

# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of International Bank of Asia Limited (“the Bank”) and its subsidiaries (collectively “the Group”) for the year ended 31 December 2002.

## Principal activities

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

## Subsidiaries

Particulars of the Bank’s principal subsidiaries at 31 December 2002 are set out in Note 23 to the financial statements.

## Compliance

The Bank has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

In addition, the financial statements on pages 34 to 102 together with the unaudited supplementary financial information on pages 103 to 123 comply, in all material respects, with the Supervisory Policy Manual “Financial Disclosure by Locally Incorporated Authorised Institutions” issued by the Hong Kong Monetary Authority.

## Results and Appropriations

The result of the Group for the year ended 31 December 2002 is set out in the consolidated income statement on page 34. The state of the Bank's and Group's affairs as at 31 December 2002 are set out in the financial statements on page 34 to 102.

During the year the Bank paid an interim dividend of 4.00 Hong Kong cents per ordinary share, totalling HK\$46,886,400 (2001: 4.00 Hong Kong cents, HK\$46,886,400). The Directors have recommended the payment of a final dividend of 8.00 Hong Kong cents per ordinary share, totalling HK\$93,772,800 in respect of the year ended 31 December 2002. (2001: 7.00 Hong Kong cents, HK\$82,051,200).

## Directors

The directors in office during the year were:

Dr. Anwar Ali Al-Mudhaf  
Mike M. Murad  
Poon Kwok Lim, Steven  
Robert James Kenrick  
So Yiu Cho, James  
Eissa M. Al Suwaidi  
Guo You  
Bachar Samra  
Khalifa M. Al Kindi  
Zhou Liqun

### Rotation of Directors in the forthcoming Annual General Meeting

In accordance with Article 81 of the Bank's Articles of Association, Mr. Eissa M. Al Suwaidi, Bachar Samra and Guo You retire and, being eligible, offer themselves for re-election.

### Directors' interests in shares

None of the directors has any interest in, or rights to subscribe for, the share capital of the Bank or any associated corporation.

At no time during the year was the Bank, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or chief executive of the Bank, or any of their spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in, or debentures of the Bank, or any other body corporate.

### Directors' service contracts

The non-executive directors were appointed by the Bank's shareholders at the Annual General Meeting with appointment terms in accordance with Article 77 and Article 81 of the Bank's Articles of Association. Their remuneration is determined annually by the Bank's shareholders at the Annual General Meeting.

Except for Mr. Bachar Samra who has a service contract for 2 years expiring 30 September 2004, no other director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Bank which is not determinable by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

### Directors' interests in contracts

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

### Substantial shareholders

At 31 December 2002, the register of substantial shareholders showed that the Bank had been notified of the following interests, being 10% or more of the Bank's issued share capital.

	Ordinary shares of HK\$1 each	Percentage of total shareholding
Arab Banking Corporation	644,688,000	55
Tendai Limited (wholly owned subsidiary of China Everbright Limited)	234,432,000	20

### **Purchase, sale or redemption of shares**

The Bank has not redeemed any of its shares during the year. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's shares during the year.

### **Fixed Assets**

Movements in fixed assets of the Bank and the Group are set out in Note 24 to the financial statements.

### **Donations**

Donations made by the Group for charitable purposes during the year amounted to HK\$34,000 (2001: HK\$220,263).

### **Audit committee**

The audit committee comprises three independent non-executive directors and is a committee of the Board of Directors. The audit committee oversees the work of the Group's internal auditors and thereby monitors the effectiveness of the Group's internal control systems and compliance with policies approved by the Board of Directors and the requirements of the regulatory authorities. The audit committee meets regularly with the Group's external auditors and reviews the Group's financial reports prior to approval by the Board of Directors.

### **Auditors**

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board,

**Dr. Anwar Ali Al-Mudhaf**  
Chairman

Hong Kong, 25 February 2003