARD COMMITTEE

The Board has established the following committees:

(i) Audit Committee

The Committee, being an independent body, assists the Board in monitoring compliance with the policies, procedures, and internal and statutory regulations. It provides oversight of the Bank's internal and external auditors and assists the Board in providing independent review of the effectiveness of the Bank's financial reporting process and internal control system.

(ii) Executive Personnel Committee

The Committee provides oversight of the appointment and removal, remuneration, and succession plan of the Bank's senior executives. It also assists the Board in selecting and recommending candidates for vacancy on the Board.

(iii) Credit & Risk Management Committee

The Committee oversees the Bank's risk management strategy, policies and mechanism. The risks concerned primarily include credit, market, interest rate, liquidity, operational, reputation, legal and strategic risks. The Committee carries out its oversight function on the Bank's risk management through various committees at Bank management level, including: Credit Committee, Non Performing Loan Committee, International Credit Committee, Asset & Liability Management Committee ('ALCO') and Operations & Control Committee.

(K) 風險管理

本集團已對信貸風險、流動資金、資本及市場風險的控制與監察制定了政策和程序，並由董事會定期進行檢討。我們的內部核數師亦會作出定期審計，評定出現主要風險的地方的控制措施是否充足及有效，而且確保本集團遵循內部的政策和程序。

為了對沖某些利率風險，本集團已使用多種主要利率衍生工具：在交易所買賣的工具（包括利率期貨及債券期貨）以及場外衍生工具（包括利率掉期）。外匯利率風險方面，本集團已採用外匯掉期、期貨及期權作對沖。本集團已採用外匯及利率衍生工具兩種工具分別對沖銀行（應計）賬項及買賣（市值）賬項的風險。所有使用主要衍生工具的利率風險及外匯風險對沖策略已在實施前獲得資產及負債管理委員會核准。

(i) 信貸風險管理

出現信貸風險是由於交易另一方可能違反合約。本集團從事的借貸、貿易融資、庫務、衍生工具及其他業務均存在信貸風險。

本集團經董事會核准的信貸政策手冊界定了信貸核准結構及核准權限的授予、提供信貸的標準、信貸的核准及監察程序、內部信貸風險評級制度、貸款分類制度和提撥準備政策，也參考了香港《銀行業條例》的規定以及金管局不時頒佈的指引。

某些信貸政策在附屬公司層面制定、實施及維持。在本行及其附屬公司層面，信貸風險管理工作由董事會委任的信貸及風險委員會集中處理及監察。該委員會制定核准權力及把核准權力下放予多個處理信貸相關工作的委員會，包括處理核准信貸申請、政策例外情況、貸款分類、特別準備、被評信貸管理及銀行間交易方風險控制的委員會。這些委員會的成員包括行政總裁、集團信貸主管及其他高級管理人員。

列賬於資產負債表上項目，其信貸風險為原有價值，而衍生工具的信貸風險是正重置成本。衍生工具的信貸風險於附註29內作出披露。

(K) RISK MANAGEMENT

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 Board. The internal auditors also perform regular audits to assess the adequacy and effectiveness of controls for major risk areas and to ensure compliance with the policies and procedures.

In order to hedge some of the interest rate risks, the Group has used major interest rate derivatives: exchange traded instruments include interest rate futures and bond futures, and over-the-counter derivatives included interest rate swaps. With regards to foreign exchange risk, the Group has used FX swaps, forwards and options for hedging. The Group has used both types of derivatives, i.e. foreign exchange and interest rate derivatives, to hedge the respective risks in both the banking (accrual) book and the trading (marking to market) book. All interest rate risk and foreign exchange risk hedging strategies using major derivatives have been approved by the ALCO prior to their implementation.

(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 Group's credit policy manual, which was approved by the Board, defines the credit approval hierarchy and delegation of approval authority, the credit extension criteria, the credit approval and monitoring process, the internal credit risk rating system, the loan classification system and provisioning policy. It also takes into account the requirements of the Hong Kong Banking Ordinance and the guidelines issued by the HKMA from time to time.

