

NOTES ON THE ACCOUNTS

賬項附註

1. PRINCIPAL ACTIVITIES | 主要業務

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

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

2. SIGNIFICANT ACCOUNTING POLICIES | 主要會計政策

(a) Statement of Compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice (“SSAP”) and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. In addition, these accounts comply fully with the guideline on “Financial Disclosure by Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(a) 符合指引聲明

本賬項是按照香港會計師公會頒布的所有適用之《香港財務報告準則》(包含所有適用的《會計實務準則》及解釋)、香港公認會計原則和香港《公司條例》的要求而編製。此外，本賬項完全符合香港金融管理局所頒布的監管政策手冊《本地註冊認可機構披露財務資料》的指引。本賬項亦符合香港聯合交易所有限公司《證券上市規則》有關的披露規定。本集團採納的主要會計政策簡列如下。

(b) Basis of Preparation of the Accounts

The accounts are prepared on a basis consistent with the accounting policies and methods adopted in the previous year except for the changes in accounting policies mentioned in Note 3.

(b) 賬項編製基準

除賬項附註3所述的會計政策變更外，本賬項是按照上年度的會計政策及方法而編製。

With effect from 26th May, 2003, East Asia Credit Company Limited (“EAC”) and East Asia Finance Company, Limited (“EAF”) have been merged with the Bank through The Bank of East Asia, Limited (Merger of Subsidiaries) Ordinance, under which all the assets and liabilities situated in Hong Kong and the rights and obligations of EAC and EAF as expressly governed by Hong Kong law have been transferred to the Bank. By virtue of this Ordinance, the accounts of the Bank for the year ended 31st December, 2003 were prepared as if the undertaking of EAC and EAF had vested in the Bank on 1st January, 2003.

東亞授信有限公司(東亞授信)及東亞財務有限公司(東亞財務)已根據《東亞銀行有限公司(附屬公司合併)條例》於2003年5月26日起與本銀行合併。此條例賦予所有屬於香港境內及受香港法律約束的東亞授信及東亞財務資產及負債轉移予本銀行。本銀行截至2003年12月31日止的賬項，已根據此條例將東亞授信及東亞財務有關業務於2003年1月1日轉歸本銀行的情況下編製。

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of certain land and buildings, and the marking to market of certain investments in securities and off-balance sheet financial instruments as explained in the accounting policies set out below.

本賬項是以原值成本作為計量基準。但部分土地及建築物是以重估價值，以及部分證券投資及資產負債表外的金融工具是以市場價值列賬。有關詳情載列於下列會計政策。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(c) Basis of Consolidation

(i) Subsidiaries

The consolidated accounts include the accounts of the Bank and all its subsidiaries made up to 31st December each year. 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. In the Bank's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (Note 2(k)).

All material intercompany transactions and balances are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to the date of their acquisition or disposal, as appropriate.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(ii) Associates

An associate is a company 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 accounts 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, goodwill arising on acquisition of the associate and impairment loss (Note 2(k)).

The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, less any amortisation of goodwill and impairment loss charged during the year in accordance with Notes 2(j) and 2(k). When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The Bank accounts for the results of associates to the extent of dividends received. Investments in associates are stated at cost less any impairment losses (Note 2(k)).

(c) 綜合基準

(i) 附屬公司

本綜合賬項包括本銀行及其所有附屬公司截至各相關年度之12月31日止的賬項。根據香港《公司條例》，附屬公司指該公司為本集團直接或間接地持有超過半數已發行股本、或控制超過半數投票權、或控制董事局的組成。在本銀行的資產負債表中，附屬公司投資是以成本減除減值損失列賬(附註2(k))。

一切重大的集團內部交易及結餘已於賬項綜合時抵銷。於年度內購入或出售的附屬公司，其業績是由購入日期開始或至出售日期止(以適用者為準)計算入綜合賬項內。

少數股東權益是指集團以外股東應佔附屬公司經營業績及淨資產的權益。

(ii) 聯營公司

聯營公司是指本集團或本銀行可對其管理發揮重大影響力，包括制定其財務及經營政策，但並不控制或共同控制其管理層。

聯營公司投資是以權益會計法在綜合賬內入賬。入賬方法是先以成本再將本集團於購入後應佔該聯營公司的淨資產、因購入聯營公司的權益而產生的商譽及減值損失(附註2(k))而調整。

綜合損益賬已反映本集團應佔購入聯營公司權益後年度業績，及減除於附註2(j)所述的年度內商譽攤銷支出及於附註2(k)所述的年度減值損失。除不超出本集團對該聯營公司所作出的承擔外，當本集團應佔該聯營公司的虧損超出賬面值時，超出的金額將不被確認，而該賬面值將被減值至零。

本銀行是以已收取股息計算應佔聯營公司業績。聯營公司投資是以成本減除減值損失(附註2(k))列賬。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)

(d) Translation of Foreign Currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The exchange differences are dealt with in the profit and loss account.

The balance sheets of overseas branches, subsidiaries and associates are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date, whereas the profit and loss accounts are translated at the average rate for the period. The difference between the profit and loss account translated at an average rate and at the closing rate is recorded as a movement in reserves. Exchange differences arising from retranslation of opening net assets at the rates of exchange ruling at the balance sheet date are accounted for in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(e) Revenue Recognition

Interest income and expense are recognised in the profit and loss account on a time-apportioned basis on the principal outstanding and at the rate applicable, except in the case of interest on doubtful debts (Note 2(f)(iii)).

Fees and commission income is recognised in the profit and loss account when the corresponding service is provided, 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 as income in the accounting period in which the costs or risk incurred or accounted for as interest income.

Finance income implicit in finance lease is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

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 profit and loss account as an integral part of the aggregate net lease payments receivables. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(d) 外幣換算

外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按結算日的匯率折算為港幣。匯兌差額則計入損益賬內。

海外分行、附屬公司及聯營公司的資產負債表按結算日匯率折算為港幣，而損益賬按期間平均匯率折算。因以平均匯率及結算日匯率折算損益賬而產生的差額於儲備內作調整。將期初資產淨值按結算日的匯率重新折算而產生的匯兌差額則記入儲備內。

計算出售海外企業的損益包括截至出售日因該企業產生的累積兌換差額。

(e) 收入確認

除屬呆賬的利息外(附註2(f)(iii))，利息收入與支出均根據本金結餘及適用利率，以時間分攤基準確認為在損益賬內。

服務費及佣金收入在有關服務提供時確認，但如服務費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，服務費在成本發生或承受風險的會計期確認或視作利息收入。

融資租賃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相同。

除非有更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按該租期所涵蓋的會計年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨收款總額的組成部分。或有租金以該收入產生的會計期間列作收入。

非上市投資股息收入在股東收取權被確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(f) Advances and Doubtful Debts

(i) Advances

Advances to customers, banks and other financial institutions are measured at the cash consideration at the time of acquisition and are stated in the balance sheet after deducting provisions for estimated losses at subsequent periods. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the profit and loss account over the early prepayment penalty period.

(ii) Provision for bad and doubtful debts

Provisions are made against specific doubtful debts as and when they are considered necessary by the Credit Committee with authority delegated by the Board of Directors and in addition an amount has been set aside as a general provision for advances. When there is no longer any realistic prospect of recovery, the outstanding debt is written off.

General provision provides cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group maintains a general provision which is determined taking into account the structure and risk characteristics of the Group's loan portfolio and the expected loss of the individual components of the loan portfolio based on the historical loss experience. Historic level of latent risk are regularly reviewed to determine that the level of general provisioning continues to be appropriate. Together with specific provisions, general provisions are deducted from advances to customers in the balance sheet.

(iii) Advances on which interest is being suspended

Interest on doubtful loans and advances is credited to a suspense account which is netted in the balance sheet against the relevant balances.

(iv) Repossession of assets

Assets acquired by repossession of collateral for realisation continue to be treated as securities for loans and 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.

(f) 貸款及呆賬

(i) 貸款

客戶、銀行和金融機構的貸款以購置時的現金價款、並在扣除預計日後虧損的準備後於資產負債表列賬。住宅按揭貸款的現金回贈需予以資本化及在提前還款罰息期間在損益賬攤銷。

(ii) 壞賬及呆賬準備

信貸委員會的權力由董事會授予，在信貸委員會認為有必要時，便會為呆賬提撥特殊準備，此外，亦會為貸款撥出一般準備。倘再無實際機會收回貸款時，則尚欠債務將會撇銷。

一般準備為於結算日已減值但只能於未來確定的貸款而提撥。根據以往的壞賬經驗，一般準備的撥備已計算本集團貸款組合的結構及風險特性和貸款組合內每一組成部分的預期損失。過往的潛在風險程度會定期作出檢討以確保一般準備的提撥保持足夠。一般準備從客戶貸款中扣除。

(iii) 利息懸欠的貸款

呆賬利息撥入懸欠利息賬內，並在資產負債表的相關結餘中扣除。

(iv) 收回資產

收回抵押品作變賣的資產仍視作貸款的抵押。貸款賬面值與預期變賣收回資產的淨所得款項兩者之間的差額予以撥備。

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)

(g) Properties

- (i) Bank premises are stated in the balance sheet at cost or at Directors' valuation, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(k)).

When a deficit arises on revaluation, it will be charged to the profit and loss account, if and to the extent that it exceeds the amount held in the bank premises revaluation reserve in respect of that same asset immediately prior to the revaluation; and when a surplus arises on revaluation, it will be credited to the profit and loss account, if and to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit and loss account.

In preparing these accounts, advantage has been taken of the transitional provisions set out in paragraph 80 of SSAP 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants, with the effect that bank premises have not been revalued to fair value at the balance sheet date.

- (ii) Investment properties are stated in the balance sheet at open market value, less any accumulated depreciation. Investment properties are valued annually by persons holding a recognised professional qualification in valuing properties and at intervals of not more than three years by independent valuers.

Surpluses and deficits arising on revaluation of investment properties are recognised on a portfolio basis. The net surplus is credited to the investment property revaluation reserve. The net deficit is first set off against any investment property revaluation reserve and any resulting debit balance is thereafter charged to the profit and loss account. Where a deficit has previously been charged to the profit and loss account and a revaluation surplus subsequently arises, this surplus is credited to the profit and loss account to the extent of the deficit previously charged.

- (iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account upon disposal. Surplus that is included in the bank premises revaluation reserve of the related bank premises disposed are transferred to the general reserve. Any revaluation surplus relating to the disposal of investment properties are transferred from the investment properties revaluation reserve to the general reserve.

(g) 物業

- (i) 銀行行址是按成本或董事參照獨立專業評估作出的估值，減累計折舊及減值損失(附註2(k))於資產負債表列賬。

當重估出現虧損時，於損益賬撇銷的數額只限於超過以往因重估相同行址而存入行址重估儲備的重估盈餘結餘；當重估出現盈餘時，記入損益賬的數額只限於以往因重估相同行址曾於損益賬支銷的重估虧損。

在編製此等賬項時，由於可採用香港會計師公會頒布的《會計實務準則》第17號「物業、廠房及設備」第80段所載的臨時條款，故行址並未在結算日重估至公平價值。

- (ii) 投資物業按公開市值減累計折舊於資產負債表列賬。投資物業每年由一持有專業資格的估價師估值並由獨立專業估價師於不超過3年期間重新估值。

因重估投資物業而產生的盈餘及虧損按投資組合確認。淨盈餘記入投資物業重估儲備。淨虧損先從投資物業重估儲備內扣除，不足之數於損益賬內支銷。曾於損益賬支銷的虧損但其後再重估而產生的盈餘，計入損益賬之數額不超於以往曾於損益賬已支銷的數額。

- (iii) 出售行址及投資物業的損益是以出售所得款項與資產賬面值的差價計算，並在出售時於損益賬內確認。有關之重估行址盈餘會從行址重估儲備撥入一般儲備內。有關之重估投資物業盈餘則從投資物業重估儲備撥入一般儲備內。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(h) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

(ii) Investment properties

No depreciation is provided on land where the residual lease is greater than 20 years. Buildings with either the remaining useful life or the remaining lease period of the land on which they are situated being 20 years or less are depreciated on a straight line basis at rates calculated to write off the cost or valuation of the building over the shorter of the remaining estimated useful life of the building or the remaining lease period of the land.

(iii) Other fixed assets

Other fixed assets are stated in the balance sheet at cost less accumulated depreciation, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(i) Investments in Securities

Investments in debt and equity securities, except those held either solely for the purpose of recovering advances or as investments in subsidiaries or associates, are accounted for as follows:

Investments in securities are classified as held-to-maturity debt securities, investment securities and other investments in securities, and are recognised as assets from the date on which the Group is bound by the contract which gives rise to them.

Transfer of a security between categories of investments is accounted for at fair value. The profit or loss arising from transfers between categories of investments is accounted for as if the investment had been sold and repurchased at the date of transfer.

The profit or loss on disposal is accounted for in the period in which the disposal occurs as the difference between the sales proceeds and the carrying amount of the investments.

(i) Held-to-maturity debt securities

Held-to-maturity debt securities are investments in dated debt securities which the Group has the expressed intention and ability to hold to maturity, and are stated at amortised cost less any provisions in their value which reflects their credit risk.

Provisions are made and recognised immediately as an expense when carrying amounts are not expected to be fully recovered, but are written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. The amount written back is limited to the amount of the write-downs or write-offs.

(h) 攤銷及折舊

(i) 銀行行址

永久業權之土地不予攤銷，租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

(ii) 投資物業

租賃期尚有20年以上的土地不予折舊。若建築物的剩餘預計使用年限或其座落土地剩餘租賃期為20年或以下，其成本或重估值以直線法按其剩餘預計使用年限或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

(iii) 其他固定資產

其他固定資產是按成本減累計折舊於資產負債表列賬。此等資產的成本是以直線法按照由4年至20年不等的預計使用年限撇銷。

(i) 證券投資

除持有作為收回貸款或附屬公司或聯營公司的投資外，債務證券及股份證券投資是以下列方式入賬：

證券投資可分為持至到期債務證券、投資證券和其他證券投資，並在本集團受其合約所約束當日起確認為資產。

在不同證券投資類別之間轉賬時，是以其公平值入賬。由此引起的損益是假設該投資在轉賬日已被出售及重購而入賬。

出售的損益是以出售所得款項與該投資賬面值的差價計算，並於進行出售的期間內入賬。

(i) 持至到期債務證券

持至到期債務證券是指本集團有明確意向及有能力持至到期日之債務證券投資，並以攤銷成本再減除反映其信貸風險的準備入賬。

當預算不可收回所有賬面值時，則會提撥準備並立刻作為支出確認。但當引致減值或撇銷的情況及事項不復存在，而有令人信服的證據顯示新的情況及事項於可預見的將來仍然持續，準備便作為收入回撥。回撥的數額只限於減值或撇銷的數額。

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)

(ii) Investment securities

Investment securities are securities which are intended to be held on a continuing basis, and which are held for an identified long-term purpose documented at the time of acquisition or change of purpose and are clearly identifiable for the documented purpose.

Investment securities are included in the balance sheet at cost less any provisions for diminution in value. Such provision is determined for each investment individually. Provisions are recognised as an expense immediately and are written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. The amount written back is limited to the amount of the write-downs or write-offs.

(iii) Other investments in securities

Other investments in securities are those securities which are not classified as held-to-maturity debt securities nor as investment securities, and are stated at fair value at the balance sheet date. Unrealised holding gains or losses arising on revaluation of securities to fair value are dealt with in the profit and loss account.

(j) Goodwill

The excess of the purchase consideration in relation to the acquisition of subsidiaries and associates over the Group's share of fair value ascribed to their net tangible assets and identifiable intangible assets represents the goodwill arising on acquisition.

In respect of subsidiaries, goodwill is capitalised and amortised on a straight line basis over its estimated useful life not exceeding 20 years, and is stated in the consolidated balance sheet at cost less accumulated amortisation and any impairment losses (Note 2(k)). The amortisation of goodwill is recognised in the consolidated profit and loss account as an operating expense.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount. The impairment of goodwill is recognised in the consolidated profit and loss account as an operating expense.

On disposal of a subsidiary or an associate, any unamortised purchased goodwill is included in the calculation of the profit or loss on disposal.

In respect of associates, goodwill is capitalised and amortised on a straight line basis over its estimated useful life not exceeding 20 years. The cost of goodwill less any accumulated amortisation and any impairment losses (Note 2(k)) is included in the carrying amount of the investments in associates.

(ii) 投資證券

投資證券是指預算持續持有的證券，並在購入或用途變更時記下作長期持有之用途，而在記下用途的文件內是可清楚辨認的。

投資證券在資產負債表內按成本減因非短暫減值而提撥的準備入賬。該準備是以個別投資計算，並立刻作為支出確認。但當引致減值或撤銷的情況及事項不復存在，而有令人信服的證據顯示新的情況及事項於可預見的將來仍然持續，準備便作為收入回撥。回撥的數額只限於減值或撤銷的數額。

(iii) 其他證券投資

其他證券投資是不被列作持至到期債務證券或投資證券的其他證券，並按結算日的公平值入賬。因重估證券至其公平值所引致未實現的損益計入損益賬內。

(j) 商譽

收購附屬公司及聯營公司的價款超過其有形淨資產和可辨認無形資產的公平值部分為收購產生的商譽。

就附屬公司而言，以直線法按不逾20年的預計可用年期攤銷已資本化的商譽，並按成本減累計攤銷及減值損失(附註2(k))於綜合資產負債表列賬。商譽的攤銷於綜合損益賬確認為經營支出。

當顯示減值存在時，須重估及撤銷商譽的賬面值至可收回數額。商譽減值於綜合損益賬列作經營支出。

出售附屬或聯營公司時，出售損益的計算已包括未予攤銷的購入商譽。

就聯營公司而言，以直線法按不逾20年的預計可用期攤銷已資本化的商譽，並按成本減累計攤銷及減值損失(附註2(k))包括於聯營公司投資的賬面值。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(k) Impairment of Assets

At each balance sheet date, if internal and external sources of information indicate that any property (other than investment properties), equipment, investments (including those "Investments in subsidiaries and associates" (Note 2(c)) but other than those accounted for as "Other investments in securities" under Note 2(i)) or goodwill is impaired, the asset's recoverable amount is estimated, and an impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its 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).

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

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 credited to the profit and loss account in the year in which the reversals are recognised.

(l) Leased Assets

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

The amounts due from lessees in respect of finance leases are recorded in the balance sheet as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

(ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the leased assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k).

