

業務回顧

REVIEW OF OPERATIONS

董事會欣然提呈本集團截至二〇〇二年六月三十日止六個月的中期報告及簡明賬目。本集團截至二〇〇二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權益變動表，以及本集團於二〇〇二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頁至第四十頁。

業務概況

二〇〇二年上半年外圍經濟氣候整體仍然低迷，美國經濟不獨未能如預期般好轉，且進一步低沉，暫難帶動環球經濟步向復甦。

香港經濟結構性調整依然持續，消費疲弱，通貨收縮，進出口貿易、工商業投資均不振，在失業率高企及破產清盤情況持續惡化下，銀行業經營困難未見舒緩，加上競爭劇烈，息差收窄，令本銀行上半年盈利持續退減。

本銀行二〇〇二年首六個月的業績與去年同期比較：

除稅後盈利減少13.7%，為港幣三億八千一百八十萬四千元，主要因為淨利息收入減少、營業支出及撇銷呆壞賬數目增加所致。

利息支出減少64.4%，為港幣四億二千八百六十萬九千元，乃因香港利率經去年十一次減息後仍處於低水平，惟外幣存款利率則有所增加。

年來本銀行致力拓展非利息收入業務已略見成效，上半年非利息收入增加6.7%，為港幣一億八千三百九十一萬一千元，係因保險業務收益及理財業務手續費收益有可觀增加，惟證券業務佣金收益，則因股市交投萎縮而下調。

營業收入減少2.5%，為港幣七億八千二百一十萬六千元；營業支出增加11.4%，為港幣二億六千八百六十一萬三千元，主要是引入新電腦系統折舊幅度較大及推廣信用卡業務的開支增加所致。

成本對收入比率為34.3%，較去年同期上升4.2%，扣除呆壞賬準備金前的營業溢利減少8.5%，為港幣五億一千三百四十九萬三千元；提撥呆壞賬準備增加38.5%，為港幣六千五百七十八萬六千元。

The Directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30 June 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six months ended 30 June 2002, and the consolidated balance sheet as at 30 June 2002 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 40 of this report.

Business Operations

The external economic environment remained sluggish in the first half of 2002. The US economy not only did not pick up as expected, but decelerated, thus dashing the hopes for the US to lead the world out of the trough in the short term.

Hong Kong's economic restructuring process continues with intensity. The operating environment in the banking sector remained difficult, characterized with weak domestic demand, prolonged deflation, sluggish export and import activities, poor investment sentiment in both commercial and industrial sectors, persistently high unemployment rate and mounting bankruptcy cases. These, together with fierce price competition and narrowing interest rate spread, contributed to our Bank's net profit retrenchment in the first half.

Comparing the Bank's operating results for the first half of 2002 with the corresponding period of 2001:

Profit after taxation amounted to HK\$381,804,000, representing a decrease of 13.7%, mainly attributable to the decline in net interest income, the increase in operating expense and the rise in charge for bad and doubtful debts.

Following the eleven interest-rate cuts in 2001, local interest rates remained at an exceptionally low level, causing interest expense to drop by 64.4% to HK\$428,609,000; despite higher interest rates on foreign currency deposits.

Our endeavour to expand non-interest income is seeing results. In the first half of 2002, non-interest income increased by 6.7% to HK\$183,911,000, mainly due to the impressive growth in revenues and handling fees generated from our insurance operation and wealth management business. However, commission income from securities broking business fell, suffering from sluggish stock market and thin transaction volume.

Operating income decreased by 2.5% to HK\$782,106,000. Operating expenses increased by 11.4% to HK\$268,613,000, primarily due to the increase in depreciation expenses on the new computer equipment and credit card promotion expenses.

The cost-to-income ratio rose by 4.2% to 34.3%, compared with the first half of 2001. Operating profit before provisions shrank by 8.5% to HK\$513,493,000. The charge for bad and doubtful debts increased by 38.5% to HK\$65,786,000.

