



2003 FINAL RESULTS

SUMMARY OF RESULTS

The directors of Liu Chong Hing Bank Limited (the "Bank") are pleased to announce that the audited consolidated results of the Bank and its group of companies (the "Group") for the year ended 31 December 2003, together with the comparative figures for the corresponding year in 2002 are as follows:

	2003 HK\$'000	2002 HK\$'000 (restated)
Interest income	1,034,173	1,248,660
Interest expense	<u>(363,995)</u>	<u>(499,289)</u>
Net interest income	670,178	749,371
Other operating income (Note 7)	<u>213,840</u>	<u>200,846</u>
Operating income	884,018	950,217
Operating expenses (Note 8)	<u>(463,154)</u>	<u>(439,261)</u>
Operating profit before provisions and disposal of long-term assets	420,864	510,956
Charge for bad and doubtful debts (Note 1)	<u>(62,803)</u>	<u>(129,027)</u>
Net losses from disposal of property and equipment	<u>(2,664)</u>	<u>(231)</u>
Gains less losses from disposal of other securities	22,192	-
Provision for diminution in value of other investments	<u>(7,809)</u>	<u>-</u>
Profit from operations	369,780	381,698
Share of results of jointly controlled entities	<u>(2,000)</u>	<u>(9,510)</u>
Profit from ordinary activities before taxation	367,780	372,188
Taxation (Notes 2 and 4)		
- Hong Kong	(59,258)	(60,458)
- Overseas	(2,045)	(2,236)
- Deferred tax	4,998	1,917
Net profit for the year	<u>311,475</u>	<u>311,411</u>
Dividends	<u>217,500</u>	<u>217,500</u>
Earnings per share, basic and diluted (Note 3)	<u>HK\$0.72</u>	<u>HK\$0.72</u>
Dividend per share	<u>HK\$0.50</u>	<u>HK\$0.50</u>

CONSOLIDATED BALANCE SHEET INFORMATION

	2003 HK\$'000	2002 HK\$'000 (restated)
Assets		
Cash and short-term funds	12,001,888	12,388,484
Placements with banks and other financial institutions maturing between one and twelve months	1,243,771	2,223,465
Trading securities	220,969	185,994
Advances and other accounts (including trade bills : HK\$69,355,000; 2002 : HK\$54,642,000)	20,081,543	19,589,201
Hold-to-maturity securities	3,104,561	1,557,144
Certificates of deposit held	1,292,407	1,337,768
Other securities	319,947	256,312
Interest in an associate	396,448	362,777
Interest in jointly controlled entities	66,238	69,033
Investment properties	47,868	47,868
Property and equipment	<u>1,165,276</u>	<u>1,170,950</u>
Total assets	<u>39,940,916</u>	<u>39,188,996</u>
Liabilities		
Deposits and balances of banks and other financial institutions	1,035,392	420,845
Deposits from customers (Note 9)	32,591,590	32,492,252
Other accounts and provisions	271,327	390,182
Deferred taxation (Note 4)	85,085	79,629
Taxation	13,114	7,694
Total liabilities	<u>33,996,508</u>	<u>33,390,602</u>

