去年全球經濟逆轉向下，尤以美國遭受恐怖襲擊後，其引發出之連鎖效應影響深遠。步入二零
零二年，主要市場之經濟元氣仍未恢復，作為市場動力龍頭之美國經濟顯得乍暖還寒，陰霾密
佈之氣候尚待時日方能雲開霧散。

本港今年之經濟，承去年之弱勢表現持續低迷，首季本地生產總值以相連季度比較雖然錄得
0.3%之輕微增長，但失業率仍有上升趨勢，最新統計數字達7.8%之275,000人，為近年罕
見，直接影響投資活動及消費意欲；而本港兩大經濟支柱之地產及股市亦載浮載沉，乏善足
陳。由於資金缺乏出路，銀行及金融業之經營信見艱辛，而貸款拖欠及呆壞賬情況未見改善，
業內人士對本年盈利前景不表樂觀。

本行二零零二年上半年未經審核之綜合業績與去年同期比較整體上有縮減表現，淨利息收入
為港幣（下同）三億七千五百三十六萬八千元，比去年同期下調9.28%；未計撥備前營業溢
利為三億五千七百九十三萬一千元，減少7.97%；呆壞賬準備為五千七百四十五萬元，增
加12.01%；股東應佔溢利為三億六千一百零三萬八千元，縮減20.40%。截至二零零二年
六月三十日止，客戶存款總額為三百三十六億三千萬元，增幅3.17%；貸款予客戶總額
（扣除呆壞賬準備後）為一百九十一億六千八百萬元，增長7.03%；總資產微增1.20%至
四百零三億九百二十萬元。截至二零零二年六月底止，資本充足比率為20.96%，較去年同期
減低5.88%；而上半年平均流動資金比率為53.44%，減少9.93%。於本年六月三十日，
貸款與存款比率為49.89%，增加3.85%。以上多項統計數字皆顯示本行對資金之運用已取
得良好進展，而融資貸款款經一年多之退縮後亦首度錄得7%之增長。至於溢利減少之主要
原因，除經濟大環境未有如預期中迅速復甦外，另因本行之抵押貸款客戶中，部份遭遇短暫
週轉不靈而拖欠多期本息未能依期歸還，雖然客戶仍具一定實力，但因其抵押物業市價略有
變動，故須充額提撥呆壞賬準備，所以準備金額比前有所增加，惟本行已採取積極追收行
動，目前已取得滿意進展，可望於年底前回覆而獲得改善。

The global economy nosedived last year and the domino effect triggered by the terrorist attacks on
the United States was especially far-reaching. The major economies had yet to be nursed back to
health as we entered the year of 2002. The US economy, as the locomotive of the market at large,
appears to be rather unstable. The spell of cloudiness will therefore take some more time to dissipate.

The local economy, which is still under the influence of last year’s sluggishness, has remained in the
doldrums so far this year. Although the territory’s gross domestic product for the first quarter of this
year rose slightly by 0.3 percent compared with that of the previous quarter, unemployment rate still
tends to be on the rise. The latest number of unemployed persons reached 275,000, translating into
an unemployment rate of 7.8 percent, which is rare in recent times. This has a direct adverse effect on
investment activities and consumption sentiments. The property and the stock markets – the two
major pillars of the local economy – are fluctuating, leaving a lot to be desired. The banking and
financial industries are experiencing ever-mounting difficulties for lack of avenues to use their capital.
And the situation regarding loan delinquencies, as well as bad and doubtful debts, has yet to improve.
Those who work in the trade are therefore not optimistic about this year’s earnings prospects.

The Bank's unaudited, consolidated results for the first half of 2002 dropped in comparison with those
for the previous corresponding period. Net interest income fell 9.28 percent to HK$375,368 million.
Operating profit before provisions sank 7.97 percent to HK$257,931 million. Provisions for bad and
doubtful debts increased 12.01 percent to HK$57,457 million. Profit attributable to shareholders
amounted to HK$161,038 million, a drop of 20.40 percent. As of 30 June 2002, total customers' deposits
rose 3.17 percent to HK$33.63 billion compared with the previous corresponding figure. Total loans and advances to customers (after provisions for bad and doubtful debts) increased 7.03
percent to HK$19.168 billion. Total assets edged up slightly by 1.20 percent to HK$40.392 billion. As
of 30 June 2002, capital adequacy ratio dropped 9.93 percent to 53.44 percent. Average liquidity
ratio for the first half of 2002 decreased 9.93 percent to 53.44 percent. Loan-to-deposit ratio, as of 30
June 2002, stood at 49.89 percent, an increase of 3.85 percent against last year’s corresponding
ratio. The various figures mentioned above are indicative of the good progress made in respect of
the use of the Bank's capital. After more than a year's contraction, loans and advances have grown some
7 percent for the first time. The reduction in profit is due mainly to the general state of the economy
which has yet to recover swiftly as originally expected. Furthermore, some of the Bank's borrowing
customers, who have provided collateral to secure their loans, have experienced short-term cash flow
problems and defaulted on a number of their repayments of principal and interest. Although such
customers are still fundamentally sound, the market value of their collateral has changed somewhat.
More provisions have been called for under the circumstances to adequately cover bad and doubtful
debts, hence the increase over last year's provisions. Considering the extent of satisfactory progress
made thus far in the wake of the Bank's active debt collection efforts, it is expected that the situation
can be improved with some clawbacks by the end of this year.
As far as board composition changes are concerned, I stepped down as your Managing Director immediately after the Bank’s annual general meeting on 25 April 2002. I, however, stayed on as your Executive Chairman. Mr Liu Lit Chi was promoted at the same time from Deputy Managing Director to Managing Director and Chief Executive Officer. Mr Don Tit Shing Liu, Executive Director, was then appointed the Bank’s Deputy Chief Executive Officer as well. Dr Liu Lit Chung resigned as a Non-executive Director of the Bank on 11 July 2002, and Mr Christopher Kwun Shing Liu was appointed a Non-executive Director of the Bank on that same day. I would like to take this opportunity to not only thank Dr Liu for his contributions to the Bank during his term of office, but also welcome those who have assumed their new positions. I expect that we will continue to forge ahead by cooperating closely with one another.

Although the current state of the global economy is murky and the financial market mercurial, the fundamentals are still strong. Corporate accounting scandals in the United States may have a dampening effect in the short term. Once the various reforms proposed by the regulators are implemented, the operations concerned can be expected to return to the right track. The Hong Kong Special Administrative Region Government launched the accountability system for principal officials on 1 July 2002. It is hoped that this will usher in a new econo-political regime for Hong Kong. Moreover, the softening of the US currency in the international market will favour the local economy by facilitating the growth of exports.

As far as the performance of the local banking sector is concerned, despite fierce competition, it still managed to keep up with the times in the midst of numerous cyclical economic ordeals. The Bank will work hard to seek the best possible return for its shareholders by continuing to make judicious use of its capital, growing quality loan portfolios and devoting itself to the development of new products.

By Order of the Board

Liu Lit Man
Executive Chairman

19 August 2002

承董事會命

摩烈文
行政主席

二零零二年八月十九日