(k) 資產減值損失

如對內及對外資料來源均顯示於結算日有任何物業(除投資物業)、設備、投資(包括附屬公司及聯營公司投資(附註2(c))但不包括附註2(i)之其他證券投資)或商譽經已減值,均須估計該等資產之可收回數額,及當該資產的賬面值超過可收回數額時確認減值損失於損益賬內。

可收回數額是出售淨值及使用值二者中之較高者。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折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量,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(即一個現金生產單位)。

除商譽外的有關資產,如在用來釐定可收回數額的估計發生有利的變化,則減值損失會被轉回。商譽的減值損失只會因招致該損失的一種特殊性質的特別事件在視作不再發生之情況下才會轉回,及可收回數額的增加清楚顯示與該特別事件之轉回相關。

減值損失轉回只局限於該資產的賬面值,猶如該等減值損失從未在往年被確認。減值損失轉回在該被確認的年度計入損益賬內。

(l) 租賃資產

由承租人承擔擁有權的絕大部分相關風險及報酬的資產租賃列為融資租賃。出租人並未轉讓擁有權的所有風險及報酬的資產租賃列為經營租賃。

(i) 以融資租賃購入的資產

當本行為融資出租人時,按融資租賃而租出資產的投資淨額,即應收租金總額減未賺取收入,在資產負債表列作客戶貸款。來自融資租賃的收入會根據本行的收入確認政策附註2(e)所載計算。

(ii) 用作經營租賃的資產

當本集團以經營租賃方式租出資產,該資產根據其性質包括在資產負債表內,及按附註2(h)所載(如適用者)本集團的折舊會計政策計算折舊。減值損失是根據會計政策附註2(k)所載計算。

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)**(iii) Operating lease charges**

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the profit and loss account 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 profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(m) Income Tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，其租賃付款按該租賃期所涵蓋的會計年期以等額分期記入損益賬。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨付款的組成部分。或有租金在其產生的會計期內在損益賬扣除。

(m) 所得稅

- (i) 本年度所得稅包括本期及遞延稅項資產和負債的變動。除該項目應在股東權益內入賬的數額外，本期稅項及遞延稅項資產和負債的變動計入損益賬內。
- (ii) 本期稅項為年度對應課稅收入按結算日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。
- (iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

除了某些有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。

在有限例外情況，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、開始時已確認的資產或負債而不影響會計及應課稅溢利（須不是商業合併的一部分）、及有關投資附屬公司的暫時性差異，就應課稅差異而言，不超過集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就可扣稅差異而言，除非該差異在可見將來轉回。

確認遞延稅項的金額是根據該資產及負債的賬面值之預期收回及結算的方式，按在結算日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

於各結算日，本行將重新審閱有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。被扣減的遞延稅項資產若於預期將來出現足夠的應課稅溢利時，應予轉回。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Insurance Reserves and Provisions for Outstanding Claims

Insurance reserves, except those attributable to long term business, represent the proportion of retained premiums written in the year relating to the period of risk from 1st January in the following year to the subsequent date of expiry of policies which is carried forward as a provision for unearned premiums and calculated on a daily basis.

The insurance reserve of long term business is ascertained by actuarial valuation.

Full provision is made for the estimated cost of claims notified but not settled at the balance sheet date and for the estimated cost of claims incurred but not reported by that date, after deducting the amounts due from reinsurers. Provision has also been made for the estimated cost of servicing claims notified but not settled at the balance sheet date and to meet expenses on claims incurred but not reported at the balance sheet date.

These reserves and provisions are classified as other accounts and provisions.

(o) Provisions and Contingent Liabilities

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

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.

(iv) 本期稅項與遞延稅項結餘及其變動之數額會分別列示而不會相互抵銷。本行或本集團只有在有合法權利對本期稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本期及遞延稅項資產及負債作出抵銷：

- 就本期稅項資產及負債而言，本行或本集團計劃支付淨額或同時間收回資產及償還負債；或
- 有關的遞延稅項資產及負債為同一稅務機關對以下機構徵收所得稅所產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體：在未來每一個預計實現重大遞延稅項的期間，該實體計劃以淨額形式結算本期稅項資產及負債或兩者同時收回及償還。

(n) 保險基金及未付索償準備

不包括長期業務部分，保險基金指年度內收取但已作保留的保金部分，而有關的風險是屬於下年度1月1日至保單到期日為止，該保留保金視作未賺取保費準備並按每日計算。

長期業務的保險基金是按精算估值。

本集團已就在結算日只已知通知但未償付以及已發生但未匯報的索償，經扣除了分保人欠款，作出了充足的準備。此外，已就在結算日已知通知但未償付的索償及已發生但未匯報索償而引致的估計費用作出了充足的準備。

此等基金及準備已列於其他賬項及準備。

(o) 準備及或然負債

當負債的限期或數額不確定，但有可能因過去事項構成法律或推定義務而付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。

倘不可能需要付出經濟利益，或不能對數額作可靠估計，除非付出的機會是極微，則此項責任會被披露為或然負債。除非付出的機會是極微，潛在義務的存在只在會否發生一項或多項未來事件中獲界定下以或然負債披露。

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)

(p) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the balance sheet date, are recognised when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contribution to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC and overseas employees are defined contribution schemes at various funding rates, and are in accordance with the local practices and regulations.

The cost of all these schemes is charged to the profit and loss account for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contribution forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contribution forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iv) Share options

Share options are granted to employees to acquire shares of the Bank. For option schemes adopted before 2002, the option price was 95% of the average closing price of the existing shares of the Bank for the last five business days immediately preceding the date of offer. For option schemes adopted in and after 2002, the option exercise price equals the fair value of the underlying shares at the date of grant. At the date of offer or the date of grant, no employee benefit cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(p) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。因僱員已提供服務而產生的年假在結算日已估計為負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務產生而本集團有現存推定義務須於結算日後12個月內全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有國內及海外員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本計算在相關期間的損益賬內。所有此類計劃的資產均與本集團的資產分開處理。強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主供款前離開計劃而有所減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主供款前離開計劃而減少。

(iv) 認股權

僱員獲發認股權以購買本行股份。在2002年以前被採納的計劃，認股價是根據給予認股權當日之前5個營業日本行現有股份的平均收市價的95%計算。而2002年及以後被採納的計劃，股權行使價與相關股份於授予日的公平價值相同。沒有僱員福利支出或債務於給予日或授予日被確認。當認股權被行使時，股本因所收款項而增加。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(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, which would survive the insolvency of all parties. Mark-to-market assets and liabilities are presented gross, and are included in "Advances and other accounts less provisions" and "Other accounts and provisions" respectively. The method of accounting for these instruments is dependent upon whether the transactions are undertaken for dealing purposes, to hedge risk, or as part of the management of asset and liability portfolios.

(i) Derivatives used for dealing purposes

Transactions undertaken for dealing purposes are marked to market and the net present value of the gain or loss arising is recognised in the profit and loss account as dealing profits or losses. Unrealised gains on transactions are included in "Advances and other accounts" in the balance sheet. Unrealised losses on transactions are included in "Other accounts and provisions".

(ii) Derivatives used for asset and liability management purposes

Transactions designated as hedges are valued on an equivalent basis to the 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 positions.

To qualify as a hedge, a derivative must be effective in reducing the price or interest rate risk of the asset or liability to which it is linked and be designated as a hedge at inception of the derivative contract.

Interest rate swap transactions undertaken as part of the management of asset and liability portfolios are separately identified and interest income or expense arising therefrom is netted off against the related interest income or expense on the on-balance sheet items which these transactions are hedging.

Any gain or loss arising on the termination of a qualifying hedging derivative is deferred and amortised to earnings over the original life of the terminated contract. Where the underlying asset, liability or position is sold or terminated, the qualifying derivative is immediately marked-to-market through the profit and loss account.

(q) 資產負債表外的金融工具

資產負債表外的金融工具(統稱衍生工具)是由本集團及本銀行在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。淨額結算安排適用於具合法抵銷權的情況，而且對無償債能力的各方人士仍具同等效力。按市價入賬的資產和負債均以總額分別包括於「已扣除準備的貸款及其他賬項」及「其他賬項及準備」。此等金融工具的會計方法要視乎交易作買賣用途、對沖風險或資產負債組合的管理而定。

(i) 衍生工具作買賣用途

作買賣用途的交易按市價入賬，所引起損益的淨現值，於損益賬內確認為買賣溢利或虧損。未實現交易的利潤包括於資產負債表中的「已扣除準備的貸款及其他賬項」。而未實現的虧損則包括於資產負債表中的「其他賬項及準備」。

(ii) 衍生工具作資產負債管理用途

用於對沖的交易是以其對沖的資產、負債或持倉淨額以相同之基準計值。任何損益均以相關資產、負債或持倉淨額所引起損益的相同基準確認。

要符合作對沖用途，該衍生工具必須在合約成立時可有效地減低對沖的有關資產或負債的價格或利率風險。

因進行資產負債組合的管理工作而開立的利率掉期交易均是獨立識別的，由此產生的利息收入或支出必須跟與之對沖的資產負債表上項目的相關利息收入或支出抵銷。

因取消一符合對沖用途的衍生工具而產生的利潤或虧損按已取消合約的原來有效期遞延及攤分入賬。當相關的資產、負債或持倉已出售或取消，該有效衍生工具立即以市價於損益賬內反映。

2. SIGNIFICANT ACCOUNTING POLICIES (continued) | 主要會計政策(續)**(r) Segment Reporting**

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment and those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. The allocation of revenue reflects the benefits of capital and other funding resources allocated to the business or geographical segments by way of internal capital allocation and fund transfer mechanisms. Inter-segment pricing is based on similar terms as those available to other external parties.

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

(s) Related Parties

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the 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.

(t) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) 分部報告

一分部為集團可辨認的組成部分，而且從事提供服務所得的風險與回報是有別於其他分部(業務分部)，或在某單一經濟地區提供服務(地區分部)。

本集團採用業務分部為基本報告形式，而地區分部為次要報告形式。

分部收入、支出、業績、資產和負債包括可直接地歸屬於一分部及所有可以合理地分配予該分部的項目。除發生於集團企業內單一分部之間的集團內部結餘及交易外，分部收入、支出、資產及負債是包括集團內部結餘，而集團內部交易已經在賬項綜合時抵銷。收入分配反映以內部資本分配及資金轉移機制將資本及其他資金來源的利益分配予業務及地區分部。業務間之轉移事項定價與給予外界人士的條款相同。

分部資本開支是用作收購估計可用期超過1年的分部資產的總成本。

(s) 關聯人士

在編製本賬項時，與本集團關聯人士是指本集團直接或間接地控制該人士的財務及經營決策，或可發揮重大影響力，相反亦如是；或本集團及該人士均受共同控制或在共同重大影響力下，關聯人士可以是個人或其他實體。

(t) 現金及等同現金項目

就編製現金流量表而言，現金及等同現金項目包括由購入日起少於3個月到期日的結餘，包括受較低風險影響價值及隨時可轉換成預知的現金、銀行及其他金融機構結餘、國庫債券、其他合適票據及存款證。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

3. CHANGES IN ACCOUNTING POLICIES | 會計政策變更

In prior years, deferred tax liabilities were 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 were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1st January, 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) issued by the Hong Kong Society of Accountants, the Group adopted a new policy for deferred tax as set out in Note 2(m). As a result of the adoption of this accounting policy, the Group's profit for the year has been decreased by HK\$23,762,000 (2002: HK\$18,592,000) and the net assets as at the year end have been decreased by HK\$115,257,000 (2002: HK\$88,520,000).

The new accounting policy has been adopted retrospectively, with the opening balances of retained profits and reserves and the comparative information adjusted for the amounts relating to prior periods as disclosed in the consolidated statement of changes in equity.

在往年，遞延稅項負債是因會計及稅務對收支處理引起的所有重大時差，預計在可見未來可能引致的稅項責任，按負債法提撥準備。遞延稅項資產不會入賬，除非有充足理由確定其是可以實現。由於需符合香港會計師公會頒布的《會計實務準則》第12號(修訂)，由2003年1月1日起，本集團採用一項詳載於附註2(m)的新的會計政策計算遞延稅項。因採納此項會計政策，集團年度內溢利減少港幣23,762,000元(2002年：港幣18,592,000元)，而年底資產淨值減少港幣115,257,000元(2002年：港幣88,520,000元)。

此項新會計政策經已追溯應用，有關期初留存溢利及儲備以及比較資料的前期調整金額已詳列於綜合權益變動表。

4. INTEREST INCOME | 利息收入

		2003	2002
		HK\$'000 港幣千元	Restated 重報 HK\$'000 港幣千元
Interest income on listed investments	上市證券的利息收入	200,547	149,941
Interest income on unlisted investments	非上市證券的利息收入	331,082	275,362
Other interest income	其他利息收入	5,232,100	5,954,250
Total interest income	利息收入總額	5,763,729	6,379,553

5. INTEREST EXPENSE | 利息支出

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Interest expense on customer deposits, deposits of banks and other financial institutions and certificates of deposit issued	客戶存款、銀行及其他金融機構的存款及已發行存款證的利息支出	1,827,231	2,388,517
Interest expense on Subordinated Notes	後償票據的利息支出	325,460	326,012
Interest expense on other borrowings	其他借款的利息支出	14,958	12,748
Total interest expense	利息支出總額	2,167,649	2,727,277

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

6. FEES AND COMMISSION INCOME | 服務費及佣金收入

Fees and commission income arises from the following services:

源自下列服務的服務費及佣金收入:

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Corporate services	企業服務	359,370	282,766
Loans, overdrafts and guarantees	貸款、透支及擔保	240,330	230,307
Credit cards	信用卡	188,164	213,821
Other retail banking services	其他零售銀行服務	129,911	110,304
Trade finance	貿易融資	101,375	106,332
Securities and asset management	證券及資產管理	135,816	92,125
Others	其他	111,328	97,640
Total fees and commission income		1,266,294	1,133,295

7. NET TRADING PROFITS | 交易溢利淨額

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Profit on dealing in foreign currencies	外幣買賣溢利	135,623	105,212
Profit on other investments in securities	其他證券投資溢利	307,944	84,217
Profit on other dealing activities	其他買賣活動溢利	29,512	6,431
Total net trading profits		473,079	195,860

8. OTHER OPERATING INCOME | 其他經營收入

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Dividend income from listed equities	上市證券股息收入	16,930	14,013
Dividend income from unlisted equities	非上市證券股息收入	9,341	10,969
Rental from safe deposit boxes	保險箱租金收入	84,279	78,512
Net revenue from insurance activities	保險業務淨收入	83,559	70,676
Rental income on properties	物業租金收入	44,586	45,065
Others	其他	32,917	39,326
Total other operating income		271,612	258,561

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

9. OPERATING EXPENSES | 經營支出

		2003	2002
		HK\$'000 港幣千元	Restated 重報 HK\$'000 港幣千元
Contributions to defined contribution plan	定額供款公積金供款	94,191	88,531
Salaries and other staff costs	薪金及其他員工成本	1,251,150	1,202,764
Total staff costs	員工成本總額	1,345,341	1,291,295
Premises and equipment expenses excluding depreciation:	不包括折舊的物業及設備支出:		
– Rental of premises	– 物業租金	132,703	142,518
– Maintenance, repairs and others	– 保養、維修及其他	186,639	205,289
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出總額	319,342	347,807
Depreciation on fixed assets (Note 26)	固定資產折舊(附註26)	228,842	226,223
Amortisation of goodwill (Note 25)	商譽攤銷(附註25)	140,087	125,011
Impairment of goodwill	商譽減值	–	13,350
Other operating expenses	其他經營支出		
– Communications, stationery and printing	– 通訊、文具及印刷	143,858	144,719
– Advertising, business promotions and business trips	– 廣告、業務推廣及商務旅遊	107,598	122,839
– Legal and professional fees	– 法律及專業服務費用	78,421	81,395
– Card related expenses	– 有關信用卡支出	31,112	38,315
– Stamp duty and PRC business taxes	– 印花稅及中華人民共和國營業稅	24,858	30,625
– Debt securities issue expenses	– 發行債務證券費用	10,598	16,279
– Administration expenses of secretarial business	– 秘書業務的行政費用	7,237	27,839
– Bank charges	– 銀行收費	5,844	5,210
– Insurance expenses	– 保險費	5,550	2,869
– Membership fees	– 會員費用	4,943	5,521
– Bank licence	– 銀行牌照費	4,770	5,772
– Donations	– 捐款	3,881	2,008
– Audit fee	– 核數師酬金	3,803	4,509
– Others	– 其他	59,455	51,008
Total other operating expenses	其他經營支出總額	491,928	538,908
Total operating expenses	經營支出總額	2,525,540	2,542,594

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

10. CHARGE FOR BAD AND DOUBTFUL DEBTS | 壞賬及呆賬支出

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Net charge for bad and doubtful debts	壞賬及呆賬準備支出淨額		
Specific provisions	特殊準備		
– new provisions (Note 21(b))	– 新撥備(附註21(b))	878,346	1,085,668
– releases	– 回撥	(118,863)	(92,109)
– recoveries (Note 21(b))	– 收回(附註21(b))	(188,733)	(214,267)
		570,750	779,292
General provisions	一般準備		
– new provisions	– 新撥備	–	31,647
– releases	– 回撥	(72,080)	–
Net charge to profit and loss account	於損益賬支銷淨額	498,670	810,939

11. PROFIT FOR THE YEAR BEFORE TAXATION | 年度內除稅前溢利

Profit for the year before taxation is arrived at after (charging)/crediting:

是年除稅前溢利經已(扣除)/貸記:

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Net loss on disposal of held-to-maturity debt securities	出售持至到期債務證券淨虧損	(12,049)	(388)
Write-back of impairment loss on associates	聯營公司減值損失回撥	10,228	8,249

The loss on disposal of held-to-maturity debt securities resulted from the settlement of a held-to-maturity debt security by the issuer upon maturity in 2003.

出售持至到期債務證券虧損源自一債券發行人於該持至到期債務證券在2003年的到期日結算而產生。

Share of profits less losses of associates included HK\$348,000 (2002: HK\$418,000) amortisation of positive goodwill.