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Capital Resources

Share capital		217,500	217,500
Reserves			
Share premium	1,542,817		1,542,817
Goodwill	(182)		(182)
Investment property revaluation reserve	29,344		29,344
Land and buildings revaluation reserve	572,240		582,694
Investment revaluation reserve	74,473		9,259
General reserve	1,388,500		1,388,500
Translation reserve	2,586		5,307
Dividend reserve	152,250		152,250
Retained profits	1,870,905		1,776,994
Current year profit	93,975		93,911
	<u>5,726,908</u>		<u>5,580,894</u>
Shareholders' funds	<u>5,944,408</u>		<u>5,798,394</u>
Total liabilities and capital resources	<u>39,940,916</u>		<u>39,188,996</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Goodwill	Investment property revaluation reserve	Land and buildings revaluation reserve	Investment revaluation reserve	General reserve	Inner reserve	Translation reserve	Dividend reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2002												
as previously reported	217,500	1,542,817	(182)	29,344	709,579	25,603	1,200,000	188,500	5,284	130,500	1,747,037	5,795,982
reclassification	-	-	-	-	-	-	188,500	(188,500)	-	-	-	-
adjustments on adoption of SSAP 12 (revised) (Note 4) as restated	-	-	-	-	(113,964)	-	-	-	-	-	29,957	(84,007)
	<u>217,500</u>	<u>1,542,817</u>	<u>(182)</u>	<u>29,344</u>	<u>595,615</u>	<u>25,603</u>	<u>1,388,500</u>	<u>-</u>	<u>5,284</u>	<u>130,500</u>	<u>1,776,994</u>	<u>5,711,975</u>
Revaluation movements	-	-	-	-	(15,382)	(16,344)	-	-	-	-	-	(31,726)
Currency re-alignment	-	-	-	-	-	-	-	-	23	-	-	23
Reversal of tax liabilities arising on revaluation of land and building	-	-	-	-	2,461	-	-	-	-	-	-	2,461
Net (losses) gains not recognised in the income statement	-	-	-	-	(12,921)	(16,344)	-	-	23	-	-	(29,242)
Profit for the year	-	-	-	-	-	-	-	-	-	-	311,411	311,411
Dividends paid	-	-	-	-	-	-	-	-	-	(130,500)	(65,250)	(195,750)
Proposed dividend	-	-	-	-	-	-	-	-	-	152,250	(152,250)	-
At 1 January 2003	<u>217,500</u>	<u>1,542,817</u>	<u>(182)</u>	<u>29,344</u>	<u>582,694</u>	<u>9,259</u>	<u>1,388,500</u>	<u>-</u>	<u>5,307</u>	<u>152,250</u>	<u>1,870,905</u>	<u>5,798,394</u>
Revaluation movements	-	-	-	-	-	65,214	-	-	-	-	-	65,214
Currency re-alignment	-	-	-	-	-	-	-	-	(2,721)	-	-	(2,721)
Deferred taxation arising from the change in tax rate	-	-	-	-	(10,454)	-	-	-	-	-	-	(10,454)
Net (losses) gains not recognised in the income statement	-	-	-	-	(10,454)	65,214	-	-	(2,721)	-	-	52,039
Profit for the year	-	-	-	-	-	-	-	-	-	-	311,475	311,475
Dividends paid	-	-	-	-	-	-	-	-	-	(152,250)	(65,250)	(217,500)
Proposed dividend	-	-	-	-	-	-	-	-	-	152,250	(152,250)	-
At 31 December 2003	<u>217,500</u>	<u>1,542,817</u>	<u>(182)</u>	<u>29,344</u>	<u>572,240</u>	<u>74,473</u>	<u>1,388,500</u>	<u>-</u>	<u>2,586</u>	<u>152,250</u>	<u>1,964,880</u>	<u>5,944,408</u>

CONSOLIDATED CASH FLOW STATEMENT

	2003 HK\$'000	2002 HK\$'000
OPERATING ACTIVITIES		
Cash (used in) generated from operations	(105,707)	131,263
Hong Kong profits tax refunded	-	10,461
Hong Kong profits tax paid	(20,195)	(1,672)
Overseas tax paid	(2,438)	(699)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	<u>(128,340)</u>	<u>139,353</u>
INVESTING ACTIVITIES		
Interest received on certificates of deposit held	26,338	35,743
Interest received on investments in securities	57,002	28,230
Dividends received on equity securities	6,788	15,456
Purchase of held-to-maturity securities	(1,743,536)	(1,280,561)
Purchase of certificates of deposit held	(356,322)	(900,562)
Purchase of other securities	(27,567)	(34,180)

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Purchase of property and equipment	(42,925)	(84,763)
Advances to an associate	(33,825)	(2,727)
Repayment from (advances to) jointly controlled entities	795	(2,875)
Proceeds from disposal of other securities	43,529	49,676
Proceeds from redemption of held-to-maturity securities	196,119	218,291
Proceeds from disposal of certificates of deposit held	401,683	38,988
Proceeds from disposal of property and equipment	349	71
NET CASH USED IN INVESTING ACTIVITIES	(1,471,572)	(1,919,213)
FINANCING		
Ordinary dividend paid	(217,500)	(195,750)
CASH USED IN FINANCING ACTIVITIES	(217,500)	(195,750)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,817,412)	(1,975,610)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	13,950,034	15,925,644
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12,132,622	13,950,034

Notes:

- (1) The provisions for bad and doubtful debts for the year comprise:

	2003	2002
	HK\$'000	HK\$'000
Specific	49,153	107,557
General	13,650	21,470

- (2) Hong Kong profits tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the year.