Specific credit policies are formulated, implemented and maintained at subsidiaries level. At the level of the Bank and its subsidiaries, the credit risk management function is centralised and is overseen by the Credit & Risk Management Committee appointed by the Board. The Committee defines and delegates the approval authority to various credit-related functional committees in respect of the approval of credit applications, policy exceptions, loan classifications, specific provisions, management of criticised credits and the control of interbank counterparty risks. These committees comprise the Chief Executive Officer, Group Credit Head and other members of senior management.

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value, the credit risk for derivatives is the positive replacement cost. The credit risk exposure for derivative is disclosed in Note 29.

(K) 風險管理 (續)

(ii) 流動資金管理

本集團管理流動資金以確保符合監管要求及法定的流動資金比率。更重要的是本集團為了確保無論在正常或緊急的情況下均具備足夠的資金應付客戶的承諾。除了定期發行遠期存款證外，本集團也作出購回協議安排，以增加流動資金。本集團採取了較積極的流動資金管理方式。

(iii) 資本管理

本集團的政策是維持一個雄厚的資本基礎以支持本集團的業務發展，並符合法定的資本充足比率。如上述附註(A)所披露，本集團於二零零二年十二月三十一日未經調整及經調整資本充足比率分別為17.21%及16.60%，遠高於法定最低比率。

本行的資金是根據各營業部門所承擔的風險分配予各個不同的業務。根據金管局的規定，若干財務附屬公司須受金管局資本要求規限方面的監管。

(iv) 市場風險管理

本集團繼續透過稽核及風險管理部的市場風險管理組有效管理市場風險。市場風險管理組確保本集團只會在落實客戶指示、內部有買賣需要及對沖的情況下於外匯、利率、證券及股票等市場持買賣盤。

本集團的最高市場風險由資產及負債管理委員會訂定。這些風險需定期受到監控，並向管理層匯報。

財資部於二零零二年度的買賣盤業務產生的單日平均收入為港幣6,000元(二零零一年：港幣27,000元)，標準偏差為港幣3,272,000元(二零零一年：港幣233,000元)。

(K) RISK MANAGEMENT (Cont'd)

(ii) Liquidity management

The Group manages its liquidity in order to meet all regulatory requirements and comply with the statutory liquidity ratio. More importantly, the Group must be able to meet all customer claims in both normal and emergency circumstances. Besides issuing long-dated certificates of deposit regularly, the Group has also arranged re-purchase agreement facilities in order to enhance its liquidity. The Group adopts a proactive approach towards managing liquidity.

(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 unadjusted capital adequacy ratio and adjusted capital adequacy ratio of 17.21% and 16.60% respectively as at 31 December 2002 are well above the statutory minimum ratio.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory supervision purposes.

(iv) Market risk management

The Group continues to manage its market risk effectively via the Market Risk Management Unit of the Audit & Risk Management Department (the 'Unit'). The Unit ensures that once the Group takes positions in markets such as foreign exchange, interest rates, securities and equities, these positions are driven by execution of customer orders, proprietary trading and hedging.

The Group's maximum market risk exposure are established by the ALCO. Exposures are monitored and reported to management regularly.

The average daily revenue generated from the Treasury's trading activities during 2002 was HK\$6,000 (2001: HK\$27,000) and the standard deviation was HK\$3,272,000 (2001: HK\$233,000).