應佔聯營公司溢利減虧損包括正商譽之攤銷港幣348,000元(2002年:港幣418,000元)。

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

12. INCOME TAX | 所得稅

(a) Taxation in the Consolidated Profit and Loss Account Represents:

(a) 綜合損益賬內稅項指：

		2003	2002
		HK\$'000 港幣千元	Restated 重報 HK\$'000 港幣千元
Current tax – provision for Hong Kong Profits Tax	本期稅項－香港利得稅準備		
Tax for the year (Note 30(a))	本年度稅項(附註30(a))	62,839	62,805
Under/(over)-provision in respect of prior years	以往年度撥備不足/(過剩)	197	(2,406)
		63,036	60,399
Current tax – overseas	本期稅項－海外		
Tax for the year	本年度稅項	50,668	57,677
Over-provision in respect of prior years	往年度撥備過剩	(3,193)	(9,775)
		47,475	47,902
Deferred tax (Note 30(b))	遞延稅項(附註30(b))		
Origination and reversal of temporary differences	暫時性差異產生及轉回	293,790	159,352
Effect of increase in tax rate on deferred tax balances at 1st January	稅率增加對遞延稅項於1月1日之結餘的影響	7,897	-
		301,687	159,352
Share of associates' taxation	應佔聯營公司稅項	21,203	9,360
		433,401	277,013

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's 2003 accounts. Accordingly, the provision for Hong Kong Profits Tax for 2003 is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

於2003年3月，香港政府宣布適用於本集團在香港營運的利得稅率由16%提高至17.5%。此項增加已經計入2003年度本集團賬項內。因此，香港利得稅準備是以本年度預計應課稅溢利按稅率17.5% (2002年：16%) 計算。海外附屬公司的稅款亦按其經營所在國家的現行稅率計算。

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

12. INCOME TAX (continued) | 所得稅(續)

(b) Reconciliation Between Tax Expense and Accounting Profit at Applicable Tax Rates (b) 稅項支出與會計溢利乘以適當稅率兩者之對賬

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Profit before tax	除稅前溢利	2,374,308	1,572,870
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	以有關國家適用利得稅率計算除稅前溢利的名義稅項	426,197	253,417
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	88,207	72,280
Tax effect of non-taxable revenue	非應課稅收入的稅項影響	(65,989)	(30,737)
Tax effect of unused tax losses not recognised	未確認的未使用稅損的稅項影響	9,246	17,407
Tax effect of prior year's tax losses utilised this year	往年稅損於本年度抵銷稅項影響	(7,509)	(14,242)
Effect on opening deferred tax balances resulting from an increase in tax rate during the year	因在本年度調高稅率對遞延稅項期初結餘的影響	7,897	-
Over provision in prior years	以往年度撥備過剩	(2,996)	(12,181)
Tax benefits derived from leasing partnerships	源自合夥租賃的稅項利益	(42,918)	(32,117)
Others	其他	63	13,826
		412,198	267,653
Share of associates' taxation	應佔聯營公司稅項	21,203	9,360
Actual tax expense	實際稅項支出	433,401	277,013

13. PROFIT ATTRIBUTABLE TO SHAREHOLDERS | 股東應佔溢利

The consolidated profit attributable to shareholders includes a profit of HK\$1,750,006,000 (2002 restated: HK\$1,079,482,000) which has been dealt with in the accounts of the Bank.

股東應佔綜合溢利包括已計入本行賬項內的溢利港幣1,750,006,000元(2002年重報:港幣1,079,482,000元)。

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

14. DIVIDENDS | 股息

(a) Dividends Attributable to the Year

(a) 應屬本年度股息

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Interim dividend declared and paid of HK\$0.23 per share on 1,452,420,440 shares (2002: HK\$0.21 per share on 1,439,752,317 shares) (Note 33(i))	已宣派及支付1,452,420,440股每股港幣0.23元的中期股息(2002年: 1,439,752,317股每股港幣0.21元)(附註33(i))	334,057	302,348
Final dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the balance sheet date and before the close of the Register of Members of the Bank, of HK\$0.35 (2002: HK\$0.33)	支付在結算日後及銀行股東登記截止日前根據認股計劃發行股份的上年度每股港幣0.35元的末期股息(2002年: 每股港幣0.33元)	11	148
Final dividend proposed after the balance sheet date of HK\$0.62 per share on 1,467,453,525 shares (2002: HK\$0.35 per share on 1,446,345,070 shares)	在結算日後擬派的末期股息1,467,453,525股每股港幣0.62元(2002年: 1,446,345,070股每股港幣0.35元)	909,821	506,221
		1,243,889	808,717

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

在結算日後的擬派末期股息但並未於結算日確認為負債。

(b) Dividends Attributable to the Previous Financial Year, Approved and Paid During the Year

(b) 於年度核准及支付屬上年度股息

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.35 per share on 1,446,345,070 shares (2002: HK\$0.33 per share on 1,433,484,586 shares)	於年度核准及支付1,446,345,070股每股港幣0.35元的上年度末期股息(2002年: 1,433,484,586股每股港幣0.33元)	506,221	473,050

15. EARNINGS PER SHARE | 每股盈利

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on earnings of HK\$1,921,714,000 (2002 restated: HK\$1,269,786,000) and on the weighted average of 1,453,702,043 (2002: 1,440,175,619) ordinary shares outstanding during the year.

(a) 每股基本盈利

每股基本盈利乃按照溢利港幣1,921,714,000元(2002年重報: 港幣1,269,786,000元)及年內已發行普通股份的加權平均數1,453,702,043股(2002年: 1,440,175,619股)計算。

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on earnings of HK\$1,922,793,000 (2002 restated: HK\$1,274,182,000) and on 1,459,024,994 (2002: 1,451,175,354) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

(b) 每股攤薄盈利

2003年的每股攤薄盈利乃按照溢利港幣1,922,793,000元(2002年重報: 港幣1,274,182,000元)及就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數1,459,024,994股(2002年: 1,451,175,354股)計算。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

15. EARNINGS PER SHARE (continued) | 每股盈利(續)

(c) Reconciliations

(c) 對賬

		2003 Number of shares 股份數目	2002 Number of shares 股份數目
Weighted average number of ordinary shares used in calculating basic earnings per share	用作計算每股基本盈利的普通股份加權平均數	1,453,702,043	1,440,175,619
Deemed issue of ordinary shares for no consideration	被視為不計價款發行的普通股	5,322,951	10,999,735
Weighted average number of ordinary shares used in calculating diluted earnings per share	用作計算每股攤薄盈利的普通股份加權平均數	1,459,024,994	1,451,175,354

(d) Cash Earnings Per Share

The calculation of cash earnings per share is based on earnings of HK\$2,061,801,000 (2002 restated: HK\$1,408,147,000) adjusted for goodwill amortised and impaired of HK\$140,087,000 (2002 restated: HK\$138,361,000) and on the weighted average of 1,453,702,043 (2002: 1,440,175,619) ordinary shares outstanding during the year. This supplementary information is considered a useful additional indication of performance.

(d) 每股現金盈利

每股現金盈利乃按照溢利港幣2,061,801,000元(2002年重報:港幣1,408,147,000元)·經調整本年度的商譽攤銷及減值港幣140,087,000元(2002年重報:港幣138,361,000元)後·除以已發行普通股份的加權平均數1,453,702,043股(2002年:1,440,175,619股)計算。此項附加資料被視為有助顯示業務表現的補充資料。

16. DIRECTORS' REMUNERATION | 董事酬金

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

根據香港《公司條例》第161條規定公布董事酬金如下:

		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Fees	袍金	1,349	1,435
Salaries and other emoluments	薪金及其他酬金	13,000	15,043
Performance-related bonuses	表現獎勵花紅	12,622	12,622
Pension contributions	退休金供款	1,200	1,200
		28,171	30,300

Included in the directors' remuneration were fees of HK\$494,000 (2002: HK\$521,000) paid to the independent non-executive directors during the year.

董事酬金中包括支付予年度獨立非執行董事袍金港幣494,000元(2002年:港幣521,000元)。

Included in the above remuneration, share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 38.

上述酬金包括執行董事根據本銀行的僱員認股計劃獲授予認股權。有關此等實物收益的詳情載於董事會報告書的「認股權資料」及賬項附註38內。

The remuneration of the Directors is within the following bands:

董事酬金的金額範圍如下:

HK\$ 港幣	2003 Number of Directors 董事人數	2002 Number of Directors 董事人數
0 – 1,000,000	13	14
4,500,001 – 5,000,000	2	–
5,000,001 – 5,500,000	–	2
17,000,001 – 17,500,000	1	–
18,500,001 – 19,000,000	–	1

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

17. FIVE TOP-PAID EMPLOYEES | 5名薪酬最高的僱員

The remuneration of the five top-paid employees, including Executive Directors, disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited is as follows:

根據《香港聯合交易所證券上市規則》的規定，5名薪酬最高的僱員中包括執行董事的薪酬公布如下：

		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Salaries and other emoluments	薪金及其他酬金	16,275	19,742
Performance-related bonuses	表現獎勵花紅	15,222	14,290
Share option	認股權	3,381	-
Pension contributions	退休金供款	1,502	1,650
		36,380	35,682

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

HK\$ 港幣	2003 Number of Employees 僱員人數	2002 Number of Employees 僱員人數
2,500,001 – 3,000,000	-	1
4,000,001 – 4,500,000	1	1
4,500,001 – 5,000,000	2	-
5,000,001 – 5,500,000	1	2
16,500,001 – 17,000,000	1	-
18,000,001 – 18,500,000	-	1

Included in the emoluments of the five top-paid employees were the emoluments of 3 (2002: 3) Directors. Their respective directors' emoluments have been included in Note 16 above.

5名薪酬最高的僱員中包括3位(2002年：3位)董事。他們的薪酬已包括於上述附註16。

18. SEGMENT REPORTING | 分部報告

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

本集團就其業務及地區的分部編製分部資料。由於業務分部較切合本集團內部財務資料的匯報形式，故此採用此業務分部資料為基本報告形式。

(a) Business Segments

The Group comprises the following main business segments:

Personal banking business includes branch operations, personal Internet banking, consumer finance, property loans and credit card business.

Corporate banking business includes corporate lending and loan syndication, asset based lending, commercial lending, community lending, securities lending, trust services, mandatory provident fund business and corporate Internet banking.

Investment banking business includes treasury operations, securities broking and dealing, provision of Internet security trading services, and asset management.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include bancassurance, insurance business, and property-related business.

Unallocated items mainly comprise the central management unit, bank premises, and any items which cannot be reasonably allocated to specific business segments.

(a) 業務分部

本集團經營以下主要業務分部：

個人銀行業務包括分行營運、個人電子網絡銀行服務、消費性貸款、按揭貸款及信用卡業務。

企業銀行業務包括企業借貸及銀團貸款、資產融資、商業貸款、中小型企業貸款、證券業務貸款、信託服務、強制性公積金業務及企業電子網絡銀行服務。

投資銀行業務包括財務運作、股票經紀及買賣、提供網上證券買賣服務及資產管理。

企業服務包括公司秘書服務、證券登記及商業服務，及離岸企業及信託服務。

其他業務包括銀行保險、保險業務及與地產有關的業務。

未分類的業務項目主要包括中央管理層、銀行行址，以及其他未能合理分配予特定業務分部的業務活動。

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

18. SEGMENT REPORTING (continued) | 分部報告(續)

(a) Business Segments (continued)

(a) 業務分部(續)

		2003							
		Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination	Consolidated
		個人銀行	企業銀行	投資銀行	企業服務	其他	未分類	分部間之交易抵銷	綜合總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
The Group	集團								
Net interest income	淨利息收入	1,932,393	1,170,885	526,811	24	34,481	(68,514)	-	3,596,080
Other operating income from external customers	源自外界客戶的其他經營收入	393,717	254,897	566,819	358,375	147,970	78,389	-	1,800,167
Inter-segment income	分部間之交易收入	-	-	-	-	-	136,566	(136,566)	-
Total operating income	經營收入總額	2,326,110	1,425,782	1,093,630	358,399	182,451	146,441	(136,566)	5,396,247
Operating profit/(loss) before provisions	未扣除準備的經營溢利/(虧損)	1,286,224	880,649	858,429	112,477	36,722	(303,794)	-	2,870,707
Inter-segment transactions	分部間之交易	112,394	11,256	6,779	-	-	(130,429)	-	-
Charge for bad and doubtful debts	壞賬及呆賬支出	(343,519)	(112,574)	(16,138)	(9,995)	(15,944)	(500)	-	(498,670)
Contribution from operations	經營利潤	1,055,099	779,331	849,070	102,482	20,778	(434,723)	-	2,372,037
Write-back of impairment loss for the year	年度內減值損失回撥	-	1,333	-	-	-	8,895	-	10,228
Impairment loss on bank premises	銀行址減值損失	-	-	-	-	-	(113,782)	-	(113,782)
Share of profits less losses of associates	應佔聯營公司溢利減虧損	(3,994)	26,007	1,314	-	97,932	(8,661)	-	112,598
Other income and expenses	其他收入及支出	-	1,917	(16,252)	-	5,941	1,621	-	(6,773)
Profit/(loss) before taxation	除稅前溢利/(虧損)	1,051,105	808,588	834,132	102,482	124,651	(546,650)	-	2,374,308
Income tax	所得稅	-	-	-	-	-	(433,401)	-	(433,401)
Minority interests	少數股東權益	-	-	-	(18,992)	(150)	(51)	-	(19,193)
Profit/(loss) attributable to shareholders	股東應佔溢利/(虧損)	1,051,105	808,588	834,132	83,490	124,501	(980,102)	-	1,921,714
Depreciation for the year	年度內折舊	(84,255)	(40,938)	(16,340)	(6,468)	(7,593)	(73,248)	-	(228,842)
Amortisation of goodwill	商譽攤銷	(31,425)	(25,214)	(45,638)	(36,870)	(940)	-	-	(140,087)
Segment assets	分部資產	48,173,407	56,294,715	82,861,682	1,169,400	1,241,602	90,214	-	189,831,020
Investments in associates	聯營公司投資	31,926	342,601	53,840	-	304,705	3,412	-	736,484
Unallocated assets	未分類資產	-	-	-	-	-	7,908,614	-	7,908,614
Total assets	資產總額	48,205,333	56,637,316	82,915,522	1,169,400	1,546,307	8,002,240	-	198,476,118
Segment liabilities	分部負債	110,392,305	45,031,831	13,440,069	62,760	737,779	-	-	169,664,744
Unallocated liabilities	未分類負債	-	-	-	-	-	4,424,705	-	4,424,705
Total liabilities	負債總額	110,392,305	45,031,831	13,440,069	62,760	737,779	4,424,705	-	174,089,449
Capital expenditure incurred during the year	年度內資本開支	44,118	53,071	79,940	25,483	5,329	15,732	-	223,673

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		2002 Restated 重報							
		Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination	Consolidated
		個人銀行 HK\$'000 港幣千元	企業銀行 HK\$'000 港幣千元	投資銀行 HK\$'000 港幣千元	企業服務 HK\$'000 港幣千元	其他 HK\$'000 港幣千元	未分類 HK\$'000 港幣千元	分部間之 交易抵銷 HK\$'000 港幣千元	綜合總額 HK\$'000 港幣千元
The Group	集團								
Net interest income	淨利息收入	2,143,026	1,130,792	419,643	17	21,268	(62,470)	-	3,652,276
Other operating income from external customers	源自外界客戶的其他經營收入	454,868	222,439	290,054	282,309	87,773	66,577	-	1,404,020
Inter-segment income	分部間之交易收入	17,052	56,782	172	-	-	142,263	(216,269)	-
Total operating income	經營收入總額	2,614,946	1,410,013	709,869	282,326	109,041	146,370	(216,269)	5,056,296
Operating profit/(loss) before provisions	未扣除準備的經營溢利/(虧損)	1,377,032	866,019	407,708	97,033	(22,873)	(211,217)	-	2,513,702
Inter-segment transactions (Charge for)/write back of bad and doubtful debts	分部間之交易 壞賬及呆賬(支出)/回撥	180,185	(48,427)	6,794	-	-	(138,552)	-	-
Contribution from operations	經營利潤	916,979	678,009	424,531	94,787	(32,965)	(378,578)	-	1,702,763
Write-back of/(increase in) impairment loss for the year	年度內減值損失回撥/(增加)	-	7,312	566	-	4,354	(3,983)	-	8,249
Share of profits less losses of associates	應佔聯營公司溢利減虧損	514	41,039	1,886	-	(10,725)	(58)	-	32,656
Other income and expenses	其他收入及支出	-	474	(46,609)	-	(2,083)	(122,580)	-	(170,798)
Profit/(loss) before taxation	除稅前溢利/(虧損)	917,493	726,834	380,374	94,787	(41,419)	(505,199)	-	1,572,870
Income tax	所得稅	-	-	-	-	-	(277,013)	-	(277,013)
Minority interests	少數股東權益	-	-	-	(26,112)	-	41	-	(26,071)
Profit/(loss) attributable to shareholders	股東應佔溢利/(虧損)	917,493	726,834	380,374	68,675	(41,419)	(782,171)	-	1,269,786
Depreciation for the year	年度內折舊	(90,633)	(37,703)	(14,024)	(5,464)	(7,878)	(70,521)	-	(226,223)
Amortisation of goodwill	商譽攤銷	(36,823)	(27,353)	(38,110)	(21,785)	(940)	-	-	(125,011)
Impairment of goodwill	商譽減值	-	-	-	-	(13,350)	-	-	(13,350)
Segment assets	分部資產	52,728,649	55,928,804	66,925,896	549,984	1,096,412	85,859	-	177,315,604
Investments in associates	聯營公司投資	36,171	319,590	53,963	-	226,895	2,881	-	639,500
Unallocated assets	未分類資產	-	-	-	-	-	7,459,207	-	7,459,207
Total assets	資產總額	52,764,820	56,248,394	66,979,859	549,984	1,323,307	7,547,947	-	185,414,311
Segment liabilities	分部負債	100,511,305	41,150,584	16,123,840	33,184	453,663	-	-	158,272,576
Unallocated liabilities	未分類負債	-	-	-	-	-	4,034,281	-	4,034,281
Total liabilities	負債總額	100,511,305	41,150,584	16,123,840	33,184	453,663	4,034,281	-	162,306,857
Capital expenditure incurred during the year	年度內資本開支	47,187	54,372	55,443	8,604	4,554	10,788	-	180,948

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

18. SEGMENT REPORTING (continued) | 分部報告(續)

(b) Geographical Segments

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

(b) 地區分部

按地區分部之資料是根據附屬公司的主要業務所在地點，或就本銀行而言，則按負責報告業績或將資產入賬之分行地點予以劃分。

		2003					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	其他亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元
The Group	集團						
Total operating income	經營收入總額	4,582,445	439,362	180,084	485,688	(291,332)	5,396,247
Profit before taxation	除稅前溢利	2,028,663	157,833	74,525	113,287	-	2,374,308
Total assets	資產總額	171,220,488	19,224,326	14,070,718	29,237,812	(35,277,226)	198,476,118
Total liabilities	負債總額	151,169,264	19,173,706	13,876,847	22,078,299	(32,208,667)	174,089,449
Contingent liabilities and commitments	或然負債及承擔	28,437,677	2,239,141	2,280,989	1,738,291	-	34,696,098
Capital expenditure during the year	年度內資本開支	154,168	47,843	843	20,819	-	223,673

		2002 Restated 重報					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	其他亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元	HK\$'000港幣千元
The Group	集團						
Total operating income	經營收入總額	4,168,813	405,719	155,632	430,241	(104,109)	5,056,296
Profit before taxation	除稅前溢利	1,110,985	194,505	98,008	169,372	-	1,572,870
Total assets	資產總額	162,179,294	14,358,236	13,677,966	30,422,935	(35,224,120)	185,414,311
Total liabilities	負債總額	143,230,434	14,316,709	13,499,047	23,397,196	(32,136,529)	162,306,857
Contingent liabilities and commitments	或然負債及承擔	29,839,713	2,923,232	1,454,676	1,610,640	-	35,828,261
Capital expenditure during the year	年度內資本開支	134,825	29,521	3,393	13,209	-	180,948

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

19. CASH AND SHORT-TERM FUNDS | 現金及短期資金

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	2,695,618	1,963,261	2,560,012	1,871,725
Money at call and short notice	通知及短期存款	29,843,667	29,492,745	29,625,898	29,213,888
Treasury bills (Note 29)	國庫債券(附註29)	3,494,225	3,481,634	3,321,527	3,435,537
		36,033,510	34,937,640	35,507,437	34,521,150
An analysis of treasury bills held is as follows:	持有國庫債券分析如下:				
– Unlisted, held-to-maturity, at amortised cost	– 非上市持至到期(原值減攤銷額)	233,593	160,094	60,895	113,997
– Unlisted, other investments in securities, at fair value	– 非上市投資證券(公平值)	3,260,632	3,321,540	3,260,632	3,321,540
		3,494,225	3,481,634	3,321,527	3,435,537

All treasury bills are issued by central governments and central banks.