In June 2003, the Hong Kong profits tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of the current and deferred tax balances at the balance sheet date. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

- (3) The calculation of earnings per share, basic and diluted, is based on the profit attributable to shareholders of HK\$311,475,000 (2002: HK\$311,411,000) and on 435,000,000 (2002: 435,000,000) ordinary shares in issue during the year.
- (4) In the current year, the Group has adopted for the first time, the revised Statement of Standard Accounting Practice ("SSAP") 12 "Income Taxes" issued by the Hong Kong Society of Accountants.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e., a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (revised), the new accounting policy has been applied retrospectively. Comparative figures for 2002 have been restated accordingly.

As a result of this change in policy, the balance of retained profits of the Group at 1 January 2002 has been increased by HK\$29,957,000 representing the cumulative effect of the change in policy on the results for periods prior to 1 January 2002. The balance of the Group's land and buildings revaluation reserve as at 1 January 2002 has been decreased by HK\$113,964,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's properties at that date. The change has resulted in an increase in the Group's profit for the year and a decrease in the Group's land and buildings revaluation reserve of HK\$4,998,000 and HK\$10,454,000 respectively for the year ended 31 December 2003 (2002: increase of HK\$1,917,000 and HK\$2,461,000 respectively).

- (5) Risk management

The Group has established policies, procedures, and controls for measuring, monitoring and controlling risks arising from the banking and related financial services business. These policies, procedures, and controls are implemented by various committees and departments of the Group and are regularly reviewed by the Board of Directors. The internal auditors also play an important role in the risk management process by performing regular, as well as sporadic compliance audits.

The management of assets and liabilities of the Group is conducted under the guidance of the Asset and Liability Management Committee ("the ALCO"). The ALCO comprises executive directors and senior managers representing major operations of the Group. It holds weekly meetings, and more frequent meetings when required, to review and direct the relevant policies, and to monitor the bank-wide positions. The day-to-day management of the liquidity risk, foreign exchange, interest rate and other market risks, and the compliance with the ALCO policies are monitored by the Treasury Management and the Finance Departments with the assistance of various qualitative and quantitative analyses.

- a. Capital management

The Group has adopted a policy of maintaining a strong capital base to support its business growth. Capital adequacy ratio has remained at around 20% for the past five financial years, well above the statutory minimum ratio of 8%.

- b. Credit risk

Credit risk is the risk that a customer or counter-party may fail to meet a commitment when it falls due.

The Group's lending policy sets out in detail the credit approval and monitoring mechanism, the loan classification system and provisioning policy, which is established in accordance with the requirements and provisions of the Banking Ordinance and the guidelines issued by the Hong Kong Monetary Authority.

Day-to-day credit management is performed by the Loans Committee with reference to the creditworthiness, and concentration risk of and the collateral pledged by the counterparties. Decisions made by the Loans Committee are reviewed regularly by the Executive Loans Committee comprising executive directors.

