

董事會欣然提呈本集團截至二〇〇一年六月三十日止六個月的中期報告及簡明賬目。本集團截至二〇〇一年六月三十日止六個月之綜合業績、綜合現金流量表及綜合已確認損益報表，以及本集團於二〇〇一年六月三十日結算之綜合資產負債表，均是未經審核及以簡明賬目編製。上述各項連同有關註釋及補充財務資料列於本中期報告第九至三十六頁。

業務概況

上半年香港經濟受到美國影響再度放緩，結構性調整依然持續且有深化趨勢，產業降價，通貨收縮，失業情況迄無改善，導致借貸需求和內部消費均呈疲弱。

在經濟窘境未獲舒緩，同業競爭日形激烈的情況下，本銀行上半年業績出現下調。

本銀行二〇〇一年首六個月的業績與去年同期比較：

除稅後盈利減少8.5%，為港幣四億三千八百八十二萬七千元。由於借貸需求萎縮，而本銀行亦向持較保守信貸政策，致貸存比率下降，香港追隨美國六次減息，存款息率與放款息率部份未能同步下調，令淨利息收入減少9.4%，為港幣六億二千九百七十九萬八千元。

非利息收入減少11.4%，為港幣一億七千二百二十八萬六千元，主要因股市下滑，交投萎縮，證券業務佣金收益大幅下降，而貸款手續費及外匯、租金等收入亦呈現退減。

營業收入減少9.8%，為港幣八億零二百零八萬四千元；營業支出增加1.6%，為港幣二億四千四百七十四萬四千元；成本對收入比率為30.5%，較去年同期上升3.4%。

扣除呆壞賬準備金前之營業溢利減少14.1%，為港幣五億五千七百三十四萬元；提撥呆壞賬準備減少34.2%，為港幣四千七百四十九萬六千元。

營業溢利下降11.6%，為港幣五億零九百八十四萬四千元。

客戶貸款與去年同期比較下跌0.9%，為港幣二百七十四億四千四百七十八萬六千元，與去年底比較下跌2.8%。提撥準備港幣八億三千八百零四萬五千元，為總貸款的3.1%，其中近半數屬一般準備。

客戶存款與去年同期比較增長6.6%，為港幣五百億零九千五百五十二萬五千元，與去年底比較微升0.8%。已發行浮息存款證港幣十二億三千五百萬元。貸存比率為51.8%，較去年同期之

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six-months ended 30 June 2001. The consolidated results, consolidated cash flow statement and consolidated statement of recognized gains and losses for the Group for the six-months ended 30 June 2001, and the consolidated balance sheet as at 30 June 2001 of the Group, all of which are unaudited and condensed, along with selected explanatory notes and supplementary financial information are set out on pages 9 to 36 of this report.

Business Operations

In the first half of 2001, Hong Kong's economic growth declined further subsequent to the weakening US economy. Our economic restructuring process continues with intensity, as evidenced by declining property prices, deflation, persistently high unemployment, weak loan demand and sluggish consumption.

In the face of poor economic conditions and severe competitions among banks, the Bank recorded a lower net profit for the first half of 2001.

Comparing the Bank's operating results for the first half of 2001 with the corresponding period of 2000:

Profit after taxation amounted to HK\$438,827,000, representing a decrease of 8.5%. The persistent slack loan demand, as well as our adherence to prudent credit policies have resulted in a lower loan-to-deposit ratio. As the local interest rates came down six times in the first half following that of the US, the lending rates fell earlier and by a greater magnitude than the deposit rates, thereby forcing the net interest income to drop by 9.4% to HK\$629,798,000.

Non-interest income decreased by 11.4% to HK\$172,286,000. Given the sluggish local stock market, transaction volume contracted noticeably, causing the securities brokerage income to drop significantly. Loan handling fees, income from foreign exchange and rental income reported a decline.

Operating income decreased by 9.8% to HK\$802,084,000. Operating expenses increased by 1.6% to HK\$244,744,000. The cost-to-income ratio was 30.5%, representing 3.4% increase compared to the same period last year.

Operating profit before provisions shrank by 14.1% to HK\$557,340,000. The charge for bad and doubtful debts decreased by 34.2% to HK\$47,496,000.

Operating profit decreased by 11.6% to HK\$509,844,000.

Advances to customers fell by 0.9% from the level a year ago to HK\$27,444,786,000, which is 2.8% lower compared with that at 31 December 2000. Provisions for bad and doubtful debts amounted to HK\$838,045,000, representing 3.1% of the total advances to customers. About half of the total provision was general provision.