所有國庫債券均由中央政府及中央銀行發行。

20. INVESTMENTS IN SECURITIES | 證券投資

(a) Certificates of Deposit Held – Unlisted (Note 29)

(a) 持有的存款證 – 非上市(附註29)

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Non-trading, at fair value	非交易用途(公平值)	1,418,361	905,925	1,418,361	825,876
Held-to-maturity, at amortised cost	持至到期(原值減攤銷額)	1,598,195	1,464,826	1,140,958	1,124,396
		3,016,556	2,370,751	2,559,319	1,950,272

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

20. INVESTMENTS IN SECURITIES (continued) | 證券投資(續)

(b) Other Investments in Securities

(b) 其他證券投資

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Listed	上市				
- in Hong Kong	- 在香港上市				
equity securities	股份證券	455,821	328,722	432,351	306,059
debt securities	債務證券	-	13,137	-	-
- outside Hong Kong	- 在香港以外地區上市				
equity securities	股份證券	286,491	73,341	271,897	63,286
debt securities	債務證券	4,016,859	4,427,727	3,641,903	4,068,353
		4,759,171	4,842,927	4,346,151	4,437,698
Unlisted	非上市				
- equity securities	- 股份證券	48,392	44,379	38,090	37,353
- debt securities	- 債務證券	5,343,772	8,367,858	5,103,735	8,273,514
		5,392,164	8,412,237	5,141,825	8,310,867
		10,151,335	13,255,164	9,487,976	12,748,565
Equity securities	股份證券	790,704	446,442	742,338	406,698
Debt securities (Note 29)	債務證券(附註29)	9,360,631	12,808,722	8,745,638	12,341,867
		10,151,335	13,255,164	9,487,976	12,748,565
Market value of listed securities	上市證券市值				
- equity securities	- 股份證券	742,312	402,063	704,248	369,345
- debt securities	- 債務證券	4,016,859	4,440,864	3,641,903	4,068,353
		4,759,171	4,842,927	4,346,151	4,437,698
Issued by:	發行機構:				
- Central governments and central banks	- 中央政府和中央銀行	741,084	2,599,939	387,022	2,582,946
- Public sector entities	- 公營機構	1,929,256	2,432,280	1,929,096	2,155,318
- Banks and other financial institutions	- 銀行及其他金融機構	3,705,219	4,251,676	3,453,149	4,118,007
- Corporate entities	- 企業	3,717,394	3,937,941	3,681,191	3,868,941
- Others	- 其他	58,382	33,328	37,518	23,353
		10,151,335	13,255,164	9,487,976	12,748,565

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

(c) Held-to-maturity Debt Securities (Note 29)

(c) 持至到期債務證券(附註29)

		The Group 集團		The Bank 銀行	
		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Listed	上市				
– in Hong Kong	– 在香港上市	162,957	43,104	131,865	–
– outside Hong Kong	– 在香港以外地區上市	2,179,303	1,956,937	2,046,496	1,837,971
		2,342,260	2,000,041	2,178,361	1,837,971
Unlisted	非上市	9,366,965	1,125,645	8,912,519	753,756
		11,709,225	3,125,686	11,090,880	2,591,727
Market value of listed securities	上市證券市值	2,346,884	2,000,774	2,176,637	1,832,042
Issued by:	發行機構:				
– Central governments and central banks	– 中央政府和中央銀行	7,618,960	28,057	7,618,960	18,010
– Public sector entities	– 公營機構	124,021	54,195	–	–
– Banks and other financial institutions	– 銀行及其他金融機構	1,685,284	1,190,428	1,297,143	777,435
– Corporate entities	– 企業	2,280,960	1,853,006	2,174,777	1,796,282
		11,709,225	3,125,686	11,090,880	2,591,727

(d) Investment Securities

(d) 投資證券

		The Group 集團		The Bank 銀行	
		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Listed	上市				
– in Hong Kong equity securities	– 在香港上市 股份證券	50	50	–	–
– outside Hong Kong debt securities	– 在香港以外地區上市 債務證券	68,457	67,466	68,457	67,466
		68,507	67,516	68,457	67,466
Unlisted	非上市				
– equity securities	– 股份證券	151,935	163,098	112,322	124,605
– debt securities	– 債務證券	22,655	22,814	18,003	18,142
		174,590	185,912	130,325	142,747
		243,097	253,428	198,782	210,213
Equity securities	股份證券	151,985	163,148	112,322	124,605
Debt securities (Note 29)	債務證券(附註29)	91,112	90,280	86,460	85,608
		243,097	253,428	198,782	210,213
Market value of listed securities	上市證券市值				
– equity securities	– 股份證券	50	50	–	–
– debt securities	– 債務證券	68,717	63,880	68,717	63,880
		68,767	63,930	68,717	63,880
Issued by:	發行機構:				
– Corporate entities	– 企業	161,341	166,495	135,787	138,013
– Others	– 其他	81,756	86,933	62,995	72,200
		243,097	253,428	198,782	210,213

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

21. ADVANCES AND OTHER ACCOUNTS LESS PROVISIONS | 已扣除準備之貸款及其他賬項

(a) Advances to Customers and Other Accounts

(a) 客戶貸款及其他賬項

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Advances to customers (Note 29)	客戶貸款(附註29)	102,908,836	108,408,574	99,684,758	103,316,862
Advances to banks and other financial institutions (Note 29)	銀行及其他金融機構貸款(附註29)	1,563,981	1,088,562	1,563,981	1,088,562
Accrued interest	應計利息	1,137,979	1,065,314	1,111,846	1,039,081
Other accounts	其他賬項	4,408,949	3,021,728	4,871,757	3,822,769
		110,019,745	113,584,178	107,232,342	109,267,274
Less: Provisions for bad and doubtful debts	減：壞賬及呆賬準備				
– Specific	– 特殊	380,400	426,713	238,978	279,672
– General	– 一般	1,259,551	1,333,257	1,209,630	1,222,872
		108,379,794	111,824,208	105,783,734	107,764,730

(b) Provision Against Advances and Other Accounts for 2003

(b) 2003年貸款及其他賬項的準備

		The Group 集團						Suspended interest 懸欠利息 HK\$'000 港幣千元
		Advances to customers and other accounts		Trade bills and others		Total		
		客戶貸款及其他賬項		貿易票據及其他		總額		
		Specific 特殊	General 一般	Specific 特殊	General 一般	Specific 特殊	General 一般	
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
At 1st January	於1月1日	426,713	1,333,257	–	1,268	426,713	1,334,525	559,576
New provisions charged to profit and loss account (Note 10)	記入損益賬的新準備(附註10)	878,092	63,830	254	1,435	878,346	65,265	–
Provisions released back to profit and loss account	撥回損益賬的準備	(307,382)	(135,917)	(214)	(1,428)	(307,596)	(137,345)	–
Amounts written off	撇銷額	(824,582)	(10,294)	(254)	–	(824,836)	(10,294)	(171,621)
Recoveries (Note 10)	收回額(附註10)	188,519	4,038	214	–	188,733	4,038	–
Interest suspended during the year	年內懸欠利息	–	–	–	–	–	–	201,591
Suspended interest recovered	懸欠利息收回	–	–	–	–	–	–	(81,381)
Additions through acquisition of subsidiaries	經收購附屬公司的增置	–	36	–	–	–	36	–
Other movements	其他變動	15,836	(2,979)	–	–	15,836	(2,979)	–
Exchange adjustments	匯兌調整	3,204	7,580	–	7	3,204	7,587	725
At 31st December	於12月31日	380,400	1,259,551	–	1,282	380,400	1,260,833	508,890

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		The Bank 銀行						Suspended interest
		Advances to customers and other accounts		Trade bills and others		Total		Suspended interest
		客戶貸款及其他賬項		貿易票據及其他		總額		懸欠利息
		Specific特殊	General一般	Specific特殊	General一般	Specific特殊	General一般	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	港幣千元
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1st January	於1月1日	279,672	1,222,872	230,665	1,267	510,337	1,224,139	558,167
Additions through merger with EAC and EAF	經與東亞授信及東亞財務合併的增置	20,228	80,296	-	-	20,228	80,296	1,175
New provisions charged to profit and loss account	記入損益賬的新準備	832,605	52,442	254	1,436	832,859	53,878	-
Provisions released back to profit and loss account	撥回損益賬的準備	(291,047)	(132,996)	(214)	(1,427)	(291,261)	(134,423)	-
Amounts written off	撇銷額	(796,555)	(9,662)	(254)	-	(796,809)	(9,662)	(171,579)
Recoveries	收回額	182,723	1,533	214	-	182,937	1,533	-
Interest suspended during the year	年內懸欠利息	-	-	-	-	-	-	200,959
Suspended interest recovered	懸欠利息收回	-	-	-	-	-	-	(81,110)
Other movements	其他變動	9,837	(8,625)	-	-	9,837	(8,625)	-
Exchange adjustments	匯兌調整	1,515	3,770	-	7	1,515	3,777	726
At 31st December	於12月31日	238,978	1,209,630	230,665	1,283	469,643	1,210,913	508,338

Provision Against Advances and Other Accounts for 2002

2002年貸款及其他賬項的準備

		The Group 集團						Suspended interest
		Advances to customers and other accounts		Trade bills and others		Total		Suspended interest
		客戶貸款及其他賬項		貿易票據及其他		總額		懸欠利息
		Specific特殊	General一般	Specific特殊	General一般	Specific特殊	General一般	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	港幣千元
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1st January	於1月1日	601,150	1,320,087	-	3,149	601,150	1,323,236	566,646
New provisions charged to profit and loss account (Note 10)	記入損益賬的新準備(附註10)	1,082,952	70,381	2,716	1,990	1,085,668	72,371	-
Provisions released back to profit and loss account	撥回損益賬的準備	(304,524)	(37,182)	(1,852)	(3,542)	(306,376)	(40,724)	-
Amounts written off	撇銷額	(1,196,148)	(3,571)	(2,716)	-	(1,198,864)	(3,571)	(144,986)
Recoveries (Note 10)	收回額(附註10)	212,415	722	1,852	-	214,267	722	-
Interest suspended during the year	年內懸欠利息	-	-	-	-	-	-	203,424
Suspended interest recovered	懸欠利息收回	-	-	-	-	-	-	(68,267)
Other movements	其他變動	28,901	(23,536)	-	(419)	28,901	(23,955)	-
Exchange adjustments	匯兌調整	1,967	6,356	-	90	1,967	6,446	2,759
At 31st December	於12月31日	426,713	1,333,257	-	1,268	426,713	1,334,525	559,576

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

21. ADVANCES AND OTHER ACCOUNTS LESS PROVISIONS (continued) | 已扣除準備之貸款及其他賬項(續)

(b) Provision Against Advances and Other Accounts for 2002 (continued)

(b) 2002年貸款及其他賬項的準備(續)

		Advances to customers and other accounts 客戶貸款及其他賬項				Trade bills and others 貿易票據及其他		The Bank 銀行		Suspended interest 懸欠利息
		Specific特殊	General一般	Specific特殊	General一般	Specific特殊	General一般	Total 總額		
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
At 1st January	於1月1日	437,679	1,029,791	109,420	2,852	547,099	1,032,643	515,001		
Addition through merger with FPB	經與第一太銀合併的增置	48,412	180,489	-	-	48,412	180,489	49,733		
New provisions charged to profit and loss account	記入損益賬的新準備	1,022,599	62,970	122,640	1,990	1,145,239	64,960	-		
Provisions released back to profit and loss account	撥回損益賬的準備	(290,837)	(33,423)	(1,894)	(3,542)	(292,731)	(36,965)	-		
Amounts written off	撇銷額	(1,173,635)	(1,155)	(3,493)	-	(1,177,128)	(1,155)	(144,060)		
Recoveries	收回額	205,598	531	1,852	-	207,450	531	-		
Interest suspended during the year	年內懸欠利息	-	-	-	-	-	-	202,429		
Suspended interest recovered	懸欠利息收回	-	-	-	-	-	-	(67,695)		
Other movements	其他變動	27,923	(22,559)	2,140	(122)	30,063	(22,681)	-		
Exchange adjustments	匯兌調整	1,933	6,228	-	89	1,933	6,317	2,759		
At 31st December	於12月31日	279,672	1,222,872	230,665	1,267	510,337	1,224,139	558,167		

Suspended interest related only to advances to customers and other accounts.

懸欠利息只與客戶貸款及其他賬項有關。

(c) Non-performing advances to customers

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

(c) 不履行客戶貸款

不履行客戶貸款即其利息撥入利息懸欠賬目或已停止累計利息的貸款。

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Gross non-performing advances to customers	不履行客戶貸款總額	2,526,389	3,108,001	2,510,946	3,059,308
As percentage of total advances to customers	佔客戶貸款總額百分比	2.45%	2.87%	2.52%	2.96%
Specific provisions	特殊準備	219,528	279,713	219,528	259,486
Suspended interest	懸欠利息	508,890	559,576	508,338	558,167

There were no advances to banks and other financial institutions on which interest is being placed in suspense or on which interest accrual has ceased as at 31st December, 2003 and 31st December, 2002, nor were there any specific provisions made for them on these two dates.

於2003年12月31日及2002年12月31日，本集團貸予銀行及其他金融機構的款項中，並無利息撥入利息懸欠賬目或已停止累計利息的貸款，亦無就該等貸款提撥特殊準備。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

22. ADVANCES TO CUSTOMERS – NET INVESTMENT IN FINANCE LEASES | **客戶貸款 – 融資租賃的淨投資額**

Advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

客戶貸款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

		The Group 集團					
		2003			2002		
		Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments
		最低租賃付款現值	相關未來利息收入	最低租賃付款總額	最低租賃付款現值	相關未來利息收入	最低租賃付款總額
		HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元
Amounts receivable:	應收賬款：						
Within one year	1年以內	550,741	117,715	668,456	526,860	124,245	651,105
After one year but within five years	1年以後至5年內	1,034,853	297,777	1,332,630	1,022,785	306,163	1,328,948
After five years	5年以後	1,750,661	388,457	2,139,118	1,649,473	384,349	2,033,822
		3,336,255	803,949	4,140,204	3,199,118	814,757	4,013,875
Less: Provisions for bad and doubtful debts	減：壞賬及呆賬準備	(7,453)			(10,520)		
Net investment in finance leases	融資租賃的淨投資額	3,328,802			3,188,598		

The net investment in finance leases is carried on the balance sheet as a receivable. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作應收賬計入資產負債表，但並無累計未來相關的利息收入。

		The Bank 銀行					
		2003			2002		
		Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments
		最低租賃付款現值	相關未來利息收入	最低租賃付款總額	最低租賃付款現值	相關未來利息收入	最低租賃付款總額
		HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元	HK\$'000/港幣千元
Amounts receivable:	應收賬款：						
Within one year	1年以內	550,741	117,715	668,456	149,811	51,693	201,504
After one year but within five years	1年以後至5年內	1,034,853	297,777	1,332,630	350,435	146,860	497,295
After five years	5年以後	1,750,661	388,457	2,139,118	750,059	188,840	938,899
		3,336,255	803,949	4,140,204	1,250,305	387,393	1,637,698
Less: Provisions for bad and doubtful debts	減：壞賬及呆賬準備	(7,453)			(730)		
Net investment in finance leases	融資租賃的淨投資額	3,328,802			1,249,575		

The net investment in finance leases is carried on the balance sheet as a receivable. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作應收賬計入資產負債表，但並無累計未來相關的利息收入。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

23. INVESTMENTS IN SUBSIDIARIES | 附屬公司投資

		The Bank 銀行	
		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Unlisted shares, at cost	上市股份(原值)	1,980,975	2,046,273
Less: impairment loss	減: 減值損失	(169,850)	(169,850)
		1,811,125	1,876,423

Acquisition of subsidiaries:

The Group acquired 71.3% interest of Strath Corporate Services Limited on 10th January, 2003 for a cost of HK\$300,509,000. On 30th May, 2003, the Group increased its shareholding in Tricor Holdings Limited by 4.3% for a cost of HK\$39,139,000.