營業溢利下降12.8%，為港幣四億四千七百七十萬七千元。

客戶貸款與去年同期比較上升11%，為港幣三百零四億七千三百一十四萬一千元，與去年底比較上升5.2%。提撥準備港幣七億七千三百一十六萬三千元，其中59%屬一般準備，為總貸款的1.49%。

客戶存款與去年同期比較減少2.9%，為港幣四百八十六億四千九百七十三萬六千元，與去年底比較微跌1.9%。已發行浮息存款證港幣十六億四千七百萬元。貸存比率為59%，較去年同期之51.8%為高，去年底為55.5%，反映本銀行上半年較積極爭取放款以補回過往之退減已收到成效。而本銀行仍會堅持審慎貸放原則，今後並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租購分期、財資管理、保險、證券買賣等。

平均總資產回報率為1.19%，略低於去年同期之1.35%；平均股東資金回報率為9.97%，低於去年同期之12.12%。

二〇〇二年六月三十日之綜合資本充足比率為21.4%，平均流動資金比率為49%。

存款

存款出現輕微下跌，是由於港元利息長期偏低，部份客戶選擇將資金投放於有較高回報之投資產品使然。

截至六月底本銀行一共發行了浮息存款證總值港幣十六億四千七百萬元，較去年同期稍增。

放款

放款的增長主要是多做了住宅樓宇按揭及銀團信貸。由於競爭激烈，新敘做樓按息率普遍已調低至極其微薄。近期樓宇的銷售主要集中在新樓盤，二手市場的交投幾陷於靜止，顯示樓市仍然存在隱憂。

租購貸款整體業務表現尚佳，惟汽車分期比重減少，此由於市道欠佳和競爭白熱化，形成風險高而回報少，有須加倍小心經營。已逐步將信貸對象分散至機器、船舶等。

Operating profit decreased by 12.8% to HK\$447,707,000.

Advances to customers increased by 11% from the level a year ago to HK\$30,473,141,000, which is 5.2% higher compared with that at 31 December 2001. Provisions for bad and doubtful debts amounted to HK\$773,163,000, of which 59% is general provision, representing 1.49% of the total advances to customers.

Total customer deposits of HK\$48,649,736,000 was 2.9% lower compared with the same period last year, or a mild decrease of 1.9% as compared with that at 31 December 2001. Floating rate certificates of deposit issued amounted to HK\$1,647,000,000. The loan-to-deposit ratio was 59%, compared with 51.8% for the same period of 2001 and 55.5% at 31 December 2001, indicating the success of our proactive strategy to recover our loan book adopted in the first half of 2002. The Bank will continue to maintain prudent lending policy and re-allocate its resources to higher yielding operations and commission income businesses, such as hire-purchase and leasing, wealth management, insurance and securities trading business, etc.

The return on average total assets was 1.19%, slightly lower than 1.35% for the same period in 2001. The return on average shareholders' funds was 9.97%, also below the 12.12% recorded in the same period in 2001.

At 30 June 2002, the consolidated capital adequacy ratio was 21.4%, and the average liquidity ratio was 49%.

Deposits

As the interest rate for HK dollar deposits remains at an unattractively low level, some depositors re-allocate their funds to other higher yielding investment products, causing a slight decline in the Bank's deposit base.

As at 30 June 2002, floating rate certificates of deposit equivalent to HK\$1,647,000,000 were issued, slightly above the level recorded in the same period last year.

Advances to customers

The increase in total advances was attributable to the growth in residential mortgage lending and syndicated loans. Continued price competition in the residential mortgage market forced the residential mortgage interest rate for new homes to drop to exceptionally low level, making mortgage yields extremely low. Recent transactions concentrated mainly in the primary market; whereas the secondary market remained very quiet. The property market remains a source of concern.

The performance of our hire-purchase and leasing business has been satisfactory. Stiff competition in vehicle financing has led to higher risks but not commensurate returns. We have thus taken a cautious approach in vehicle financing and simultaneously reduced our participation in this area to minimize risk. More focus will be on expanding machinery and barge financing in the latter half of the year.