Total customer deposits of HK\$50,095,525,000 was 6.6% higher compared with the same period last year, or a mild increase of 0.8% as compared with that at 31 December 2000. Floating rate certificates of deposit issued amounted to HK\$1,235,000,000. The loan-to-deposit ratio was 51.8%, compared with 55.5%

55.5%為低，去年底為53.7%，反映借貸需求持續下降，而本銀行亦堅持審慎貸放原則，今後會積極將資源分散拓展其他具較高回報的業務和佣金收益業務如私人貸款、信用卡、租購分期、財資管理、保險、證券買賣等業務。

平均總資產回報率為1.3%，略低於去年同期之1.6%；平均股東資金回報率為12.3%，低於去年同期之14.8%。

二〇〇一年六月三十日之綜合資本充足比率為21.8%，平均流動資金比率為51.5%。

存款

由於信貸需求持續疲弱，資金出路受到局限，本銀行故特別注意和嚴加控制利息開支以吸取所需存款。

本年七月起利率協議管制全面撤消，本銀行推出了港元儲蓄存款分層利率架構，在現階段無意向小額存戶徵收服務費，對存額低於港幣五千元者酌量給回照儲蓄利率減一厘利息；存額在港幣五萬元或以上，則給予較儲蓄利率高0.125%至0.35%利息，長遠而言此一架構有助吸引更多儲蓄存款客戶。

樓宇按揭

房地產價格雖然已下調了許多，惟因經濟尚未復甦，市民置業意欲依然薄弱，樓宇按揭業務還款者多，貸款者少，樓按市場估計仍持續平靜一段時期，本銀行會多致力拓展銀團貸款、企業融資、租購分期、私人信貸等，為資金開關更多出路。

押匯

香港主要市場美國、日本、歐盟的經濟持續放緩，本地內部需求亦極度疲弱，令押匯開證、買單等活動趨於淡靜，加上現時從事外貿廠商多數已改用開戶記賬形式交易，亦減少倚賴銀行押匯服務。

本銀行押匯部今後會致力多做一些中小型企業信貸和入口發票融資。

理財中心

本銀行理財中心於本年五月中旬正式開始運作，向客戶提供多項理財服務，包括代理單位信託基金、買賣債券、接受股票聯繫存款、貨幣連繫存款等。現時房地產降價，股市下調，存款利率低企，理財中心推出上述產品可以為投資者提供多一些另類選擇，甚受客戶歡迎，開戶人數有可觀增長，銷售成績亦算理想。

for the same period of 2000 and 53.7% at 31 December 2000, reflecting weak loan demand coupled with the prudent lending policy adopted by the Bank. The Bank will re-allocate its resources to higher yielding loans and commission income businesses, focusing more on personal loan, credit card, hire-purchase and leasing, wealth management, insurance and securities trading, etc.

The return on average total assets was 1.3%, slightly lower than 1.6% for the same period in 2000. The return on average shareholders' funds was 12.3%, also below the 14.8% recorded in the same period in 2000.

At 30 June 2001, the consolidated capital adequacy ratio was 21.8%, and the average liquidity ratio was 51.5%.

Deposits

In view of continued slack loan demand and high liquidity, we are exercising stringent interest cost control through careful assessment of our funding requirements.

With the interest rates deregulation effective 1 July, the Bank has introduced a tiered interest rate system for HK\$ savings accounts. Customers with account balances below HK\$5,000 will earn an interest rate of 1% less than the Bank's basic savings rate; whereas 0.125% to 0.35% premium over the basic savings rate will be rewarded to customers with balances exceeding HK\$50,000. Currently, we do not plan to impose service charge on small depositors, and we believe this approach will attract more Hong Kong dollar savings deposits in the long-run.

Mortgage lending

Although the price of residential properties has adjusted downwards considerably, the residential property market continued to contract due to sluggish economic conditions and poor investors sentiment. Mortgage loan redemption and refinancing activities further aggravate this loan sector. As the property loan market is projected to stay at the current level for some time, the Bank will make every effort to diversify its loan portfolio to syndicated loans, corporate lending, hire-purchase and leasing operation, personal loan products, etc in order to further develop new income avenues.

Bills

The economies of Hong Kong's major export markets, including the US, Japan, and the European Union, remain sluggish, whereas our domestic consumption has slowed down significantly. L/C documentary issuing and bills negotiation activities consequently shrank. The increasing use of open account to conduct transactions among the trading partners have reduced their reliance on traditional trade finance services, causing a contraction in trade finance business.