收購附屬公司:

於2003年1月10日, 本集團作價港幣300,509,000元收購Strath Corporate Services Limited 71.3%之權益。於2003年5月30日, 本集團作價港幣39,139,000元增持在Tricor Holdings Limited 4.3%之權益。

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。除非另外說明, 此等股份屬普通股份。

Details of these companies are as follows:

此等附屬公司的詳情如下:

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK\$港幣150,000,000元	100%		Trustee 信託服務
BEA Pacific Asia Limited	Hong Kong 香港	US\$13,000,000美元		100%	Investment holding 投資控股
BEA Pacific Bank (Vanuatu) Limited (Note 1)(附註1)	Vanuatu 瓦努瓦圖	US\$100,000美元	100%		Holding of a single outstanding deposit 持有一未提取存款
Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司	Hong Kong 香港	HK\$港幣189,000,000元	100%		Insurance 保險
East Asia Asset Management Company Limited 東亞資產管理有限公司	Hong Kong 香港	HK\$港幣10,000,000元	100%		Asset management 資產管理
East Asia Corporate Services (BVI) Limited	BVI 英屬處女群島	US\$250,000美元		75.6%	Corporate services 企業服務
East Asia Electronic Data Processing (Guangzhou) Limited (Note 2) 東亞電子資料處理(廣州)有限公司(附註2)	PRC 中華人民共和國	US\$2,400,000美元		100%	Servicing 服務
East Asia Facility Management Limited 東亞設施管理有限公司	Hong Kong 香港	HK\$港幣10,000元		100%	Facility management 設施管理

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
East Asia Financial Holding (BVI) Limited	BVI 英屬處女群島	US\$1美元	100%		Issuer of subordinated notes 後償票據發行人
East Asia Financial Services (BVI) Ltd.	BVI 英屬處女群島	US\$19,820,000美元	100%		Investment holding 投資控股
East Asia Futures Limited 東亞期貨有限公司	Hong Kong 香港	HK\$港幣7,000,000元	100%		Options and futures trading 期權及期貨買賣
East Asia Holding Company, Inc.	U.S.A. 美國	US\$5美元	100%		Bank holding company 銀行控股公司
East Asia Indonesian Holdings Ltd.	Mauritius 毛里裘斯	US\$2美元		100%	Investment holding 投資控股
East Asia Investment Holdings Limited 東亞投資控股有限公司	Hong Kong 香港	HK\$港幣100,000,000元	100%		Securities trading 證券買賣
East Asia Investments Holdings (BVI) Ltd.	BVI 英屬處女群島	HK\$港幣186,038,725元	100%		Investment holding 投資控股
East Asia Properties Holding Company Limited 東亞物業控股有限公司	Hong Kong 香港	HK\$港幣10,000元	100%		Investment holding 投資控股
East Asia Properties Investment Company Limited 東亞物業投資有限公司	Hong Kong 香港	HK\$港幣10,000元		100%	Property holding 物業持有
East Asia Properties (US), Inc.	U.S.A. 美國	US\$5美元		100%	Property holding 物業持有
East Asia Property Agency Company Limited 東亞物業代理有限公司	Hong Kong 香港	HK\$港幣1,000,000元	100%		Property agency 物業代理
East Asia Property Holdings (Jersey) Limited	Jersey 澤西島	STG£9英鎊	100%		Property holding 物業持有
East Asia Secretaries (BVI) Limited	BVI 英屬處女群島	HK\$港幣300,000,000元		75.6%	Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK\$港幣25,000,000元	100%		Securities broking 證券買賣
East Asia Strategic Holdings Limited	BVI 英屬處女群島	US\$50,000,000美元	100%		Investment holding 投資控股

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

23. INVESTMENTS IN SUBSIDIARIES (continued) | 附屬公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
Golden Wings International Ltd.	BVI 英屬處女群島	US\$10,000美元		100%	Property investment 物業投資
Leader One Limited	BVI 英屬處女群島	US\$1美元	100%		Investment holding 投資控股
Secretaries Limited 秘書商業服務有限公司	Hong Kong 香港	HK\$港幣2元		75.6%	Business, corporate and investor services 商務、企業及投資者服務
Strath Corporate Services Limited	Hong Kong 香港	HK\$港幣2元		75.6%	Business and corporate services 商務及企業服務
Tengis Limited 登捷時有限公司	Hong Kong 香港	HK\$港幣20元		75.6%	Business, corporate and investor services 商務、企業及投資者服務
The Bank of East Asia (BVI) Limited 東亞銀行(英屬處女群島)有限公司	BVI 英屬處女群島	US\$1,000,000美元	100%		Banking services 銀行服務
The Bank of East Asia (Canada) 加拿大東亞銀行	Canada 加拿大	C\$加幣38,000,000元	100%		Banking services 銀行服務
The Bank of East Asia (U.S.A.) N.A. 美國東亞銀行	U.S.A. 美國	US\$4,000,000美元		100%	Banking 銀行
Tricor Holdings Limited	BVI 英屬處女群島	US\$7,001美元		75.6%	Investment holding 投資控股
Tricor Services Limited 卓佳專業商務有限公司	Hong Kong 香港	HK\$港幣2元		75.6%	Business, corporate and investor services 商務、企業及投資服務

Notes:

1. The company has changed its name to BEA Pacific (Vanuatu) Limited with effect from 22nd January, 2004.
2. Represents a wholly foreign owned enterprise.
3. BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

附註:

1. 該公司的名稱已於2004年1月22日更改為BEA Pacific (Vanuatu) Limited。
2. 指一外資企業。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

24. INVESTMENTS IN ASSOCIATES | 聯營公司投資

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Unlisted shares, at cost	非上市股份(原值)	-	-	375,013	380,955
Share of net assets	應佔淨資產	760,267	673,163	-	-
Goodwill unamortised	未經攤銷的商譽	388	736	-	-
		760,655	673,899	375,013	380,955
Less: impairment loss	減: 減值損失	(24,171)	(34,399)	(192,373)	(192,373)
		736,484	639,500	182,640	188,582

Loans to associates amounting to HK\$213,837,000 (2002: HK\$251,108,000) are included under advances to customers.

聯營公司貸款共港幣213,837,000元(2002年: 251,108,000元)已包括在客戶貸款。

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

以下摘要只包括對本集團的業績或資產有重大影響的聯營公司，此等聯營公司均屬非上市公司。

Name of company	Place of incorporation and operation	% of ordinary shares held by		% of preference shares held by	Nature of business
		The Bank	The Group	The Group	
公司名稱	註冊及營業地點	本銀行所佔權益	本集團所佔權益	優先股本集團所佔權益	業務性質
Cementhai SCT (Hong Kong) Limited (formerly Cementhai Trading (Hong Kong) Limited) 興明泰(香港)貿易有限公司	Hong Kong 香港	20%			Trading 貿易
DaimlerChrysler Services China Limited 奔馳財務中國有限公司	Hong Kong 香港		20%		Financing and leasing services 租賃及財務服務
DaimlerChrysler Services Korea Limited	Republic of Korea 韓國		20%		Financial services 財務服務
East Asia Heller Limited 東亞興萊有限公司	Hong Kong 香港	50%			Factoring 貼現
East Asia MBK Limited	BVI 英屬處女群島		50%	50%	Investment holding 投資控股
Hainan International Finance Company Limited 海南國際財務有限公司	PRC 中華人民共和國	35%			General financial services 一般金融服務
ICEA Finance Holdings Limited 工商東亞金融控股有限公司	BVI 英屬處女群島	25%			Investment holding 投資控股
Platinum Holdings Company Limited	Cayman Islands 開曼群島	30%			Investment holding 投資控股

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

24. INVESTMENTS IN ASSOCIATES (continued) | 聯營公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares held by The Bank The Group 本銀行 本集團 所佔權益 所佔權益		% of preference shares held by The Group 優先股 本集團所佔權益	Nature of business 業務性質
PT. Bank Resona Perdania (formerly P.T. Bank Daiwa Perdania)	Indonesia 印尼		24.9%		Banking & related financial services 銀行及有關金融服務
Sunfire Enterprises Limited 申發企業有限公司	BVI 英屬處女群島		20%		Property development 物業發展
Transatlantic Trust Corporation	Canada 加拿大	20%			Administration of trusts 信託管理
Trans-Ocean Insurance Company, Limited 遠洋保險有限公司	Hong Kong 香港	48.7%			Insurance 保險
Trilease International Limited 鼎協租賃國際有限公司	Hong Kong 香港	20%			Leasing 租賃

Note: BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

25. GOODWILL | 商譽

		The Group 集團 HK\$'000 港幣千元	The Bank 銀行 HK\$'000 港幣千元
Cost	成本		
At 1st January, 2003	於2003年1月1日		
– As previously reported	一如前匯報	2,368,083	1,788,612
– Prior period adjustments in respect of deferred tax	– 遞延稅項產生的前期調整	145,500	144,626
– As restated	– 重報	2,513,583	1,933,238
Additions through acquisition of subsidiaries	經收購附屬公司的增置	302,527	–
Exchange adjustments	匯兌調整	(519)	–
At 31st December, 2003	於2003年12月31日	2,815,591	1,933,238
Accumulated amortisation and impairment losses	累計攤銷及減值損失		
At 1st January, 2003	於2003年1月1日		
– As previously reported	一如前匯報	280,701	228,242
– Prior period adjustments in respect of deferred tax	– 遞延稅項產生的前期調整	51,449	51,381
– As restated	– 重報	332,150	279,623
Amortisation for the year (Note 9)	年度內攤銷(附註9)	140,087	96,661
Exchange adjustments	匯兌調整	(54)	–
At 31st December, 2003	於2003年12月31日	472,183	376,284
Carrying amount at 31st December, 2003	於2003年12月31日賬面值	2,343,408	1,556,954
Carrying amount at 31st December, 2002 (Restated)	於2002年12月31日賬面值(重報)	2,181,433	1,653,615

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

26. FIXED ASSETS | 固定資產

		The Group 集團			
		Investment Properties	Bank Premises	Furniture, Fixtures and Equipment	Total
		投資物業	行址	傢俬、 裝修及設備	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cost or valuation	成本或估值				
At 1st January, 2003	於2003年1月1日	319,300	3,958,888	1,547,148	5,825,336
Additions	增置	25	2,043	221,605	223,673
Revaluation	重估	12,775	-	-	12,775
Transfers	轉賬	15,100	(15,100)	-	-
Disposals	出售	(82,568)	(4,812)	(105,399)	(192,779)
Exchange adjustments	匯兌調整	3,647	210	10,157	14,014
At 31st December, 2003	於2003年12月31日	268,279	3,941,229	1,673,511	5,883,019
Accumulated depreciation and amortisation	累計折舊及攤銷				
At 1st January, 2003	於2003年1月1日	10,673	362,913	1,044,693	1,418,279
Charge for the year (Note 9)	年度內支出(附註9)	981	56,259	171,602	228,842
Impairment loss	減值損失	-	235,795	-	235,795
Written back on revaluation	重估時回撥	(41)	-	-	(41)
Transfers	轉賬	826	(826)	-	-
Written back on disposals	出售時回撥	(2,248)	(2,421)	(88,823)	(93,492)
Exchange adjustments	匯兌調整	1,249	7	7,682	8,938
At 31st December, 2003	於2003年12月31日	11,440	651,727	1,135,154	1,798,321
Net book value at 31st December, 2003	賬面淨值 於2003年12月31日	256,839	3,289,502	538,357	4,084,698
Net book value at 31st December, 2002	賬面淨值 於2002年12月31日	308,627	3,595,975	502,455	4,407,057
The gross amounts of the above assets are stated:	上述資產的總額列示如下:				
At cost	按成本	38,229	2,551,429	1,673,511	4,263,169
At Directors' valuation	按董事估值				
- 1989	- 1989年	-	1,228,224	-	1,228,224
- 1991	- 1991年	-	161,576	-	161,576
At professional valuation	按專業估值				
- 2003	- 2003年	230,050	-	-	230,050
		268,279	3,941,229	1,673,511	5,883,019

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

26. FIXED ASSETS (continued) | 固定資產(續)

		The Bank 銀行			
		Investment Properties	Bank Premises	Furniture, Fixtures and Equipment	Total
		投資物業	行址	傢俬、 裝修及設備	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cost or valuation	成本或估值				
At 1st January, 2003	於2003年1月1日	197,926	3,420,523	1,396,859	5,015,308
Additions through merger with EAC and EAF	經與東亞授信及 東亞財務合併的增置	–	–	4,830	4,830
Additions	增置	25	2,043	160,404	162,472
Revaluation	重估	13,025	–	–	13,025
Transfers	轉賬	15,100	(15,100)	–	–
Disposals	出售	(82,568)	(4,812)	(95,542)	(182,922)
Exchange adjustments	匯兌調整	182	872	4,895	5,949
At 31st December, 2003	於2003年12月31日	143,690	3,403,526	1,471,446	5,018,662
Accumulated depreciation and amortisation	累計折舊				
At 1st January, 2003	於2003年1月1日	2,248	307,294	950,657	1,260,199
Additions through merger with EAC and EAF	經與東亞授信及 東亞財務合併的增置	–	–	3,530	3,530
Charge for the year	年度內支出	366	49,019	144,189	193,574
Impairment loss	減值損失	–	44,522	–	44,522
Written back on revaluation	重估時回撥	(41)	–	–	(41)
Transfers	轉賬	826	(826)	–	–
Written back on disposals	出售時回撥	(2,248)	(2,421)	(79,288)	(83,957)
Exchange adjustments	匯兌調整	37	190	3,801	4,028
At 31st December, 2003	於2003年12月31日	1,188	397,778	1,022,889	1,421,855
Net book value at 31st December, 2003	賬面淨值 於2003年12月31日	142,502	3,005,748	448,557	3,596,807
Net book value at 31st December, 2002	賬面淨值 於2002年12月31日	195,678	3,113,229	446,202	3,755,109
The gross amounts of the above assets are stated:	上述資產的總額列示如下：				
At cost	按成本	5,890	2,175,301	1,471,446	3,652,637
At Directors' valuation – 1989	按董事估值 – 1989年	–	1,228,225	–	1,228,225
At professional valuation – 2003	按專業估值 – 2003年	137,800	–	–	137,800
		143,690	3,403,526	1,471,446	5,018,662

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

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

行址及投資物業的賬面淨值包括:

		The Group 集團			
		2003		2002	
		Investment Properties	Bank Premises	Investment Properties	Bank Premises
		投資物業	行址	投資物業	行址
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	26,789	164,903	30,577	214,782
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease					
(over 50 years)	長期租約(50年以上)	195,850	2,341,220	200,500	2,549,014
On medium-term lease					
(10 – 50 years)	中期租約(10至50年)	34,200	311,736	77,550	333,196
On short lease					
(below 10 years)	短期租約(10年以下)	–	189	–	283
Held outside Hong Kong	在香港以外地區				
On long lease					
(over 50 years)	長期租約(50年以上)	–	178,367	–	163,976
On medium-term lease					
(10 – 50 years)	中期租約(10至50年)	–	293,087	–	334,724
		256,839	3,289,502	308,627	3,595,975
		The Bank 銀行			
		2003		2002	
		Investment Properties	Bank Premises	Investment Properties	Bank Premises
		投資物業	行址	投資物業	行址
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	4,702	12,918	10,128	12,793
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease					
(over 50 years)	長期租約(50年以上)	103,600	2,211,183	108,000	2,269,716
On medium-term lease					
(10 – 50 years)	中期租約(10至50年)	34,200	311,736	77,550	333,196
On short lease					
(below 10 years)	短期租約(10年以下)	–	189	–	283
Held outside Hong Kong	在香港以外地區				
On long lease					
(over 50 years)	長期租約(50年以上)	–	178,367	–	163,976
On medium-term lease					
(10 – 50 years)	中期租約(10至50年)	–	291,355	–	333,265
		142,502	3,005,748	195,678	3,113,229

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

26. FIXED ASSETS (continued) | 固定資產(續)

The carrying amount of bank premises of the Group and the Bank would have been HK\$2,659,416,000 (2002 : HK\$2,713,140,000) and HK\$1,964,292,000 (2002 : HK\$2,011,804,000) respectively had they been stated at cost less accumulated depreciation.

Investment properties in Hong Kong were valued at HK\$230,050,000 by an independent valuer, DTZ Debenham Tie Leung Limited, Chartered Surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors, as at 21st December, 2003 and the valuation has been incorporated in the accounts as at 31st December, 2003. The valuation was performed on an open market value basis.

Investment properties outside Hong Kong were not valued as they are considered immaterial to the Group. These properties are carried at cost.

The impairment loss of HK\$235,795,000 in 2003 was related to certain bank premises in Hong Kong intended to be vacant after the back offices are centralised to Millennium City 5 in 2005, and an overseas bank premise.

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 10 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

Rental income receivable from bank premises and investment properties held for use under operating leases amounted to HK\$44,586,000 in 2003 (2002 : HK\$45,065,000). There was no contingent rental recognised during the year 2003 (2002 : Nil).

The cost or valuation of bank premises and investment properties held for use under operating leases and the related accumulated depreciation charge as at 31st December, 2003 were HK\$720,459,000 (2002 : HK\$745,100,000) and HK\$66,906,000 (2002 : HK\$47,591,000) respectively.

The total future minimum lease payments of bank premises and investment properties held for use under non-cancellable operating leases are receivable as follows:

如集團及銀行以成本減累計折舊入賬，行址的賬面值將分別為港幣2,659,416,000元(2002年：港幣2,713,140,000元)及港幣1,964,292,000元(2002年：港幣2,011,804,000元)。

於2003年12月21日，香港的投資物業由獨立估值師－特許測量師戴德梁行，其僱員具香港測量師學會會士資歷，估值為港幣230,050,000元，有關估值已納入2003年12月31日之賬項內。估值按公開市值進行。

因海外投資物業佔集團比重不大，所以並未以專業估值列賬。

於2003年產生的減值損失港幣235,795,000元是因香港某些行址因後勤部門將於2005年遷往創紀之城第5期後空置，以及與一海外行址有關連。

集團以經營租賃形式租出投資物業。租賃年期通常由1年至10年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

於年內，以經營租賃形式租出行址及投資物業的應收租金為港幣44,586,000元(2002年：港幣45,065,000元)。在2003年度未有包括或有租金(2002年：無)。

於2003年12月31日以經營租賃用作出租的行址及投資物業的成本或估值及相關的累計折舊分別為港幣720,459,000元(2002年：港幣745,100,000元)及港幣66,906,000元(2002年：港幣47,591,000元)。

以不可撤銷經營租賃用作出租的行址及投資物業的未來最低應收租賃付款總額如下：

		The Group 集團		The Bank 銀行	
		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Within one year	1年以內	40,844	39,905	23,123	22,049
After one year but within five years	1年以後至5年內	61,573	62,536	32,381	26,679
After five years	5年以後	8,328	6,808	2,043	1,930
		110,745	109,249	57,547	50,658

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

27. CONVERTIBLE BONDS ISSUED | 已發行可換股債券

The 2 per cent Convertible Bonds issued amounting to HK\$119,621,000 (USD15,340,000) were redeemed at par on 19th July, 2003. Interest expense for the year amounted to HK\$1,307,000 (2002 : HK\$5,352,000).