- c. Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.
The Group has laid down liquidity policy which is reviewed regularly by the Board of Directors, and the ALCO. This policy requires the Group to maintain a conservative level of liquid funds on a daily basis to ensure the availability of adequate liquid funds to meet all obligations, and the compliance with the statutory liquidity ratio requirement. The liquidity position is monitored through statutory liquidity ratio, loan-to-deposit ratio, maturity profile of assets and liabilities, and inter-bank transactions undertaken by the Group.
- d. Market risk
Market risk is the risk of losses in assets, liabilities and off-balance sheet positions arising from movement in market rates and price.
Market risk arising from the trading book is considered immaterial, as the Group does not maintain significant positions of financial instruments leading to foreign exchange, interest rate, commodity and equity exposures. Structural foreign exchange exposure is explained further under (e) foreign exchange risk.
- e. Foreign exchange risk
The Group does not have any significant foreign exchange risk as foreign exchange dealing is minimal. Structural foreign exchange exposure arising from investments in foreign branches, subsidiaries and associate is accounted for in the reserves account. Day-to-day foreign exchange management is performed by the Treasury Management Department within approved limits.
- f. Interest rate risk
Interest rate risk is the risk that the Group's position may be adversely affected by the change in market interest rate.
The Group does not carry interest rate positions on its trading book. Interest rate risk arises primarily from the timing differences in the re-pricing of, and the different bases of pricing interest-bearing assets, liabilities and commitments, and from positions of non-interest bearing balances. Interest rate risk is monitored by regular sensitivity analyses of the net re-pricing gap and of different scenarios of pricing bases of assets and liabilities grouped with reference to their next contractual repricing date or maturity date.
- (5) Risk management - continued
- g. Operational and legal risk
Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud, or inadequate internal controls and procedures.
Executive directors, department heads, in-house legal counsels, and internal auditors collaborate to manage operational and legal risks through proper human resources policies, delegation of authorities, segregation of duties, and timely and accurate management information. Senior management and the Audit Committee are accountable to the Board of Directors for maintaining a strong and disciplined control environment to provide reasonable assurance that the operational and legal risks are prudently managed.
A comprehensive contingency plan is available to ensure that key business functions continue and normal operations are restored effectively and efficiently in the event of business interruption.
- h. Reputation risk
Reputation risk is the risk to earnings or capital arising from negative public opinion.
Reputation risk is managed by ensuring proper and adequate communications and public relation efforts to foster the reputation of the Group. A risk management mechanism guided by the senior management including executive directors and senior managers has been established to manage the media exposure, handle customers' and other relevant parties' complaints and suggestions, and to ensure that new business activities and agents acting on our behalf do not jeopardise our reputation.
- (6) Business and geographical segments
- a. Business segments
The corporate and retail banking services provided by the Group are principally lending and trade finance facilities, consumer financing, chequing facilities, mandatory provident fund services, provision of fixed deposits and savings accounts, credit card, insurance and personal wealth management services. The Group also provides fully automated telephone and internet banking services to its customers. Other financial services offered include remittance and money exchange, safe deposit boxes, auto pay and direct debit services.
Treasury activities mainly comprise inter-bank placement and deposit transactions, management of overall interest rate risk and liquidity of the Group and centralised cash management. Income from foreign exchange activities is generated from services provided to customers in the form of foreign exchange trading and forward contracts.
Other business activities of the Group include investment holding, securities trading, stockbroking, commodities and futures broking, other investment advisory services and property investment.

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

INCOME STATEMENT

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Interest income from external customers	669,630	364,543	-	-	1,034,173
Interest expense to external customers	(357,850)	(6,145)	-	-	(363,995)
Inter-segment income (Note)	121,776	-	-	(121,776)	-
Inter-segment expense (Note)	-	(121,776)	-	121,776	-
Net income	433,556	236,622	-	-	670,178
Other operating income	89,546	34,270	90,024	-	213,840
Operating income	523,102	270,892	90,024	-	884,018
Charge for bad and doubtful debts	(62,803)	-	-	-	(62,803)
Net losses from disposal of property and equipment	(2,140)	(126)	(398)	-	(2,664)
Net gains from disposal of other securities	-	-	22,192	-	22,192
Provision for diminution in value of other investments	-	-	(7,809)	-	(7,809)
Operating expenses	(280,402)	(20,337)	(28,858)	-	(329,597)
Segment profit	177,757	250,429	75,151	-	503,337
Unallocated corporate expenses					(133,557)
Profit from operations					369,780
Share of results of jointly controlled entities			(2,000)		(2,000)
Profit from ordinary activities before taxation					367,780
Taxation					(56,305)
Net profit for the year					311,475

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

OTHER INFORMATION

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

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

BALANCE SHEET

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Consolidated HK\$'000
Assets				
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				570,195
Consolidated total assets				39,940,916
Liabilities				
Segment liabilities	32,629,660	997,322	-	33,626,982
Unallocated corporate liabilities				369,526
Consolidated total liabilities				33,996,508

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

INCOME STATEMENT (RESTATED)

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Eliminations HK\$'000	Consolidated 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.

OTHER INFORMATION

	Corporate and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Unallocated HK\$'000	Consolidated 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 and retail banking HK\$'000	Treasury and foreign exchange activities HK\$'000	Other business activities HK\$'000	Consolidated HK\$'000
Assets				
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
Liabilities				
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.