The Bank will increase its participation in small and medium enterprises financing and invoice financing.

Wealth Management Centre

The Bank's Wealth Management Centre started to operate in mid-May 2001 to provide customers with a wide range of investment services, including the sale of unit trusts, bonds trading, equity-linked deposit, currency-linked deposit, etc. A challenging investment environment with declining property prices, sluggish stock market and low deposit yields, necessitates the provision of other investment alternatives to our customers. It is encouraging to note that this operation has achieved satisfactory expansion both in new account and sales volume.

信用咭

上半年信用咭業務與去年同期比較，發咭數量、放出賬款均達致預期增長；合作發行聯營咭機構與建立收單關係的商號續有遞增。在經濟持續低迷及失業率仍然高企的影響下，撇除呆壞賬比率處於高水平，此點可能與部份欠款者濫用破產程序逃避債務所致，已聯同部份同業向有關當局反映意見。

由本年七月起本銀行信用咭與八達通咭建立自動增值連繫，反應良好，隨後並舉行了一連串市場推廣活動促銷，期望至本年底發咭數量再有所突破。

保險

上半年屬下之永隆代理公司及永隆保險公司的保險業務均有理想表現，主要是多吸納了經紀及代理的生意；惟賠償費用增加，致承保盈餘有所下調。

今年五月與同業合組了 Professional Liability Underwriting Services Limited，向客戶提供專業責任保險服務。此外，與同業合組銀和再保險有限公司及香港人壽保險有限公司，其業務亦順利開展，長遠計對增進本銀行保險業務收益有所裨助。

證券

上半年本港股市受美股下跌影響顯著回落，成交萎縮，屬下證券公司收益受影響頗大，而期貨公司收益則有所增長，估計未來市況仍受外圍因素影響而波動。由於利率低企，會令資金投向股市，下半年市況可望好轉，證券公司正準備稍後推出股票儲蓄計劃吸引小投資者作長期往來，寓投資於儲蓄，並會加強及更新自動化交易系統，方便客戶使用，期望佣金收益能穩定增長。

資訊科技

本年一月底本銀行與IBM簽約購置其最新型的 Teller Platform 系統，隨後於四月開始分段交付及安裝。

為適應利率協議全面解除而推行的分層計息功能已告實施；各類服務收費功能亦適時完成，以備隨時使用；至於整套 Teller Platform 高智能櫃員系統的籌劃預算須待至明年中始克竣事。

Credit card

The Bank's credit card business performed satisfactorily in the first half of 2001, with the total number of credit cards issued and credit card receivables growth on target. The number of affinity card programs and merchant acquisition business are on the increase. Amid poor economic and employment conditions, the charge off ratio remained high, resulting partially from the abusive use of personal bankruptcy proceedings by cardholders as a way out of their heavy debt burden. We have joined with other card issuers in expressing our concerns to the relevant Authority.

In July 2001, the Bank and Creative Star Limited jointly launched the "Wing Lung Credit Card – Octopus Automatic Add-Value Service". The service has received favourable response. A series of marketing programs is in the pipeline, and we target on achieving a broader card base by the year-end.

Insurance

In the first quarter of 2001, the progress of Wing Lung Agency Limited and Wing Lung Insurance Company Limited, wholly-owned subsidiaries of the Bank, has been satisfactory, attributable to the growth in brokerage and agencies businesses. However, underwriting surplus recorded a decrease resulting from higher claim payments.

In May 2001, the Bank partnered with other insurance corporations in the formation of Professional Liability Underwriting Services Limited to provide customers with professional liability underwriting service. The progress of BC Reinsurance Limited and Hong Kong Life Insurance Limited, the joint ventures set up with other banks, has been satisfactory. We hope that these strategic partnerships will lead to expansion opportunities in our insurance operation in the long-run.

Securities broking

In the first half of 2001, the local stock market experienced a substantial downturn tracking its US counterpart. Transaction volume shrank noticeably, negatively affecting the profitability of our securities company; whereas, our futures company recorded an increase in profit. The local stock market will continue to fluctuate, affected by external factors. It is expected that on the back of low interest rate environment, the stock market will turnaround in the second half of 2001 with the influx of investment funds. To further enhance our competitiveness and to expand our market share, a new investment plan will be introduced which appeals to the desire of small investors to accumulate shares as a means of saving. Automated securities transaction system enhancement will be further developed to provide customers with better and more convenient service. It is hoped that these initiatives would generate more commission income for the Bank.