於2003年7月19日本銀行贖回共港幣119,621,000元(15,340,000美元)年息2%的可換股債券。本年度利息支出為港幣1,307,000元(2002年:港幣5,352,000元)。

28. AMOUNTS DUE FROM AND DUE TO SUBSIDIARIES | 附屬公司欠款及欠附屬公司款項

During the year, the Bank entered into transactions with certain subsidiaries in the ordinary course of its banking business. Details of the amounts due from and due to subsidiaries are as follows:

於年內，本銀行與某些附屬公司有正常的業務交易。附屬公司欠款及欠附屬公司款項詳列如下：

(a) Amounts Due from Subsidiaries

(a) 附屬公司欠款

		The Bank 銀行	
		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Financial institutions	金融機構	502	956,025
Others	其他	1,371,199	1,205,073
		1,371,701	2,161,098

(b) Amounts Due to Subsidiaries

(b) 欠附屬公司款項

		The Bank 銀行	
		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Financial institutions	金融機構	5,077,157	6,749,249
Others	其他	5,619,563	4,730,845
		10,696,720	11,480,094

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

29. MATURITY PROFILE | 期限分析

Maturity Profile for 2003

2003年度期限分析

		The Group 集團						Total
		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	
		即時還款	3個月或以下	3個月以上 至1年	1年以上 至5年	5年以上	無註明日期	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Assets	資產							
- Treasury bills (Note 19)	- 國庫債券(附註19)	-	2,394,706	1,099,519	-	-	-	3,494,225
- Placements with banks and other financial institutions	- 在銀行及其他金融機構的存款	-	15,265,942	5,809,579	-	-	-	21,075,521
- Certificates of deposit held (Note 20(a))	- 持有的存款證(附註20(a))	-	1,049,763	1,082,553	753,563	130,677	-	3,016,556
- Advances to customers (Note 21(a))	- 客戶貸款(附註21(a))	4,774,844	12,736,626	11,907,410	35,639,296	35,828,711	2,021,949	102,908,836
- Advances to banks and other financial institutions (Note 21(a))	- 銀行及其他金融機構貸款(附註21(a))	-	44,741	25,304	211,741	30,632	1,251,563	1,563,981
- Debt securities included in:	- 債務證券包括:							
- Held-to-maturity debt securities (Note 20(c))	- 持至到期債務證券(附註20(c))	-	251,229	845,891	9,922,112	689,993	-	11,709,225
- Investment securities (Note 20(d))	- 投資證券(附註20(d))	-	-	-	68,457	4,000	18,655	91,112
- Other investments in securities (Note 20(b))	- 其他證券投資(附註20(b))	-	178,103	1,061,797	6,716,523	1,386,942	17,266	9,360,631
		4,774,844	31,921,110	21,832,053	53,311,692	38,070,955	3,309,433	153,220,087
Liabilities	負債							
- Deposits and balances of banks and other financial institutions	- 銀行及其他金融機構的存款及結餘	1,202,565	4,741,645	1,509,087	63,268	-	-	7,516,565
- Deposits from customers	- 客戶存款	49,140,816	99,140,663	6,406,997	732,136	-	-	155,420,612
- Demand deposits and current accounts	- 活期存款及往來賬戶	9,612,966	-	-	-	-	-	9,612,966
- Savings deposits	- 儲蓄存款	37,552,766	629	-	-	-	-	37,553,395
- Time, call and notice deposits	- 定期及通知存款	1,975,084	99,140,034	6,406,997	732,136	-	-	108,254,251
- Certificates of deposit issued	- 已發行存款證	-	-	3,161,000	2,366,339	-	-	5,527,339
		50,343,381	103,882,308	11,077,084	3,161,743	-	-	168,464,516

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		Repayable on demand	3 months or less	The Bank 銀行		After 5 years	Undated	Total
				1 year or less but over 3 months	5 years or less but over 1 year			
		即時還款	3個月或以下	3個月以上 至1年	1年以上 至5年	5年以上	無註明日期	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Assets	資產							
- Treasury bills (Note 19)	- 國庫債券(附註19)	-	2,222,008	1,099,519	-	-	-	3,321,527
- Placements with banks and other financial institutions	- 在銀行及其他金融機構的存款	-	15,192,146	5,809,579	-	-	-	21,001,725
- Certificates of deposit held (Note 20(a))	- 持有的存款證(附註20(a))	-	1,010,948	851,846	696,525	-	-	2,559,319
- Advances to customers (Note 21(a))	- 客戶貸款(附註21(a))	4,411,817	11,685,647	11,232,709	35,005,105	35,550,892	1,798,588	99,684,758
- Advances to banks and other financial institutions (Note 21(a))	- 銀行及其他金融機構貸款(附註21(a))	-	44,741	25,304	211,741	30,632	1,251,563	1,563,981
- Debt securities included in:	- 債務證券包括:							
- Held-to-maturity debt securities (Note 20(c))	- 持至到期債務證券(附註20(c))	-	157,474	624,867	9,780,313	528,226	-	11,090,880
- Investment securities (Note 20(d))	- 投資證券(附註20(d))	-	-	-	68,457	4,000	14,003	86,460
- Other investments in securities (Note 20(b))	- 其他證券投資(附註20(b))	-	178,103	1,011,409	6,398,237	1,157,889	-	8,745,638
		4,411,817	30,491,067	20,655,233	52,160,378	37,271,639	3,064,154	148,054,288
Liabilities	負債							
- Deposits and balances of banks and other financial institutions	- 銀行及其他金融機構的存款及結餘	1,202,296	4,727,439	1,499,111	-	-	-	7,428,846
- Deposits from customers	- 客戶存款	47,353,784	92,916,805	5,007,607	674,651	-	-	145,952,847
- Demand deposits and current accounts	- 活期存款及往來賬戶	8,773,169	-	-	-	-	-	8,773,169
- Savings deposits	- 儲蓄存款	37,032,940	629	-	-	-	-	37,033,569
- Time, call and notice deposits	- 定期及通知存款	1,547,675	92,916,176	5,007,607	674,651	-	-	100,146,109
- Certificates of deposit issued	- 已發行存款證	-	-	3,161,000	2,366,339	2,200,000	-	7,727,339
		48,556,080	97,644,244	9,667,718	3,040,990	2,200,000	-	161,109,032

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

29. MATURITY PROFILE (continued) | 期限分析(續)

Maturity Profile for 2002

2002年度期限分析

		The Group 集團						
		Repayable on demand	3 months or less	1 year or less but over 3 months 3個月以上 至1年	5 years or less but over 1 year 1年以上 至5年	After 5 years 5年以上	Undated 無註明日期	Total 總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Assets		資產						
- Treasury bills (Note 19)	- 國庫債券(附註19)	-	3,357,453	124,181	-	-	-	3,481,634
- Placements with banks and other financial institutions	- 在銀行及其他金融機構的存款	-	10,281,796	1,388,856	-	-	-	11,670,652
- Certificates of deposit held (Note 20(a))	- 持有的存款證(附註20(a))	-	984,112	741,861	609,440	35,338	-	2,370,751
- Advances to customers (Note 21(a))	- 客戶貸款(附註21(a))	5,132,933	12,215,605	11,119,301	38,567,348	39,420,916	1,952,471	108,408,574
- Advances to banks and other financial institutions (Note 21(a))	- 銀行及其他金融機構貸款(附註21(a))	-	45,239	32,886	96,734	118,698	795,005	1,088,562
- Debt securities included in:	- 債務證券包括:							
- Held-to-maturity debt securities (Note 20(c))	- 持至到期債務證券(附註20(c))	-	120,228	965,237	1,762,435	266,526	11,260	3,125,686
- Investment securities (Note 20(d))	- 投資證券(附註20(d))	-	-	-	67,466	-	22,814	90,280
- Other investments in securities (Note 20(b))	- 其他證券投資(附註20(b))	-	147,077	654,273	10,692,486	1,314,886	-	12,808,722
		5,132,933	27,151,510	15,026,595	51,795,909	41,156,364	2,781,550	143,044,861
Liabilities		負債						
- Deposits and balances of banks and other financial institutions	- 銀行及其他金融機構的存款及結餘	306,208	4,255,199	1,171,983	21,447	-	-	5,754,837
- Deposits from customers	- 客戶存款	36,895,482	97,869,207	6,622,800	274,400	-	-	141,661,889
- Demand deposits and current accounts	- 活期存款及往來賬戶	7,044,517	-	-	-	-	-	7,044,517
- Savings deposits	- 儲蓄存款	27,747,379	13,372	8,053	312	-	-	27,769,116
- Time, call and notice deposits	- 定期及通知存款	2,103,586	97,855,835	6,614,747	274,088	-	-	106,848,256
- Certificates of deposit issued	- 已發行存款證	-	-	7,502,440	2,655,317	-	-	10,157,757
- Convertible bonds issued	- 已發行可換股債券	-	-	119,637	-	-	-	119,637
		37,201,690	102,124,406	15,416,860	2,951,164	-	-	157,694,120

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		Repayable on demand	3 months or less	The Bank 銀行		After 5 years	Undated	Total
				1 year or less but over 3 months 3個月以上	5 years or less but over 1 year 1年以上			
		即時還款 HK\$'000 港幣千元	3個月或以下 HK\$'000 港幣千元	至1年 HK\$'000 港幣千元	至5年 HK\$'000 港幣千元	5年以上 HK\$'000 港幣千元	無註明日期 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
Assets	資產							
- Treasury bills (Note 19)	- 國庫債券(附註19)	-	3,357,453	78,084	-	-	-	3,435,537
- Placements with banks and other financial institutions	- 在銀行及其他金融機構的存款	-	10,149,059	1,349,882	-	-	-	11,498,941
- Certificates of deposit held (Note 20 (a))	- 持有的存款證(附註20(a))	-	971,023	463,659	515,590	-	-	1,950,272
- Advances to customers (Note 21(a))	- 客戶貸款(附註21(a))	4,871,272	11,226,044	10,178,867	37,306,946	38,069,885	1,663,848	103,316,862
- Advances to banks and other financial institutions (Note 21(a))	- 銀行及其他金融機構貸款(附註21(a))	-	45,239	32,886	96,734	118,698	795,005	1,088,562
- Debt securities included in:	- 債務證券包括:							
- Held-to-maturity debt securities (Note 20(c))	- 持至到期債務證券(附註20(c))	-	27,293	778,214	1,596,381	178,579	11,260	2,591,727
- Investment securities (Note 20(d))	- 投資證券(附註20(d))	-	-	-	67,466	-	18,142	85,608
- Other investments in securities (Note 20(b))	- 其他證券投資(附註20(b))	-	131,405	550,042	10,402,887	1,257,533	-	12,341,867
		4,871,272	25,907,516	13,431,634	49,986,004	39,624,695	2,488,255	136,309,376
Liabilities	負債							
- Deposits and balances of banks and other financial institutions	- 銀行及其他金融機構的存款及結餘	305,905	4,244,054	1,147,479	-	-	-	5,697,438
- Deposits from customers	- 客戶存款	36,051,243	89,557,841	5,701,995	127,854	-	-	131,438,933
- Demand deposits and current accounts	- 活期存款及往來賬戶	6,660,762	-	-	-	-	-	6,660,762
- Savings deposits	- 儲蓄存款	27,636,599	13,372	8,053	312	-	-	27,658,336
- Time, call and notice deposits	- 定期及通知存款	1,753,882	89,544,469	5,693,942	127,542	-	-	97,119,835
- Certificates of deposit issued	- 已發行存款證	-	-	7,502,440	2,655,317	2,200,000	-	12,357,757
- Convertible bonds issued	- 已發行可換股債券	-	-	119,637	-	-	-	119,637
		36,357,148	93,801,895	14,471,551	2,783,171	2,200,000	-	149,613,765

The maturity of convertible bonds issued is based on expected Bondholders' option as mentioned in Note 27.

已發行之可換股債券的到期日是根據附註27所載預期債券持有人行使權利計算。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

30. INCOME TAX IN THE BALANCE SHEET | 資產負債表內的所得稅

(a) Current Taxation in the Balance Sheet Represents:

(a) 資產負債表內的本期稅項為:

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Provision for Hong Kong Profits Tax for the year (Note 12(a))	本年度香港利得稅準備 (附註12(a))	62,839	62,805	26,923	26,164
Provisional Profits Tax paid	已付暫繳利得稅	(25,382)	(23,778)	(3,786)	(3,592)
		37,457	39,027	23,137	22,572
Balance of Profits Tax provision relating to prior years	以往年度利得稅準備結餘	57,009	37,622	54,150	33,370
Overseas taxation	海外稅項	50,178	46,886	45,388	41,084
		144,644	123,535	122,675	97,026

(b) Deferred Tax Assets and Liabilities Recognised

(b) 遞延稅項資產及負債確認

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

確認於綜合資產負債表中遞延稅項(資產)/負債的組成部分及年內之變動如下:

Deferred tax arising from:	遞延稅項源自:	The Group 集團							
		Depreciation allowances in excess of related depreciation	Leasing partnership transactions	Revaluation of properties	Provisions	Unrealised gains on FX contracts/ unearned discount	Tax losses	Others	Total
		超過有關折舊的折舊	合夥租賃交易	物業重估	準備	外匯合約未實現盈利/未賺取折扣	稅損	其他	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1st January, 2003	於2003年1月1日	28,648	436,636	-	-	-	(14,526)	-	450,758
- As previously reported	- 如前匯報								
- Prior period adjustments in respect of deferred tax	- 有關遞延稅項產生的前期調整	228,061	-	169,044	(164,620)	23,972	(77,860)	3,974	182,571
- As restated	- 重報	256,709	436,636	169,044	(164,620)	23,972	(92,386)	3,974	633,329
Write off against investment	投資撇銷額	-	(166,823)	-	-	-	-	-	(166,823)
Charged/(credited) to consolidated profit and loss account (Note 12(a))	綜合損益賬內撇銷/(存入) (附註 12(a))	24,983	285,710	-	(6,693)	(23,972)	23,846	(2,187)	301,687
Charged to reserves (Note 33(c))	儲備撇銷(附註33(c))	-	-	15,302	-	-	-	-	15,302
Exchange and other adjustments	匯兌及其他調整	167	-	-	(167)	-	1,216	-	1,216
At 31st December, 2003	於2003年12月31日	281,859	555,523	184,346	(171,480)	-	(67,324)	1,787	784,711

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		The Group 集團							
		Depreciation allowances in excess of related depreciation	Leasing partnership transactions	Revaluation of properties	Provisions	Unrealised gains on FX contracts/ unearned discount	Tax losses	Others	Total
		超過有關折舊的折舊	合夥租賃交易	物業重估	準備	外匯合約未實現盈利/未賺取折扣	稅損	其他	總額
Deferred tax arising from:	遞延稅項源自:	免稅額	合夥租賃交易	物業重估	準備	未賺取折扣	稅損	其他	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1st January, 2002	於2002年1月1日								
- As previously reported	- 如前匯報	33,223	329,106	-	-	-	-	-	362,329
- Prior period adjustments in respect of deferred tax	- 有關遞延稅項產生的前期調整	232,990	-	175,141	(168,452)	18,267	(83,684)	3,090	177,352
- As restated	- 重報	266,213	329,106	175,141	(168,452)	18,267	(83,684)	3,090	539,681
Additions through acquisition of subsidiaries	經收購附屬公司的增置	400	-	-	-	-	-	-	400
Write off against investment	投資撇銷額	-	(51,314)	-	-	-	-	-	(51,314)
Charged/(credited) to consolidated profit and loss account (Note 12(a))	綜合損益賬內撇銷/(存入) (附註 12(a))	(9,904)	158,844	-	3,832	5,705	(9)	884	159,352
Credited to reserves (Note 33(c) & (d))	存入儲備(附註33(c)&(d))	-	-	(6,097)	-	-	-	-	(6,097)
Exchange and other adjustments	匯兌及其他調整	-	-	-	-	-	(8,693)	-	(8,693)
At 31st December, 2002	於2002年12月31日	256,709	436,636	169,044	(164,620)	23,972	(92,386)	3,974	633,329
		The Bank 銀行							
		Depreciation allowances in excess of related depreciation	Leasing partnership transactions	Revaluation of properties	Provisions	Unrealised gains on FX contracts/ unearned discount	Tax losses	Others	Total
		超過有關折舊的折舊	合夥租賃交易	物業重估	準備	外匯合約未實現盈利/未賺取折扣	稅損	其他	總額
Deferred tax arising from:	遞延稅項源自:	免稅額	合夥租賃交易	物業重估	準備	未賺取折扣	稅損	其他	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1st January, 2003	於2003年1月1日								
- As previously reported	- 如前匯報	20,152	436,636	-	-	-	(4,928)	-	451,860
- Prior period adjustments in respect of deferred tax	- 有關遞延稅項產生的前期調整	205,939	-	169,044	(151,676)	24,253	(69,454)	3,974	182,080
- As restated	- 重報	226,091	436,636	169,044	(151,676)	24,253	(74,382)	3,974	633,940
Additions through acquisition of subsidiaries	經收購附屬公司的增置	12,364	-	-	(12,848)	-	-	-	(484)
Write off against investment	投資撇銷額	-	(166,823)	-	-	-	-	-	(166,823)
Charged/(credited) to consolidated profit and loss account	綜合損益賬內撇銷/(存入)	25,683	285,710	-	(6,790)	(24,253)	19,224	(607)	298,967
Charged to reserves (Note 33 (c))	儲備撇銷(附註33(c))	-	-	15,302	-	-	-	-	15,302
Exchange and other adjustments	匯兌及其他調整	-	-	-	-	-	23	-	23
At 31st December, 2003	於2003年12月31日	264,138	555,523	184,346	(171,314)	-	(55,135)	3,367	780,925

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

30. INCOME TAX IN THE BALANCE SHEET (continued) | 資產負債表內的所得稅(續)

(b) Deferred Tax Assets and Liabilities Recognised (continued)

(b) 遞延稅項資產及負債確認(續)

Deferred tax arising from:	遞延稅項源自:	Depreciation allowances in excess of related depreciation 超過有關折舊的折舊	Leasing partnership transactions 合夥租賃交易	Revaluation of properties 物業重估	Provisions 準備	Unrealised gains on FX contracts/ unearned discount 外匯合約未實現盈利/未賺取折扣	Tax losses 稅損	Others 其他	Total 總額
At 1st January, 2002	於2002年1月1日								
- As previously reported	- 如前匯報	25,424	304,939	-	-	-	-	-	330,363
- Prior period adjustments in respect of deferred tax	- 有關遞延稅項產生的前期調整	159,585	-	175,141	(126,096)	18,547	(76,426)	3,090	153,841
- As restated	- 重報	185,009	304,939	175,141	(126,096)	18,547	(76,426)	3,090	484,204
Additions through acquisition of subsidiaries	經收購附屬公司的增置	55,424	24,167	-	(28,926)	-	-	-	50,665
Write off against investment	投資撇銷額	-	(51,314)	-	-	-	-	-	(51,314)
Charged/(credited) to consolidated profit and loss account	綜合損益賬內撇銷/(存入)	(14,342)	158,844	-	3,346	5,706	2,044	884	156,482
Credited to reserves (Note 33(c) & (d))	存入儲備(附註33(c)&(d))	-	-	(6,097)	-	-	-	-	(6,097)
Exchange and other adjustments	匯兌及其他調整	-	-	-	-	-	-	-	-
At 31st December, 2002	於2002年12月31日	226,091	436,636	169,044	(151,676)	24,253	(74,382)	3,974	633,940

	The Group 集團		The Bank 銀行	
	2003	2002	2003	2002
	Restated 重報	Restated 重報	Restated 重報	Restated 重報
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Net deferred tax assets recognised on the balance sheet	(79,217)	(77,029)	(65,725)	(69,453)
Net deferred tax liabilities recognised on the balance sheet	863,928	710,358	846,650	703,393
	784,711	633,329	780,925	633,940

(c) Deferred Tax Assets Not Recognised

(c) 未確認遞延稅項資產

The Group has not recognised deferred tax assets in respect of tax losses of HK\$68,978,000 (2002: HK\$64,219,000). Under the current tax legislation, the expiry dates of the tax losses were as follows:

集團並未確認稅損港幣68,978,000元(2002年:港幣64,219,000元)為遞延稅項資產。根據現時稅務條例,該等稅損的到期日如下:

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
To be expired within 5 years	於5年內到期	15,520	14,208
No expiry date	無到期日	53,458	50,011
		68,978	64,219

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

31. LOAN CAPITAL | 借貸資本

Loan capital of face value of HK\$4,269,650,000 (US\$550,000,000) and carrying amount of HK\$4,260,751,000 (US\$548,854,000) represents 7.5% subordinated notes qualifying as tier 2 capital which were issued on 30th January, 2001 by East Asia Financial Holding (BVI) Limited, a single purpose wholly owned finance subsidiary of the Bank. The Bank unconditionally and irrevocably guarantees all amounts payable under the notes which are listed on the Luxembourg Stock Exchange. The notes will mature on 1st February, 2011.

