

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

- (i) Segment information about these businesses for the year ended 31 December 2003 is presented below: - continued

#### OTHER INFORMATION

|                               | Corporate<br>and<br>retail<br>banking<br>HK\$'000 | Treasury<br>and<br>foreign<br>exchange<br>activities<br>HK\$'000 | Other<br>business<br>activities<br>HK\$'000 | Unallocated<br>HK\$'000 | Consolidated<br>HK\$'000 |
|-------------------------------|---|--|---|-------------------------|--------------------------|
| Capital additions             | 14,371  | 765  | 929   | 26,860                  | 42,925                   |
| Depreciation and amortisation | <u>25,993</u>                                     | <u>512</u>   | <u>4,904</u>                                | <u>14,177</u>           | <u>45,586</u>            |

- (i) Segment information about these businesses as at 31 December 2003 is presented below:

#### BALANCE SHEET

|  | Corporate<br>and<br>retail<br>banking<br>HK\$'000 | Treasury<br>and foreign<br>exchange<br>activities<br>HK\$'000 | Other<br>business<br>activities<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---|---|---|--------------------------|
| <b>Assets</b>                            |   |   |   |                          |
| Segment assets                           | 20,852,733  | 17,458,133  | 597,169                                     | 38,908,035               |
| Interest in an associate                 | -   | -   | 396,448                                     | 396,448                  |
| Interests in jointly controlled entities | -   | -   | 66,238                                      | 66,238                   |
| Unallocated corporate assets             |   |   |   | <u>570,195</u>           |
| Consolidated total assets                |   |   |   | <u>39,940,916</u>        |
| <b>Liabilities</b>                       |   |   |   |                          |
| Segment liabilities                      | 32,629,660  | 997,322   | -   | 33,626,982               |
| Unallocated corporate liabilities        |   |   |   | <u>369,526</u>           |
| Consolidated total liabilities           |   |   |   | <u>33,996,508</u>        |

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

## (a) Business segments - continued

(ii) Segment information about these businesses for the year ended 31 December 2002 is presented below:

## INCOME STATEMENT (RESTATED)

|  | Corporate<br>and<br>retail<br>banking<br>HK\$'000 | Treasury<br>and<br>foreign<br>exchange<br>activities<br>HK\$'000 | Other<br>business<br>activities<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---|--|---|--------------------------|--------------------------|
| Interest income from external customers                    | 813,627   | 435,033  | -   | -                        | 1,248,660                |
| Interest expense to external customers                     | (487,766)   | (11,523)   | -   | -                        | (499,289)                |
| Inter-segment income (Note)                                | 181,254   | -  | -   | (181,254)                | -                        |
| Inter-segment expense (Note)                               | -   | (181,254)  | -   | 181,254                  | -                        |
| Net income   | 507,115   | 242,256  | -   | -                        | 749,371                  |
| Other operating income                                     | 95,547  | 21,721   | 83,578                                      | -                        | 200,846                  |
| Operating income   | 602,662   | 263,977  | 83,578                                      | -                        | 950,217                  |
| Charge for bad and doubtful debts                          | (129,027)   | -  | -   | -                        | (129,027)                |
| Net (losses) gains from disposal of property and equipment | (246)   | -  | 15  | -                        | (231)                    |
| Operating expenses   | (247,902)   | (16,764)   | (28,097)                                    | -                        | (292,763)                |
| Segment profit   | 225,487   | 247,213  | 55,496                                      | -                        | 528,196                  |
| Unallocated corporate expenses                             |   |  |   |                          | (146,498)                |
| Profit from operations                                     |   |  |   |                          | 381,698                  |
| Share of results of jointly controlled entities            |   |  | (9,510)                                     |                          | (9,510)                  |
| Profit from ordinary activities before taxation            |   |  |   |                          | 372,188                  |
| Taxation   |   |  |   |                          | (60,777)                 |
| Net profit for the year                                    |   |  |   |                          | 311,411                  |

Note: Inter-segment pricing is charged at prevailing customer deposits interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

### (a) Business segments - continued

(ii) Segment information about these businesses for the year ended 31 December 2002 is presented below: - continued

#### OTHER INFORMATION

|                               | Corporate<br>and<br>retail<br>banking<br>HK\$'000 | Treasury<br>and<br>foreign<br>exchange<br>activities<br>HK\$'000 | Other<br>business<br>activities<br>HK\$'000 | Unallocated<br>HK\$'000 | Consolidated<br>HK\$'000 |
|-------------------------------|---|--|---|-------------------------|--------------------------|
| Capital additions             | 68,576  | 218  | 3,007                                       | 12,962                  | 84,763                   |
| Depreciation and amortisation | 23,723  | 1,005  | 5,676                                       | 13,038                  | 43,442                   |

(ii) Segment information about these businesses as at 31 December 2002 is presented below:

#### BALANCE SHEET (RESTATED)

|  | Corporate<br>and<br>retail<br>banking<br>HK\$'000 | Treasury<br>and foreign<br>exchange<br>activities<br>HK\$'000 | Other<br>business<br>activities<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---|---|---|--------------------------|
| <b>Assets</b>                            |   |   |   |                          |
| Segment assets                           | 20,541,574  | 17,336,629  | 646,599                                     | 38,524,802               |
| Interest in an associate                 | -   | -   | 362,777                                     | 362,777                  |
| Interests in jointly controlled entities | -   | -   | 69,033                                      | 69,033                   |
| Unallocated corporate assets             |   |   |   | 232,384                  |
| Consolidated total assets                |   |   |   | 39,188,996               |
| <b>Liabilities</b>                       |   |   |   |                          |
| Segment liabilities                      | 32,530,105  | 382,992   | -   | 32,913,097               |
| Unallocated corporate liabilities        |   |   |   | 477,505                  |
| Consolidated total liabilities           |   |   |   | 33,390,602               |

### (b) Geographical segments

Geographical segmentation is analysed based on the locations of the principal operations of the branches and subsidiary companies responsible for reporting the results or booking the assets. For both years 2002 and 2003, more than 90% of the Group's revenue and profit from ordinary activities before taxation were generated by assets booked by the principal operations of the branches and subsidiary companies located in Hong Kong. More than 90% of assets were located in Hong Kong and the balance of the assets were extended to branches outside Hong Kong, mainly in Mainland China and America.

Details of geographical segmentation are set out in note 3 of the unaudited supplementary financial information.