Investment in information technology

An agreement with IBM was executed at the end of January 2001 for the purchase of its most sophisticated teller platform system. Equipment delivery and installation is by stages starting from April 2001.

Separately, the Bank has successfully launched the tiered interest rate calculation program tailored to our policy implementation upon interest rates deregulation. The system function for service charge application will be completed as scheduled. The complete high intelligence teller platform is expected to be operational in mid 2002.

人力資源

在二〇〇一年六月底，本銀行僱員總人數為1,210人。

本銀行訓練部經常開設一些與業務及新產品有關課程、資訊科技應用課程、專題講座等，以培訓和充實職員的知識和技能；並鼓勵及資助職員修讀外間舉辦之各類課程；亦有不時與海內外同業互派人員進行業務技術交流，以配合業務發展所需。

中期股息

董事會已宣佈將於二〇〇一年九月二十二日或其後派發中期股息每股港幣三角八仙，予二〇〇一年九月二十二日在股東名冊上已登記之股東。

過戶日期

本銀行股份由二〇〇一年九月十七日至九月二十二日，首尾兩天在內，暫停轉股過戶。凡持有本銀行股票而未過戶者，如欲得享上述股息，須於二〇〇一年九月十四日(星期五)下午四時前將過戶書及有關股票送交本銀行股份登記處香港中央證券登記有限公司(香港皇后大道東一八三號合和中心十九樓)辦理過戶手續。

主要股東之權益

根據本銀行依照證券(披露權益)條例第十六(一)條而設之主要股東登記冊顯示，除披露於以下董事之股本權益之外，各主要股東於二〇〇一年六月三十日持有本銀行已發行股本百分之十或以上權益者如下：

伍宜孫有限公司
伍黎宜有限公司
宜康有限公司
新加坡發展銀行有限公司

** 此數包括伍宜孫有限公司持有控制性股權之宜康有限公司所持股份在內。

根據一九九二年三月十二日所訂立之股東合約，伍宜孫有限公司、伍黎宜有限公司、宜康有限公司、永時實業有限公司、持有該等公司股份之伍氏家族成員，及新加坡發展銀行有限公司均承諾盡量保持相互間共同持有不少於本銀行已發行股本百分之五十一之股權。依照證券(披露權益)條例，簽訂上述股東合約之個人及公司，均各別被視為擁有本銀行148,419,876股股份之權益。

Human resources

At the end of June 2001, total workforce amounted to 1,210.

With a view to upgrading the skills and knowledge base of our staff so that they are better able to serve business and customers' needs, the Bank has been actively organizing seminars and training session related to bank operation, product knowledge, information technology and specialized topics, and sponsoring our staff to attend various training programs. Exchange visits have been arranged with our overseas correspondents in the sharing of experience in different aspects of business operations.

Interim Dividend

The Directors are pleased to declare an interim dividend of HK\$0.38 per share to be paid on or after 22 September 2001 to shareholders registered on 22 September 2001.

Closure of Register of Members

The Register of Members will be closed from 17 September 2001 to 22 September 2001, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Bank's Registrars, Central Registration Hong Kong Limited (19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong) for registration not later than 4 p.m. on Friday, 14 September 2001.

Substantial Shareholders' Interests

At 30 June 2001, the register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that, other than the interests disclosed below in respect of certain directors, the following shareholders had an interest of 10% or more in the issued share capital of the Bank:

	所持股數 Number of shares
Wu Yee Sun Company Limited	** 58,296,241
Wu Jieh Yee Company Limited	42,305,919
Yee Hong Company Limited	25,571,406
The Development Bank of Singapore Limited	23,219,010

** This includes the shares held by Yee Hong Company Limited in which Wu Yee Sun Company Limited holds a controlling interest.

Pursuant to a shareholders' agreement dated 12 March 1992, Wu Yee Sun Company Limited, Wu Jieh Yee Company Limited, Yee Hong Company Limited, Wings Investment Company Limited, the other members of the Wu family, who being shareholders of the aforesaid corporations and The Development Bank of Singapore Limited undertake to endeavour to hold an aggregate of not less than 51% of the issued share capital of the Bank. According to the Securities (Disclosure of Interests) Ordinance, the parties to the abovementioned shareholders' agreement are, therefore, each deemed to be interested in 148,419,876 shares of the Bank.