票面值港幣4,269,650,000元(550,000,000美元)及賬面值港幣4,260,751,000元(548,854,000美元)的借貸資本，是指由本銀行單一目的全資附屬財務公司，East Asia Financial Holding (BVI) Limited，於2001年1月30日發行、年息7.5%、並評定為二級資本的後償票據。本銀行無條件及不撤回地保證此等已在盧森堡交易所上市的票據的有關債務。此等票據將會於2011年2月1日到期。

32. SHARE CAPITAL | 股本

		2003		2002	
		No. of shares	Nominal value	No. of shares	Nominal value
		股份數目	面值	股份數目	面值
		000 千	HK\$'000 港幣千元	000 千	HK\$'000 港幣千元
Authorised:	法定股本：				
Ordinary shares of HK\$2.50 each	普通股每股港幣2.50元	2,600,000	6,500,000	2,600,000	6,500,000
Issued and fully paid:	已發行及繳足股本：				
At 1st January	於1月1日	1,446,345	3,615,863	1,433,485	3,583,711
Shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份	14,204	35,510	937	2,343
Shares issued in lieu of dividends	發行新股以股代息	6,904	17,261	11,923	29,809
At 31st December	於12月31日	1,467,453	3,668,634	1,446,345	3,615,863

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible Executive Directors and employees. The option price of the Schemes granted prior to the year 2002 was 95% of the average closing price of the existing shares of the Bank on The Stock Exchange of Hong Kong Limited on the five business days immediately preceding the date of offer of such options. For the Schemes adopted in and after 2002, the exercise price is determined at the date of grant being not less than the highest of: (a) the closing price on the date of grant; (b) the average closing price for the five business days immediately preceding the date of grant; and (c) the nominal value. The options granted under the Schemes will be exercisable between the first and the fifth anniversaries of the date of grant. At 31st December, 2003, the outstanding options were:

根據僱員認股計劃，合資格的執行董事及僱員有權認購本銀行的普通股股份。2002年以前採納的認股計劃之認購價為給予認股權日前5個交易日日本銀行現有股份在香港聯合交易所的平均收市價的95%。而2002年及以後採納的認股計劃，認股價是根據於授予日不低於其中之最高者：(a)授予認股權日收市價；(b)授予認股權日前5個交易日的平均收市價；及(c)面值。根據此計劃發給的認股權可由授予日起計的第1周年至第5周年期間行使。於2003年12月31日尚未行使的認股權如下：

Date of options granted	Option price	Number of shares
認股權授予日期	認購價	股份數量
21/4/1999	HK\$港幣12.09	736,000
20/4/2000	HK\$港幣16.46	3,698,000
19/4/2001	HK\$港幣16.96	3,435,000
18/4/2002	HK\$港幣15.80	3,450,000
02/5/2003	HK\$港幣14.90	15,165,000

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

33. RESERVES 儲備

		2003		
		The Group 集團	The Bank 銀行	Associates 聯營公司
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
(a) Share Premium (undistributable)	(a) 股份溢價(不可派發)			
At 1st January	於1月1日	356,210	356,210	-
Net premium on shares issued under Staff Share Option Schemes	僱員認股計劃下發行的股份溢價淨額	181,493	181,493	-
Shares issued in lieu of dividends	以股代息發行的股份	(17,261)	(17,261)	-
Capital fee	資本費用	(137)	(137)	-
As 31st December	於12月31日	520,305	520,305	-
(b) General Reserve	(b) 一般儲備			
At 1st January	於1月1日	11,623,411	10,909,359	39,170
Transfer from retained profits	撥自留存溢利	12,524	-	12,524
Shares issued in lieu of dividends	以股代息發行的股份	111,161	111,161	-
Additions through merger with EAC & EAF	經與東亞授信及東亞財務合併的增置	-	567,000	-
At 31st December	於12月31日	11,747,096	11,587,520	51,694
(c) Revaluation Reserve on Bank Premises (undistributable)	(c) 行址重估儲備(不可派發)			
At 1st January	於1月1日			
- As previously reported	- 如前匯報	1,249,152	1,089,980	-
- Prior period adjustments in respect of deferred tax	- 有關遞延稅項產生的前期調整	(169,043)	(169,043)	-
- As restated	- 重報	1,080,109	920,937	-
Recognition of net deferred tax liabilities (Note 30(b))	確認遞延稅項負債淨額(附註30(b))	(15,302)	(15,302)	-
Impairment loss	減值損失	(122,013)	(12,839)	-
At 31st December	於12月31日	942,794	892,796	-
(d) Revaluation Reserve on Investment Properties (undistributable)	(d) 投資物業重估儲備(不可派發)			
At 1st January and 31st December	於1月1日及12月31日	-	-	-
(e) Statutory Reserves (undistributable)	(e) 法定儲備(不可派發)			
At 1st January and 31st December	於1月1日及12月31日	5,532	-	5,532
(f) Capital Reserve (undistributable)	(f) 資本儲備(不可派發)			
At 1st January and 31st December	於1月1日及12月31日	86,436	-	-
(g) Exchange Revaluation Reserve (undistributable)	(g) 匯兌重估儲備(不可派發)			
At 1st January	於1月1日	(17,905)	11,555	(12,271)
Exchange adjustments	匯兌調整	42,844	8,347	7,818
At 31st December	於12月31日	24,939	19,902	(4,453)
(h) Other Revaluation Reserve (undistributable)	(h) 其他重估儲備(不可派發)			
At 1st January and 31st December	於1月1日及12月31日	-	-	-

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		2003		
		The Group 集團	The Bank 銀行	Associates 聯營公司
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
(i) Retained Profits	(i) 留存溢利			
At 1st January	於1月1日			
– As previously reported	– 如前匯報	1,956,340	1,146,063	235,551
– Prior period adjustments in respect of deferred tax	– 有關遞延稅項產生的前期調整	80,523	80,207	–
– As restated	– 重報	2,036,863	1,226,270	235,551
Additions through merger with EAC and EAF	經與東亞授信及東亞財務合併的增置	–	16,219	–
Net profit for the year (Note 13)	年度內溢利(附註13)	1,921,714	1,750,006	91,395
Transfer to general reserve	撥入一般儲備	(12,524)	–	(12,524)
Dividends (Note 14)	股息(附註14)			
– Interim dividend	– 中期股息	(334,057)	(334,057)	–
– Final dividend in respect of previous year	– 上年度末期股息	(506,232)	(506,232)	–
At 31st December	於12月31日	3,105,764	2,152,206	314,422
(j) Total Reserves	(j) 儲備總額	16,432,866	15,172,729	367,195
		2002		
		The Group 集團	The Bank 銀行	Associates 聯營公司
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
(a) Share Premium (undistributable)	(a) 股份溢價(不可派發)			
At 1st January	於1月1日	375,694	375,694	–
Net premium on shares issued under Staff Share Option Schemes	僱員認股計劃下發行的股份溢價淨額	10,335	10,335	–
Shares issued in lieu of dividends	以股代息發行的股份	(29,809)	(29,809)	–
Capital fee	資本費用	(10)	(10)	–
As 31st December	於12月31日	356,210	356,210	–
(b) General Reserve	(b) 一般儲備			
At 1st January	於1月1日	11,418,601	10,457,693	30,508
Transfer from retained profits	撥自留存溢利	8,662	–	8,662
Shares issued in lieu of dividends	以股代息發行的股份	177,809	177,809	–
Realised surplus on disposals transferred from revaluation reserve on	撥自重估儲備的已實現出售物業的重估盈餘			
– investment properties	– 投資物業	14,976	105,922	–
– bank premises	– 行址	3,363	167,935	–
At 31st December	於12月31日	11,623,411	10,909,359	39,170

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

33. RESERVES (continued) | 儲備(續)

		2002		
		The Group 集團	The Bank 銀行	Associates 聯營公司
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
(c) Revaluation Reserve on Bank Premises (undistributable)	(c) 行址重估儲備 (不可派發)			
At 1st January	於1月1日			
– As previously reported	– 如前匯報	1,257,509	1,262,909	–
– Prior period adjustments in respect of deferred tax	– 遞延稅項產生的前期調整	(171,180)	(171,180)	–
– As restated	– 重報	1,086,329	1,091,729	–
Release of net deferred tax liabilities (Note 30 (b))	遞延稅項負債淨額回撥 (附註30(b))	2,137	2,137	–
Realised surplus on disposals transferred to general reserve	撥入一般儲備的已實現出售物業的重估盈餘	(3,363)	(167,935)	–
Transfer to revaluation reserve on investment properties	撥入投資物業重估儲備	(4,994)	(4,994)	–
At 31st December	於12月31日	1,080,109	920,937	–
(d) Revaluation Reserve on Investment Properties (undistributable)	(d) 投資物業重估儲備 (不可派發)			
At 1st January	於1月1日			
– As previously reported	– 如前匯報	118,323	118,323	–
– Prior period adjustments in respect of deferred tax	– 遞延稅項產生的前期調整	(3,960)	(3,960)	–
– As restated	– 重報	114,363	114,363	–
Release of net deferred tax liabilities (Note 30(b))	遞延稅項負債淨額回撥 (附註30(b))	3,960	3,960	–
Revaluation deficit	重估虧損	(108,341)	(17,395)	–
Realised surplus on disposals transferred to general reserve	撥入一般儲備的已實現出售物業的重估盈餘	(14,976)	(105,922)	–
Transfer from revaluation reserve on bank premises	撥自行址重估儲備	4,994	4,994	–
At 31st December	於12月31日	–	–	–
(e) Statutory Reserves (undistributable)	(e) 法定儲備 (不可派發)			
At 1st January and 31st December	於1月1日及12月31日	5,532	–	5,532
(f) Capital Reserve (undistributable)	(f) 資本儲備 (不可派發)			
At 1st January and 31st December	於1月1日及12月31日	86,436	–	–
(g) Exchange Revaluation Reserve (undistributable)	(g) 匯兌重估儲備 (不可派發)			
At 1st January	於1月1日	(49,712)	(6,377)	(29,478)
Exchange adjustments	匯兌調整	31,807	17,932	17,207
At 31st December	於12月31日	(17,905)	11,555	(12,271)
(h) Other Revaluation Reserve (undistributable)	(h) 其他重估儲備 (不可派發)			
At 1st January	於1月1日	(763)	–	(763)
Revaluation	重估	763	–	763
At 31st December	於12月31日	–	–	–

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

		2002		
		The Group 集團	The Bank 銀行	Associates 聯營公司
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
(i) Retained Profits	(i) 留存溢利			
At 1st January	於1月1日			
– As previously reported	– 如前匯報	1,452,170	808,972	117,494
– Prior period adjustments in respect of deferred tax (Note 3)	– 遞延稅項產生的前期調整(附註3)	99,115	95,278	–
– As restated	– 重報	1,551,285	904,250	117,494
Addition through merger with FPB	經與第一太銀合併的增置	–	18,085	–
Net profit for the year	年度內溢利			
– As previously reported	– 如前匯報	1,288,378	1,094,553	23,296
– Prior period adjustments in respect of deferred tax (Note 3)	– 遞延稅項產生的前期調整(附註3)	(18,592)	(15,071)	–
– As restated (Note 13)	– 重報(附註13)	1,269,786	1,079,482	23,296
Transfer to general reserve	撥入一般儲備	(8,662)	–	(8,662)
Dividends (Note 14)	股息(附註14)			
– Interim dividend	– 中期股息	(302,348)	(302,348)	–
– Final dividend in respect of previous year	– 上年度末期股息	(473,198)	(473,198)	–
Disposal of associates	出售聯營公司	–	–	88,004
Change of status from an associate to a subsidiary	由聯營公司轉變為附屬公司	–	–	15,419
At 31st December	於12月31日	2,036,863	1,226,271	235,551
(j) Total Reserves	(j) 儲備總額	15,170,656	13,424,332	267,982

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

General reserve was set up from the transfer of retained earnings, the realised revaluation surplus on disposal of properties and the value of shares issued in lieu of dividend.

Revaluation reserve on bank premises, revaluation reserve on investment properties and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises, investment properties and foreign currency translation.

Capital reserve represents the capitalisation of subsidiaries' reserves.

Statutory reserves are set up to supplement the paid-up capital until the sum of paid-up capital and the statutory reserves are equal to the registered capital for certain associates.

Total distributable reserves of the Bank amounted to HK\$13,739,726,000 (2002 restated: HK\$12,135,630,000).

股份溢價賬目的運用，受香港《公司條例》第48B條所管控。

一般儲備的組成，包括留存溢利轉賬、出售物業時的已實現重估盈餘及以股息發行的股份的價值。

行址、投資物業重估儲備及匯兌重估儲備的組成及處理，是根據行址、投資物業重估和外幣折算所採用的會計政策。

資本儲備指附屬公司儲備的資本化發行。

法定儲備是用作支持實收股本直至實收股本及法定儲備的總額與某些聯營公司的註冊股本相同。

本銀行可派發儲備的總額為港幣13,739,726,000元(2002年重報：港幣12,135,630,000元)。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

34. OFF-BALANCE SHEET EXPOSURES | 資產負債表以外的項目

(a) Contingent Liabilities and Commitments

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

(a) 或然負債及承擔

以下為每項或然負債及承擔主要類別的合約數額：

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Direct credit substitutes	直接信貸代替品	4,381,620	4,125,735	4,350,990	4,097,553
Transaction-related contingencies	與交易有關的或然項目	496,632	519,227	496,632	519,227
Trade-related contingencies	與貿易有關的或然項目	2,596,662	2,152,000	2,549,609	2,133,553
Other commitments with an original maturity of:	其他承擔：				
under 1 year or which are unconditionally cancellable	原到期日少於1年或可無條件取消	20,395,121	20,615,082	20,174,252	20,353,725
1 year or over	原到期日在1年及以上	6,775,946	8,416,217	6,778,653	8,429,717
Others	其他	50,117	-	50,117	-
		34,696,098	35,828,261	34,400,253	35,533,775

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。合約數額是指當合約被完全提取及客戶違約時所承擔風險的數額。由於預期擔保書及承付款項的大部分數額會在未經提取前逾期，合約總額並不代表未來流動性要求。

(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 derivative for the Group and the Bank:

(b) 衍生工具

衍生工具是指由一項或多項基本資產或指數價值釐定價值的財務合約。

以下為集團及銀行的每項衍生工具主要類別的名義數額：

		The Group 集團					
		2003		2002		2002	
		Trading 買賣	Hedging 對沖	Total 總額	Trading 買賣	Hedging 對沖	Total 總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	5,051,405	142,583	5,193,988	4,732,112	359,628	5,091,740
Swaps	掉期交易	18,817,961	5,781,087	24,599,048	5,649,654	7,916,316	13,565,970
Options purchased	購入期權	2,828,762	-	2,828,762	1,202,429	-	1,202,429
Options written	沽出期權	2,712,886	-	2,712,886	1,202,429	-	1,202,429
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	325,000	-	325,000	200,000	-	200,000
Swaps	掉期交易	728,989	12,487,682	13,216,671	722,758	10,405,074	11,127,832
Options purchased	購入期權	-	-	-	-	19,498	19,498
Equity contracts	股份合約						
Options purchased	購入期權	420,319	-	420,319	186,131	-	186,131
Options written	沽出期權	420,319	-	420,319	186,131	-	186,131
		31,305,641	18,411,352	49,716,993	14,081,644	18,700,516	32,782,160

NOTES ON THE ACCOUNTS (continued)
賬項附註(續)

