

## Report of the Directors

The Directors have pleasure in submitting their report together with the audited accounts for the year ended 31st December 2002.

### Principal activities

The Bank and its subsidiary companies are engaged in the provision of banking and related financial services.

### Profit and appropriations

	HK\$'000	HK\$'000
The Group profit for the year after taxation and minority interests amounted to		861,809
Add: Losses retained by jointly controlled entities		21,314
Deduct: Profit retained by subsidiary companies		<u>(1,357)</u>
Profit dealt with in the accounts of the Bank		881,766
Add: Retained profits of the Bank brought forward		567,807
Exchange translation differences		183
Transfer from property revaluation reserve		<u>15,197</u>
		1,464,953
which the Directors propose to appropriate as follows:		
Transfer to general reserve	(500,000)	
Proposed dividend of HK\$20 per share	<u>(400,000)</u>	<u>(900,000)</u>
Retained profits of the Bank carried forward		<u><u>564,953</u></u>

### Reserves

Movements in the reserves of the Group and the Bank during the year are set out in Note 24 to the accounts.

### Donations

During the year donations made by the Bank and its subsidiary companies for charitable and other purposes amounted to HK\$1,594,000.

### Fixed assets

Details of the movements in fixed assets of the Group and the Bank are shown in Note 18 to the accounts.

### Directors

The Directors of the Bank during the year and at the date of this report are:

Jung-sen Lee

Hung-ching Yung

John Kam-pak Yan

Frank Kai-shu Lau

Ernesto Tang-fai Ng

Dr. Liu Jinbao

(Law Man Wah, Alternate)

Professor Chang-Lin Tien

(retired on 27th March 2002)

(Ignatius Wooi-kean Choong, Alternate)

(resigned on 27th March 2002)

Lincoln Chu Kuen Yung

Shen Ruolei

Dr. Philip Kin Hang Wong

David Joseph Zuercher

(Robert Law Joss, Alternate)

(resigned on 4th April 2002)

(Michael Gallagher, Alternate)

(appointed on 30th January 2003)

Dr. Richard Lee

Johnson Mou Daid Cha

(Dr. Lam Chat Yu, Alternate)

(appointed on 30th May 2002)

David Sek-chi Kwok

Robert Law Joss

(elected on 27th March 2002 and  
appointment took effect on 4th April 2002)

(Ignatius Wooi-kean Choong, Alternate)

(appointed on 4th April 2002)

In accordance with Article 104(A) of the Bank's Articles of Association, Mr. Jung-sen Lee, Mr. Hung-ching Yung, Mr. Frank Kai-shu Lau and Mr. Ernesto Tang-fai Ng shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### Directors' interests

No contracts of significance in relation to the Group's business to which the Bank, its subsidiary companies, its fellow subsidiaries or its holding companies was a party and in which a Director 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.

At no time during the year was the Bank, its subsidiary companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

### **Management contracts**

No substantial contracts concerning the management and administration of the whole or any substantial part of the business of the Bank were entered into or existed during the year.

### **Financial disclosures**

The Bank has fully complied with the requirements set out in the guideline on “Financial Disclosure by Locally Incorporated Authorized Institutions” issued by the Hong Kong Monetary Authority in November 2002.

### **Compliance with the Code of Best Practice**

According to Article 123 of the Bank’s Articles of Association, the Bank adopts the guidelines set out in the Code of Best Practice contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Code of Best Practice”). The Bank has fully complied with the Code of Best Practice throughout the year except for paragraphs 6, 7, 12 and 14 as the Bank, being a private company, cannot comply with these paragraphs in practice.

### **Auditors**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
John Kam-pak Yan  
Chairman

Hong Kong, 26th February 2003