董事及行政總裁之權益

根據本銀行依照證券(披露權益)條例第二十九條而設之登記冊，各董事及行政總裁於二〇〇一年六月三十日持有本銀行之股本權益如下：

Directors' and Chief Executive's Interests

At 30 June 2001, the interests of the directors and chief executive in the shares of the Bank as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

		所持股數 Number of shares			
		個人權益 Personal interests	家族權益 Family interests	其他權益 Other interests	總數 Total
伍步高 (行政總裁)	Michael Po-ko WU (Chief Executive)	194,184	84,166	–	278,350
伍步剛	Patrick Po-kong WU	313,449	9,990	–	323,439
伍黎宜	Jieh-ye WU	348,280	445,255	–	793,535
伍步昌	Albert Po-cheung WU	–	–	–	–
伍步謙	Philip Po-him WU	166,915	–	–	166,915
伍步揚	Ivan Po-young WU	–	–	–	–
陳曾燾	Thomas Tseng-tao CHEN	–	*17,742,654	–	17,742,654
何子棟	Stephen Tze-tung HO	189,385	–	–	189,385
鍾子森	Che-shum CHUNG	3,373	–	–	3,373
黃記祖	Kee-choe NG	–	–	–	–
伍兆燦	Siu-chan NG	–	–	–	–
陳仰宗 (陳曾燾之代行董事)	Roy Yang-chung CHEN (Alternate to Thomas Tseng-tao CHEN)	–	–	*17,742,654	17,742,654
伍尚豐 (伍黎宜之代行董事)	Anthony Shang-fung WU (Alternate to Jieh-ye WU)	30,474	–	–	30,474
馬毅強 (伍步揚之代行董事)	Kenneth Ngai-keung MA (Alternate to Ivan Po-young WU)	–	–	–	–

* 該等股票由信託基金持有，其受益人包括陳仰宗先生及陳曾燾博士之另一家庭成員。

* This batch of shares is held by trusts the beneficiaries of which include Mr Roy Yang-chung CHEN and another family member of Dr Thomas Tseng-tao CHEN.

根據證券(披露權益)條例，伍步高博士、伍步剛博士、伍黎宜博士、伍步昌先生、伍步謙博士、伍步揚先生及伍尚豐先生乃上列“主要股東之權益”一節所述股東合約之部份家族成員，他們各別被視為擁有本銀行148,419,876股股份之權益，他們各別所持及各別的家人所持之本銀行股份均屬此148,419,876股本銀行股份之一部份。

According to the Securities (Disclosure of Interests) Ordinance, Messrs Michael Po-ko WU, Patrick Po-kong WU, Jieh-ye WU, Albert Po-cheung WU, Philip Po-him WU, Ivan Po-young WU and Anthony Shang-fung WU, who being some of the parties to the abovementioned shareholders' agreement, are each deemed to be interested in 148,419,876 shares of the Bank which are mentioned above in the section headed “Substantial shareholders' interests”. All shares held by them and shares held under their respective family interests are a parcel of 148,419,876 shares of the Bank.

買入、出售或贖回股份

在截至二〇〇一年六月三十日止六個月內，本銀行並無贖回本銀行之股份，本銀行及各附屬公司均無買入或出售本銀行之股份。

Purchase, Sale or Redemption of Shares

The Bank has not redeemed any of its shares during the six months ended 30 June 2001. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's shares during the period.

遵守披露規定

本銀行已完全依循香港金融管理局於二〇〇一年六月所發出之「香港註冊認可機構披露中期財務資料建議」而編製此二〇〇一年中期報告。

Compliance with Disclosure Requirements

In preparing the disclosure for the first half of 2001, the Bank has fully complied with the “Recommendations on Interim Financial Disclosure by Authorized Institutions incorporated in Hong Kong” issued by the Hong Kong Monetary Authority in June 2001.

公司管治

按照最佳應用守則，本銀行已成立審核委員會，其主要職責包括審閱集團之財務報告及內部監控方面之事宜。

審核委員會已審閱本中期報告。

本銀行在截至二〇〇一年六月三十日止六個月內，均符合香港聯合交易所有限公司證券上市規則附錄十四之最佳應用守則。

承董事會命

秘書 馮蘊蒨 謹啟

香港 二〇〇一年八月十五日

Corporate Governance

In compliance with the Code of Best Practice, the Bank has established an Audit Committee. The principal duties of the Committee include the review of the Group's financial reports and aspects in relation to the Group's internal controls.

This Interim Report has been reviewed by the Audit Committee.

The Bank was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2001.

By Order of the Board

Maria Wan-sin FUNG

Secretary

Hong Kong, 15 August 2001