		The Bank 銀行					
		2003			2002		
		Trading 買賣	Hedging 對沖	Total 總額	Trading 買賣	Hedging 對沖	Total 總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	5,052,181	-	5,052,181	4,979,811	-	4,979,811
Swaps	掉期交易	18,817,961	5,781,087	24,599,048	5,649,654	7,916,316	13,565,970
Options purchased	購入期權	2,828,762	-	2,828,762	1,202,429	-	1,202,429
Options written	沽出期權	2,712,886	-	2,712,886	1,202,429	-	1,202,429
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	325,000	-	325,000	200,000	-	200,000
Swaps	掉期交易	728,989	12,604,127	13,333,116	722,758	10,405,074	11,127,832
Options purchased	購入期權	-	-	-	-	19,498	19,498
Equity contracts	股份合約						
Options purchased	購入期權	420,319	-	420,319	186,131	-	186,131
Options written	沽出期權	420,319	-	420,319	186,131	-	186,131
		31,306,417	18,385,214	49,691,631	14,329,343	18,340,888	32,670,231

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

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

衍生工具是由本集團及銀行在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在結算日仍未完成的交易量，但並不代表所承受風險的數額。

前述資產負債表以外風險的重置成本及信貸風險加權數額如下。這些數額並未計及雙邊淨額結算安排的影響。

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Replacement costs	重置成本				
Exchange rate contracts	匯率合約	583,085	191,727	582,538	191,387
Interest rate contracts	利率合約	865,565	232,654	865,565	232,654
Options purchased	購入期權				
- exchange rate contracts	- 匯率合約	5,896	451	5,896	451
- equity contracts	- 股份合約	3,730	364	3,730	364
		1,458,276	425,196	1,457,729	424,856
Credit risk weighted amounts	信貸風險加權數額				
Contingent liabilities and commitments	或然負債及承擔	8,087,367	8,559,065	8,061,762	8,538,585
Exchange rate contracts	匯率合約	259,825	149,853	258,976	148,532
Interest rate contracts	利率合約	192,086	61,098	192,163	61,098
Equity contracts	股份合約	19,519	8,000	19,519	8,000
		8,558,797	8,778,016	8,532,420	8,756,215

NOTES ON THE ACCOUNTS (continued)

賬項附註 (續)

34. OFF-BALANCE SHEET EXPOSURES (continued) | 資產負債表以外的項目 (續)

(b) Derivatives (continued)

The tables above give the contractual or notional amounts, replacement cost and credit risk weighted amounts of off-balance sheet transactions. The replacement cost is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Hong Kong Monetary Authority's guidelines which implement the Basle agreement 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, equity and interest rate contracts. Replacement cost represents the cost of replacing all contracts which have a positive value when marked to market. Replacement cost is a close approximation of the credit risk for these contracts as at the balance sheet date. The credit risk weighted amount refers to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

(c) Capital Commitments

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

(b) 衍生工具 (續)

各表列出資產負債表以外交易的合約或名義數額、重置成本及信貸風險加權數額。重置成本是用來計算信貸風險加權數額。該等數額是按照香港金融管理局實行關於資本充裕的巴塞爾協議及按其他銀行財務狀況和到期特性釐定的指引而作出評估。或然負債及承擔所用的風險加權由0%至100%，而匯率、股份及利率合約則由0%至50%。重置成本是指重置所有按市場價值計算差額時附有正值的合約成本，亦是在結算日該等合約的略計信貸風險。信貸風險加權數額是指按《銀行條例》附表三計算的數額。

(c) 資本承擔

於12月31日未償付但並未在賬項中提撥準備的資本承擔如下：

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Expenditure authorised and contracted for*	已核准支出並已簽約*	1,122,082	1,257,317	1,104,710	1,249,488
Expenditure authorised but not contracted for	已核准支出但未簽約	377,555	332,169	377,555	6,168
		1,499,637	1,589,486	1,482,265	1,255,656

* The amounts as at 31st December, 2003 and 31st December, 2002 included the capital commitments amounting to HK\$873,470,000 and HK\$1,133,768,000 respectively in relation to the Bank's acquisition of a portion of Millennium City 5, a new building being erected in Kwun Tong. Other amounts as at 31st December, 2003 mainly included the commitments amounting to HK\$102,180,000 in relation to the implementation of a new core banking system.

* 在2003年12月31日及2002年12月31日，已包括本銀行購入一棟位於觀塘正在興建中的全新大廈「創紀之城第5期」部分面積的有關資本承擔，分別為港幣873,470,000元及港幣1,133,768,000元。於2003年12月31日，其他資本承擔包括為即將啟用的新核心銀行系統，金額為港幣102,180,000元。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(d) Operating Lease Commitments

At 31st December, 2003, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

(d) 經營租賃承擔

於2003年12月31日，在不可撤銷的經營租賃內，未來最低應付租賃款項總額如下：

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Properties	物業				
within one year	1年以內	93,134	83,271	125,069	115,290
after one year but within five years	1年至5年內	119,665	84,958	129,329	67,920
after five years	5年以後	27,580	32,066	52,641	25,894
		240,379	200,295	307,039	209,104
Other	其他				
within one year	1年以內	1,857	2,365	1,017	1,217
after one year but within five years	1年至5年內	2,069	2,603	569	1,413
		3,926	4,968	1,586	2,630

The Group and the Bank lease certain properties and equipment under operating leases. The leases typically run for an initial period of one to twenty five years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted annually to reflect market rentals. None of the leases includes contingent rentals.

集團及銀行以經營租賃形式租入某些物業和設備。租賃年期通常由1年至25年，到期日後可再續約但其他條款須另議。租賃付款金額通常每年調整以反映市值租金。所有租約並不包括或有租金。

(e) Obligations under Mortgage Loans Sold

Included in the captions set out below are balances which are established as reserve funds for mortgage loan purchasers pursuant to the terms of mortgage sale agreements. The reserve funds are available to the purchasers to cover any losses or cash flow shortfalls that result from both credit risk and basis risk with respect to the loans sold and to protect the purchasers in the event that they have to appoint a substitute servicer.

These reserve funds are either set up in the name of the Bank and are charged in favour of the purchaser as security for the Bank's obligations to the purchaser or, in the name of the loan purchaser who retains absolute ownership, title, right and interest in the reserve funds, pursuant to the terms of the mortgage sale agreements.

(e) 已售按揭貸款承擔

標題包括以下根據出售按揭貸款合約條文規定成立用作按揭貸款購買者的儲備金結餘。儲備金是用作賠償購買者因已售貸款引起的信用及利率風險而蒙受任何損失或現金流量之差額及保障購買者須另行委派替補償付人。

該等儲備金是以本行名義成立及押予購買者為本行之承擔作抵押品，或根據出售按揭貸款合約條文規定以購買者名義成立而購買者可保留絕對擁有權、所有權、權利及儲備金利益。

		The Group 集團		The Bank 銀行	
		2003	2002	2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Held-to-maturity debt securities	持至到期債務證券	30,494	39,815	30,494	39,815
Accrued interest and other accounts	應計利息及其他賬項	73,136	68,805	73,136	68,805
		103,630	108,620	103,630	108,620

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

35. NOTES ON CONSOLIDATED CASH FLOW STATEMENT | 綜合現金流量表附註

(a) Purchase of Subsidiaries

(a) 收購附屬公司

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
Net assets acquired	已購入淨資產		
Placements with banks and other financial institutions maturing between one and twelve months	在銀行及其他金融機構於1至12個月內到期的存款	-	5,414
Advances and other accounts less provisions	已扣除準備之貸款及其他賬項	-	5,185
Investment securities	投資證券	-	2,667
Fixed assets	固定資產	-	4,479
Deferred tax	遞延稅項	-	(400)
Other accounts and provisions	其他賬項及準備	-	(6,567)
Minority interest	少數股東權益	-	(3,050)
Share of net assets under equity accounting	根據權益會計法應佔淨資產	-	(1,980)
		-	5,748
Goodwill arising on consolidation	賬項綜合時產生的商譽	300,509	332,461
		300,509	338,209
Investment cost payable	應付投資金額		
- as at 1st January	- 於1月1日	-	1,682
- as at 31st December	- 於12月31日	-	-
Total purchase price paid, satisfied in cash	以現金支付的購入價	300,509	339,891
Less: cash and cash equivalents acquired	減: 購入的現金及等同現金項目	-	(5,414)
Net cash outflow in respect of the acquisition of subsidiaries	收購附屬公司現金流出淨額	300,509	334,477

(b) Increase in Shareholding of a Subsidiary

The Group increased its shareholding in a subsidiary by 4.3% for a cash consideration of HK\$39,139,000 in 2003. The net asset value and goodwill attributable to the increase in shareholding was HK\$37,121,000 and HK\$2,018,000 respectively.

(b) 增加一間附屬公司的權益

於2003年，本集團以現金代價港幣39,139,000元增加一間附屬公司4.3%之權益。權益增加所產生的資產淨值及商譽分別為港幣37,121,000元及港幣2,018,000元。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

(c) Cash and Cash Equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存
Money at call and short notice	通知及短期存款
Placements with banks and other financial institutions with original maturity within three months	原本期限為3個月以內的在銀行及其他金融機構的存款
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證

(ii) Reconciliation with the consolidated balance sheet

Cash and short term funds	現金及短期資金
Placements with banks and other financial institutions maturing between one and twelve months	在銀行及其他金融機構於1至12個月內到期的存款
Certificates of deposit held	持有的存款證
Amount shown in the consolidated balance sheet	在綜合資產負債表出現的金額
Less: amount with an original maturity of beyond three months	減:原本期限為3個月以上的數額
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目

(c) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
		2,695,618	1,963,261
		21,264,261	28,442,335
		6,899,332	2,319,674
		2,294,706	3,373,137
		736,621	226,615
		33,890,538	36,325,022

(ii) 與綜合資產負債表的對賬

		2003	2002
		HK\$'000 港幣千元	HK\$'000 港幣千元
		36,033,510	34,937,640
		21,075,521	11,670,652
		3,016,556	2,370,751
		60,125,587	48,979,043
		(26,235,049)	(12,654,021)
		33,890,538	36,325,022

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

36. LOANS TO OFFICERS | 行政人員貸款

The aggregate of loans to officers of the Bank disclosed pursuant to Section 161B (4B) and (4C) of the Hong Kong Companies Ordinance is as follows:

按照香港《公司條例》第161B條(4B)及(4C)款規定，本行行政人員之貸款總額公佈如下：

		2003 HK\$'000 港幣千元	2002 HK\$'000 港幣千元
Aggregate amount of relevant loans outstanding at 31st December	相關貸款於12月31日的結欠總額		
By the Bank	由銀行借出	671,501	699,024
By subsidiaries	由附屬公司借出	-	15,597
		671,501	714,621
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額		
By the Bank	由銀行借出	1,044,475	1,023,528
By subsidiaries	由附屬公司借出	-	16,806

There was no interest due but unpaid nor any specific provision made against these loans at 31st December, 2003.

於2003年12月31日，沒有逾期未償付利息，亦未有對該等貸款作特殊準備。

37. MATERIAL RELATED PARTY TRANSACTIONS | 關聯人事的重大交易

The Group maintains certain retirement benefit schemes for its staff as per Note 2(p)(iii). In the year 2003, the total amount of contributions the Group made to the schemes was HK\$65,854,000 (2002: HK\$64,172,000).

本集團為其職員提供某些退休保障計劃，並已於附註2(p)(iii)披露。於2003年內，本集團對這些計劃的供款總數為港幣65,854,000元(2002年：港幣64,172,000元)。

The Group enters into a number of transactions with the Group's related parties, including its associates, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. Except that there is an interest free shareholder's advance extended to one associate amounting to HK\$10,700,000 at 31st December, 2003 (2002: HK\$31,526,000), all interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

本集團與其關聯人士進行多項交易。這些人士包括聯營公司、主要行政人員與其直系親屬、及受這些人士所控制的公司或其具有重大影響力的公司。這些交易包括接受這些人士存款及為他們提供信貸。本行借予一間聯營公司免息股東墊款，其於2003年12月31日的結餘為港幣10,700,000元(2002年：港幣31,526,000元)，除此以外，所有存款及信貸的利率，均按照與一般同等信用水平之客戶相若的條款及規定。

The interest received from and interest paid to the Group's related parties for the year, and the outstanding balances of amounts due from and due to them at the year end are aggregated as follows:

於2003年，本集團從關聯人士所收取與支付予他們的利息，及在2003年12月31日，關聯人士的欠款及欠關聯人士的款項現總結如下：

		2003 % to Group total 相對集團總數 之百分率	2002 % to Group total 相對集團總數 之百分率
Interest income	利息收入	1.3	2.7
Interest expense	利息支出	0.9	2.2
Amount due from related parties (Note a)	關聯人士的欠款(附註a)	2.4	3.8
Amount due to related parties (Note b)	欠關聯人士的款項(附註b)	1.1	1.4

Notes: (a) Based on total assets excluding cash and short-term funds, placements with banks and other financial institutions maturing between one and twelve months, investments in associates and fixed assets.

附註：(a) 根據資產總額但不計入現金及短期資金、在銀行及其他金融機構於1至12個月內到期的存款、聯營公司投資及固定資產。

(b) Based on deposits from customers and debt instruments issued.

(b) 根據客戶存款及已發行之債務證券。

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

38. EQUITY COMPENSATION PLANS | 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Directors and Chief Executive, of the Group options to subscribe for shares of the Bank. The options may be exercised during the period beginning on the first anniversary of the Date of Grant and ending on the fifth anniversary of the Date of Grant. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予集團之任何僱員，包括執行董事及行政總裁，以認購本行股份。認股權的行使期限為授予日的第1周年開始至授予日的第5周年止。所有認股權均以無代價形式發出。

(a) Particulars of Share Options 認股權詳情

Date of Grant 授予日期	Vesting Period 有效期	Exercise Period 行使期	Exercise Price Per Share 每股行使價 HK\$港幣
20/4/1998	20/4/1998 – 19/4/1999	20/4/1999 – 20/4/2003	15.30
21/4/1999	21/4/1999 – 20/4/2000	21/4/2000 – 21/4/2004	12.09
20/4/2000	20/4/2000 – 19/4/2001	20/4/2001 – 20/4/2005	16.46
19/4/2001	19/4/2001 – 18/4/2002	19/4/2002 – 19/4/2006	16.96
18/4/2002	18/4/2002 – 17/4/2003	18/4/2003 – 18/4/2007	15.80
02/5/2003	02/5/2003 – 01/5/2004	02/5/2004 – 02/5/2008	14.90

(b) Movement of Share Options 認股權之變動

Date of Grant 授予日期	Number of Share Options 認股權數目				Outstanding at 31/12/2003 於2003年12月31日 尚未行使
	Outstanding at 1/1/2003 於2003年1月1日 尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	
20/4/1998	5,361,200	–	–	5,361,200	–
21/4/1999	4,510,000	–	3,764,000	10,000	736,000
20/4/2000	11,128,000	–	6,990,000	440,000	3,698,000
19/4/2001	5,360,000	–	1,665,000	260,000	3,435,000
18/4/2002	5,505,000	–	1,785,000	270,000	3,450,000
02/5/2003	–	15,525,000	–	360,000	15,165,000
Total 總額	31,864,200	15,525,000	14,204,000	6,701,200	26,484,000

Date of Grant 授予日期	Number of Share Options 認股權數目				Outstanding at 31/12/2002 於2002年12月31日 尚未行使
	Outstanding at 1/1/2002 於2002年1月1日 尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	
29/4/1997	13,395,000	–	–	13,395,000	–
20/4/1998	5,783,200	–	286,200	135,800	5,361,200
21/4/1999	5,063,000	–	553,000	–	4,510,000
20/4/2000	11,700,000	–	98,000	474,000	11,128,000
19/4/2001	5,520,000	–	–	160,000	5,360,000
18/4/2002	–	5,625,000	–	120,000	5,505,000
Total 總額	41,461,200	5,625,000	937,200	14,284,800	31,864,200

NOTES ON THE ACCOUNTS (continued)

賬項附註(續)

38. EQUITY COMPENSATION PLANS (continued) | 股份補償計劃(續)

(c) No share options were cancelled during the years ended 31st December, 2003 and 2002. (c) 截至2003及2002年12月31日年度內並未有認股權被註銷。

(d) Details of share options exercised

(d) 已行使認股權詳情

Exercise Period 行使期間	Date of Grant 授予日期	Number of Share Options 認股權數目	
		2003	2002
January 1月	20/4/1998	-	89,000
	21/4/1999	-	169,000
	20/4/2000	-	49,000
February 2月	20/4/1998	-	12,600
	21/4/1999	32,000	129,000
	21/4/1999	12,000	6,000
March 3月	21/4/1999	35,000	22,000
April 4月	20/4/1998	-	113,000
	21/4/1999	218,000	58,000
	20/4/2000	-	49,000
May 5月	20/4/1998	-	71,600
	21/4/1999	781,000	110,000
	21/4/1999	371,000	22,000
June 6月	21/4/1999	250,000	-
	18/4/2002	275,000	-
	21/4/1999	1,089,000	37,000
September 9月	20/4/2000	976,000	-
	18/4/2002	630,000	-
	21/4/1999	557,000	-
October 10月	20/4/2000	2,767,000	-
	19/4/2001	360,000	-
	18/4/2002	500,000	-
November 11月	21/4/1999	349,000	-
	20/4/2000	2,458,000	-
	19/4/2001	735,000	-
December 12月	21/4/1999	70,000	-
	20/4/2000	789,000	-
	19/4/2001	570,000	-
	18/4/2002	380,000	-
		14,204,000	937,200

39. COMPARATIVE FIGURES | 比較數字

- (a) Comparative figures for 2002 are restated to conform with the current year's presentation. The restatements for the consolidated profit and loss account, consolidated and the Bank's balance sheet are due to the change in accounting policy for deferred taxation. (a) 2002年的比較數字已作重報以符合本年度的呈報方式。由於遞延稅項會計政策轉變，故需重報綜合損益賬、綜合資產負債表及銀行本身的資產負債表。
- (b) Cash rebates for mortgage loans amounting to HK\$181,749,000 (2002: HK\$173,362,000), which were previously classified under operating expenses, are netted off against interest income to be in line with market practice. Prior year figures are restated to conform with the current year's presentation. (b) 跟隨市場的一貫方法，本年度的按揭貸款的現金回贈港幣181,749,000元(2002年：港幣173,362,000元)在利息收入內抵銷，而往年則列作營運開支。上年度的比較數字已作重報以符合本年度的呈報方式。
- (c) Commission related expenses amounting to HK\$206,504,000 (2002: HK\$178,268,000), which were previously classified under operating expenses is now shown as fees and commission expense to be in line with market practice. Prior year figures are restated to conform with the current year's presentation. (c) 跟隨市場的一貫方法，本年度的有關佣金支出港幣206,504,000元(2002年：港幣178,268,000元)視作股務費用及佣金支出，而往年則列作營運開支。上年度的比較數字已作重報以符合本年度的呈報方式。