押匯

受環球經濟低迷、本港進出口貿易放緩影響，本銀行押匯業務的表現亦欠理想，營業數字及收益均告下降。進出口貿易回復暢旺尚有待外圍地區經濟漸次復甦，增加需求方可。

押匯部今後會繼續致力多做一些中小型企業信貸及進口發票融資。

財資

外匯買賣及外幣兌換整體收益較去年同期上升7.1%。上半年利率無跡象回升和經濟復甦步伐緩慢，外匯交投數量及盈利均告減少。惟自年中以後陸續有美國大企業醜聞曝光，引發股市大跌，美元轉弱，對其他外幣呈現頗大波幅，形勢明顯有所改變。

本銀行對資本市場活動一向參與活躍並獲致一定成果，當會繼續密切留意市場變化和利率走勢，制訂適當政策，以求更活躍參與此方面活動，提高收益。

理財

上半年理財中心手續費收益達預期目標。現時該中心所代理或自行設計的投資產品的種類已相當多，具不同程度風險供選擇，足可以滿足顧客需求。為進一步擴大推銷網絡，現時除總行及旺角分行設有中心外，正研究在其他分行挑選合適場地增設分銷站，就近向區內客戶推廣服務。

上半年本銀行獲多家大機構邀請為配售銀行，代理分銷其發行的債券，成績頗佳。

信用咭

信用咭業務截至六月底，發咭總數較去年底有輕微增長；放出賬款則較去年底減少；六月份撤銷壞賬率上升至雙位數字，此因香港整體經濟衰退深化，通縮凌厲，消費不振，失業率及破產個案飆升，令整個信用咭行業都備受衝擊。

面對當前惡劣環境，本銀行已調整經營策略，收緊新客戶審批尺度，並檢討現有客戶授信情況，以求將風險減至最少。

保險

上半年屬下之永隆代理有限公司及永隆保險有限公司盈利均有強勁增長。

Bills

Against deteriorating global economic environment and contracting import and export trading activities, the performance of our bills business was far from satisfactory. In the first half of 2002, bills business turnover and commission income shrank. The revival of the territory's import/export trading activities will continue to hinge on external developments.

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

Treasury

Combined income from foreign exchange and money exchange business rose by 7.1% from the level a year ago. In the first half of 2002, US economic growth faltered with interest rates remaining low. Foreign exchange trading volume and related profits declined. Since the mid year, a series of corporate scandals triggered sell-off and the US stock market tumble, the US dollar softened and fluctuated relative to other currencies in a less stable forex market.

We have been active in capital market activities, and the result is encouraging. We shall keep a keen eye on market development and interest rate direction to formulate appropriate strategies with the aim of achieving better profit growth through more active participation in the market.

Wealth management

In the first half of 2002, the performance of our wealth management initiatives was in line with our expectation. The Bank distributes a wide range of investment products either from ourselves or from other institutions; bearing different risk levels to meet various investment needs of customers. In addition to the centers set up at our Head Office and Mongkok Branch, we will continue to expand our sales network in strategically located branches.

In the first half of 2002, the Bank had been invited to act as placing agent to sell bonds issued by a number of large corporations, and the result was encouraging.

Credit card

As at 30 June 2002, the total number of credit cards issued grew slightly; while credit card receivable was lower than that at 2001 year-end. The Bank recorded a double-digit charge-off ratio in June. The card industry was hard hit under a sagging economy, prolonged deflation, weak domestic consumption, high unemployment rate and rising bankruptcy cases.

In response to poor economic conditions, we have revised our business strategies and tightened approval procedures of new card applications and reviewed our credit card lending, with an aim to minimize credit risk.

Insurance

In the first half of 2002, business volume and income from Wing Lung Agency Limited and Wing Lung Insurance Company Limited recorded a marked increase.

