

## **CONTENTS**

		PAGE
Fina	ancial Highlights	1
Cha	irman's Statement	2
Chief Executive's Report		4
Financial Review		9
Corp	porate Information	16
Board of Directors and Senior Management		17
Rep	ort of the Directors	21
Rep	ort of the Auditors	28
Con	solidated Profit and Loss Account	29
Con	solidated Balance Sheet	30
Bala	ance Sheet	31
Con	solidated Statement of Changes in Equity	32
Stat	tement of Changes in Equity	33
Con	solidated Cash Flow Statement	34
Note	es to the Accounts	
1.	Principal activities	35
2.	Basis of preparation	35
3.	Principal accounting policies	35
4.	Interest income	43
5.	Other operating income	43
6.	Operating expenses	44
7.	Charge for bad and doubtful debts	45
8.	Net (loss)/gain from disposal/revaluation of fixed assets	45
9.	Write-back of provision/(provision) for impairment	
	on held-to-maturity securities and investment securities	45
10.	Taxation	46
11.	Profit attributable to shareholders	47
12.	Dividend	48
13.	Earnings per share	48
14.	Retirement benefit costs	48
15.	Share option schemes	49
16.	Directors' and senior management's emoluments	50
17.	Cash and short-term funds	52
18.	Certificates of deposit held	52
19.	Held-to-maturity securities	53
20.	Investment securities	54
21.	Other investments in securities	55
22.	Advances and other accounts	56
23.	Provisions for bad and doubtful debts	57
24.	Investment in subsidiaries	58
25.	Investments in associates	59
26.	Fixed assets	60
27.	Hong Kong SAR currency notes in circulation	62
28.	Deposits from customers	62
29.	Assets pledged as security	62
30.	Other accounts and provisions	63
31.	Tax liabilities	63
32.	Share capital	65



## **CONTENTS**

		PAGE
33.	Reserves	66
34.	Notes to consolidated cash flow statement	66
35.	Maturity profile	68
36.	Off-balance sheet exposures	70
37.	Capital commitments	73
38.	Operating lease commitments	73
39.	Segmental reporting	74
40.	Loans to directors and officers	78
41.	Significant related party transactions	78
42.	Comparative figures	82
43.	Approval of interim accounts	82
44.	Ultimate holding company	82
Una	udited Supplementary Financial Information	
1.	Capital adequacy ratio	83
2.	Components of capital base after deductions	83
3.	Liquidity ratio	84
4.	Currency concentrations	84
5.	Segmental information	85
6.	Cross-border claims	87
7.	Overdue and rescheduled assets	89
8.	Repossessed assets held	91
9.	Risk management	91
App	pendix	
Subsidiaries of the Company		98
Othe	ers	
Shareholder Information		102
Definitions		104