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(7) Other operating income

	2003 HK\$'000	2002 HK\$'000
Fees and commission income	111,824	103,928
Less: Fees and commission expenses	(2,140)	(1,507)
Net fees and commission income	109,684	102,421
Dividend income		
Listed investments	5,192	14,076
Unlisted investments	1,596	1,380
Gains less losses from dealing in foreign currencies	34,269	21,721
Gross rental income from properties	4,621	8,838
Less: Outgoings	(4,577)	(5,400)
Net rental income	44	3,438
Safe deposit box rentals	21,946	20,464
Other banking services income	29,725	24,310
Others	11,384	13,036
	<u>213,840</u>	<u>200,846</u>

(8) Operating expenses

	2003 HK\$'000	2002 HK\$'000
Auditors' remuneration	2,187	2,237
Staff costs		
Salaries and other costs	218,588	213,037
Retirement benefits scheme contributions	16,581	18,338
Total staff costs	235,169	231,375
Depreciation and amortisation	45,586	43,442
Premises and equipment expenses, excluding depreciation		
Rentals and rates for premises	38,737	26,069
Others	12,671	12,039
Other operating expenses	128,804	124,099
	<u>463,154</u>	<u>439,261</u>

(9) Deposits from customers

	2003 HK\$'000	2002 HK\$'000
Demand deposits and current accounts	2,029,869	1,459,406
Savings deposits	7,568,026	5,458,963
Time, call and notice deposits	22,993,695	25,573,883
	<u>32,591,590</u>	<u>32,492,252</u>

SUPPLEMENTARY INFORMATION

(1) Advances and other accounts

	2003 HK\$'000	2002 HK\$'000
Advances to customers	20,185,265	19,650,535
Advances to banks and other financial institutions	58,369	58,999
Accrued interest and other accounts	409,497	511,522
Provision for bad and doubtful debts		
– Specific	(215,255)	(272,699)
– General	(215,730)	(202,336)
Interest in suspense	(140,603)	(156,820)
	<u>20,081,543</u>	<u>19,589,201</u>

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(2) Gross amount of advances by significant industry sectors

	2003 HK\$'000	2002 HK\$'000
Loans for use in Hong Kong		
– Industrial, commercial and financial		
– Property development	1,612,317	1,087,255
– Property investment	3,897,463	3,624,922
– Financial concerns	1,598,067	1,400,129
– Stockbrokers	338,695	575,441
– Wholesale and retail trade	640,383	619,996
– Manufacturing	930,717	701,188
– Transport and transport equipment	388,258	265,599
– Others	3,302,408	3,983,937
– Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,034,119	1,085,369
– Loans for the purchase of other residential properties	2,848,979	3,013,330
– Credit card advances	83,110	96,188
– Others	1,027,973	979,153
Trade finance	702,168	757,350
Loans for use outside Hong Kong	1,780,608	1,460,678
	<u>20,185,265</u>	<u>19,650,535</u>

(3) Advance to customers - by geographical areas

The Group's gross advances to customers by countries or geographical areas after taking into account any risk transfers are as follows:

	Total advances to customers		Non-performing advances		Advances overdue for over three months	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	18,645,551	18,718,166	905,297	995,629	1,724,435	1,300,959
People's Republic of China	359,023	149,641	67,543	79,940	69,662	82,123
Macau	241,712	312,374	–	–	–	–
America	304,683	186,358	–	–	–	–
Others	634,296	283,996	–	–	–	–
	<u>20,185,265</u>	<u>19,650,535</u>	<u>972,840</u>	<u>1,075,569</u>	<u>1,794,097</u>	<u>1,383,082</u>

(4) Advances to customers on which interest is being placed in suspense or has ceased to be accrued

	2003 HK\$'000	% of Total Advances	2002 HK\$'000	% of Total Advances
Gross advances	972,840	4.8	1,075,569	5.5
Specific provision	(202,599)		(266,931)	
	<u>770,241</u>		<u>808,638</u>	
Market value of collateral pledged	775,624		788,742	
Interest in suspense	(140,603)		(156,820)	

There are no advances to banks and other financial institutions on which interest is being placed in suspense or has ceased to be accrued.

(5) Cross-border claims

The Group's cross-border claims by countries or geographical areas which constitutes 10% or more of the relevant disclosure item after taking into account any risk transfers are as follows:

	2003			
	Banks and other financial institutions HK\$'000	Public sector entities HK\$'000	Others HK\$'000	Total HK\$'000
Asia Pacific excluding Hong Kong	4,452,886	92,751	754,787	5,300,424
North and South America	1,502,657	3,149	810,817	2,316,623
Europe	8,214,313	–	38,878	8,253,191
– of which	1,930,690	–	–	1,930,690
– United Kingdom	<u>2,384,124</u>	<u>–</u>	<u>38,878</u>	<u>2,423,002</u>