(K) 風險管理 (續)

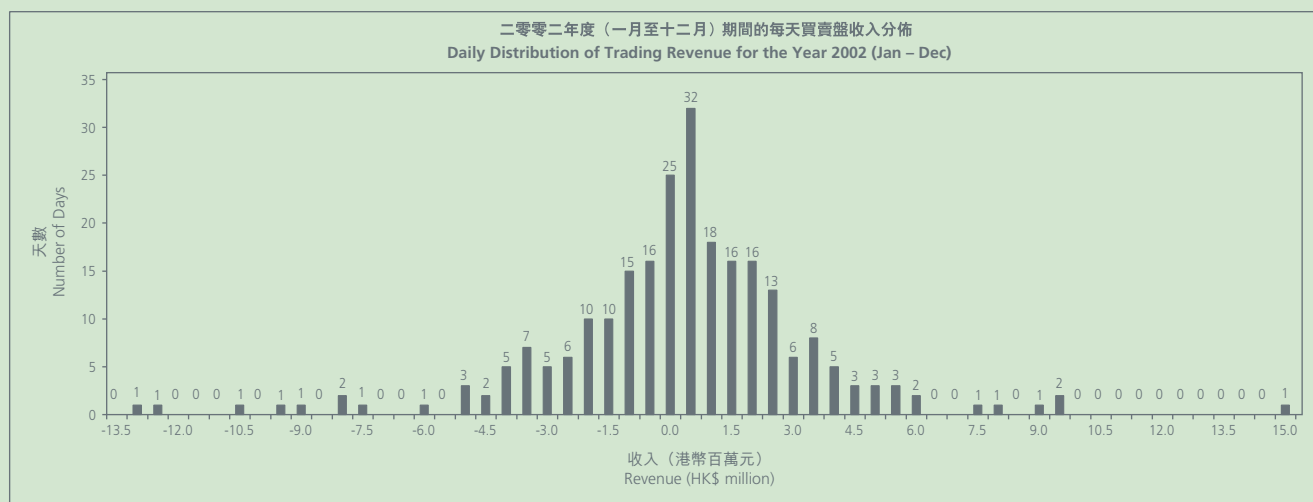
(iv) 市場風險管理 (續)

本集團的交易盤收入分析如下：

(K) RISK MANAGEMENT (Cont'd)

(iv) Market risk management (Cont'd)

An analysis of the Group's trading revenue is shown below:



圖表：截至二零零二年十二月三十一日止年度買賣盤收入單日分佈
Figure: Daily distribution of trading revenue for the year ended 31 December 2002

從圖中所見，單日最高虧損為港幣13,166,000元，244天中有113天出現虧損。最常見的單日買賣盤收入為港幣19,000元至港幣497,000元，共出現32次。單日最高收入為港幣14,620,000元。

This shows a maximum daily loss of HK\$13,166,000 with 113 out of 244 days showing losses. The most frequent result was a daily revenue of HK\$19,000 to HK\$497,000 with 32 occurrences. The highest daily revenue was HK\$14,620,000.

(v) 外匯風險管理

本集團的外匯風險來自外匯盤買賣、商業交易、外匯證券投資及海外分行，所有外匯買賣盤均由財資部按額度管理，有關額度須獲資產及負債管理委員會核准。截至二零零二年十二月三十一日止年度單日平均外匯買賣虧損為港幣37,000元。

(v) Foreign exchange risk management

The Group's foreign exchange risk stems from foreign exchange position taking, commercial dealing, investment in foreign currency securities and overseas branches. All foreign exchange positions are managed by the Treasury Department within limits approved by the ALCO. The average daily foreign exchange trading result for the year ended 31 December 2002 was a loss of HK\$37,000.

(vi) 利率風險管理

本集團的銀行賬項及買賣盤賬項中存在利率風險。前者的風險每月由資產及負債管理委員會檢討，後者則每天按市值計值。截至二零零二年十二月三十一日止年度的買賣盤賬項中的單日平均收入為港幣42,000元。

(vi) Interest rate risk management

The Group's interest rate risk exists in both the banking book and the trading book. The risk entailed in the former is reviewed by ALCO on a monthly basis and the latter is marked to market daily. The average daily revenue incurred in the trading book for the year ended 31 December 2002 was HK\$42,000.



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