本銀行有參與投資及代分銷的 Professional Liability Underwriting Services Limited及香港人壽保險有限公司，業務亦順利開展。

證券

上半年證券市場總交投較去年同期減少約兩成，永隆證券有限公司成交數字錄得輕微減幅，佣金收益減幅相若，表現可以說是優於市場。

增設於莊士敦道分行的證券分部於三月開始營業，業績表現理想。

資訊科技

本銀行向IBM購置的最新型櫃員平台系統自去年四月開始分階段交付及安裝，至今已啟用部份功能，至於整套高智能櫃員平台系統的運作，估計可於明年初全部完成。

董事辭任

陳曾燾博士以年事已長，為減少繁縟事務，已由本年六月三十日起辭任本銀行董事。董事會對陳博士在任十七年間所給與之指導和貢獻敬致謝忱。

人力資源

在二〇〇二年六月底，本銀行僱員總人數為1,229人。

人力資源部經常開設或安排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；並鼓勵及資助職員考取一些特定資格考試；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

董事會已宣佈將於二〇〇二年九月二十五日或其後派發中期股息每股港幣三角三仙，予二〇〇二年九月二十五日在股東名冊上已登記之股東。

過戶日期

本銀行股份由二〇〇二年九月十六日至九月二十五日，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，須於二〇〇二年九月十三日(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。

The business of Professional Liability Underwriting Services Limited and Hong Kong Life Insurance Limited, the joint ventures set up with other banks, has progressed steadily.

Securities broking

In the first half of 2002, stock market trading volume shrank by more than 20%. Wing Lung Securities Limited recorded a better-than-market performance even though it registered a mild drop in transaction volume as well as in commission income during the period.

The performance of the new securities trading centre set up at Johnston Road Branch in March 2002 is satisfactory.

Investment in information technology

The delivery and installation of the new IBM teller platform system is by stages starting from April 2001. A number of functions has been successfully launched up to now. The entire state-of-the-art teller platform system is expected to be operational in early 2003.

Resignation of director

Dr Thomas Tseng-tao Chen has tendered his resignation as a director of the Bank effective 30 June 2002 due to his advancing age. The Board wish to express our sincere thanks to Dr Chen for his guidance and valuable contribution during his 17 years of service to the Board.

Human resources

At the end of June 2002, total workforce amounted to 1,229.

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, our Human Resource Department has been actively organizing seminars and training sessions related to bank operation, product knowledge, information technology and specialized topics, and sponsoring our staff to attend various training programs as well as continuing professional training in order that they can obtain professional qualifications in respective professions. 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\$0.33 per share to be paid on or after 25 September 2002 to shareholders registered on 25 September 2002.

Closure of Register of Members

The Register of Members will be closed from 16 September 2002 to 25 September 2002, 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, Computershare Hong Kong Investor Services Limited (19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong) for registration not later than 4 p.m. on Friday, 13 September 2002.

主要股東

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，於二〇〇二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股份一億四千八百四十一萬九千八百七十六股之權益。

董事之股本權益

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二〇〇二年六月三十日持有本銀行之股本權益如下：

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	–	–	–	–
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	–	–	–	–
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)	–	–	–	–

Substantial Shareholders

At 30 June 2002, the register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that the Bank had been notified of the following interests, being 10% or more of the Bank's issued share capital:

	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.

Directors' Interests in Shares

At 30 June 2002, 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	–	–	–	–
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	–	–	–	–
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)	–	–	–	–

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”一節所述股東合約之部份家族成員，他們各被視為擁有本銀行股份一億四千八百四十一萬九千八百七十六股之權益，他們各別所持及各別的家人所持之本銀行股份均屬此一億四千八百四十一萬九千八百七十六股本銀行股份之一部份。

買入、出售或贖回股份

在截至二〇〇二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。

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十一月所發出之監管政策手冊內有關「本地註冊認可機構披露中期財務資料」之要求。

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。

本銀行在截至二〇〇二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 二〇〇二年八月十四日

According to the Securities (Disclosure of Interests) Ordinance, Messrs Michael Po-ko WU, Patrick Po-kong WU, Jieh-yee 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 in the section headed "Substantial shareholders" above. All shares held by them and shares held under their respective family interests are a parcel of 148,419,876 shares of the Bank.

Purchase, Sale or Redemption of Shares

The Bank has not redeemed any of its shares during the six months ended 30 June 2002. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's shares during the period.

Compliance with Disclosure Requirements

In preparing the disclosure for the first half of 2002, the Bank has fully complied with the module on "Interim Financial Disclosure by Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority in November 2001.

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 2002.

By Order of the Board
Maria Wan-sin FUNG
Secretary

Hong Kong, 14 August 2002