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	Banks and other financial institutions		Public sector entities		2002	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Others	Total
Asia Pacific excluding Hong Kong	5,105,374	87,553	—	876,954	—	6,069,881
– of which Australia	2,146,855	—	—	—	—	2,146,855
North and South America	1,721,753	14,617	—	525,371	—	2,261,741
Europe	8,247,847	—	—	—	—	8,247,847
– of which – Germany	2,324,212	—	—	—	—	2,324,212
– United Kingdom	1,799,768	—	—	—	—	1,799,768
(6) Gross amount of advances which have been overdue for three months and beyond						
	Gross advances	% of total advances	Specific provision	Net advances	2003	
	HK\$'000		HK\$'000	HK\$'000	Specific provision	Net advances
	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advances overdue for						
– 6 months or less but over 3 months	61,687	0.3	2,903	58,784		
– 1 year or less but over 6 months	1,017,926	5.0	32,190	985,736		
– Over 1 year	714,484	3.5	166,425	548,059		
Overdue advances	1,794,097	8.8	201,518	1,592,579		
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(853,956)	(4.2)	—	(853,956)		
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	32,699	0.2	1,081	31,618		
Total non-performing advances	972,840	4.8	202,599	770,241		
Rescheduled advances	823,365	4.1	12,912	810,453		
	Gross advances	% of total advances	Specific provision	Net advances	2002	
	HK\$'000		HK\$'000	HK\$'000	Specific provision	Net advances
	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advances overdue for						
– 6 months or less but over 3 months	117,785	0.6	20,615	97,170		
– 1 year or less but over 6 months	366,688	1.9	20,191	346,497		
– Over 1 year	898,609	4.6	223,522	675,087		
Overdue advances	1,383,082	7.1	264,328	1,118,754		
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(344,373)	(1.8)	—	(344,373)		
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	36,860	0.2	2,603	34,257		
Total non-performing advances	1,075,569	5.5	266,931	808,638		
Rescheduled advances	99,340	0.5	4,778	94,562		
Non-performing advances are advances on which interest is being placed in suspense or on which interest accrual has ceased.						
The value of the security of the above overdue advances is analysed as follows:						
	2003		2002			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Total overdue advances	1,794,097	1,383,082	1,598,687	1,102,602		
Secured amount	195,410	280,480	1,794,097	1,383,082		
Unsecured amount	1,598,687	1,102,602	1,908,132	1,840,312		
Market value of security						
The loan borrowers are predominantly located in Hong Kong.						
There were no advances to banks and other financial institutions or other assets which were overdue for over 3 months as at 31 December 2003 and 31 December 2002 nor were there any rescheduled advances to banks and other financial institutions.						
Assets acquired by repossession of collateral for realisation continue to be treated as securities for loans and advances. In this regard, provision has been made on the shortfall between the carrying amount of the loans and advances and the expected net sales proceeds from realisation of the repossessed assets.						
Repossession assets held by the Group as at 31 December 2003 amounted to HK\$83,880,000 (2002: HK\$150,950,000).						

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(7) Currency risk

The Group's foreign currency exposures arising from non-trading and structural position which constitute 10% or more of the total net position in all foreign currencies are as follows:

	US\$	2003 THB	Total
Equivalent in thousands of HK\$			
Spot assets	7,264,879	39,460	7,304,339
Spot liabilities	(7,274,994)	–	(7,274,994)
Forward purchases	91,544	–	91,544
Forward sales	(47,674)	–	(47,674)
Net long position	<u>33,755</u>	<u>39,460</u>	<u>73,215</u>
			MOP
Net structural position			<u>48,545</u>

	US\$	2002 MOP	2002 THB	Total
Equivalent in thousands of HK\$				
Spot assets	6,712,935	55,023	34,900	6,802,858
Spot liabilities	(6,683,374)	(38,594)	(3)	(6,721,971)
Forward purchases	101,793	–	–	101,793
Forward sales	(60,754)	(35,059)	–	(95,813)
Net long (short) position	<u>70,600</u>	<u>(18,630)</u>	<u>34,897</u>	<u>86,867</u>
				MOP
Net structural position				<u>48,545</u>

(8) The contractual or notional amounts of each of the following classes of off-balance sheet exposures outstanding are:

	2003 HK\$'000	2002 HK\$'000
Contingent liabilities and commitments		
– Direct credit substitutes	829,984	1,022,268
– Trade-related contingencies	256,126	240,006
– Other commitments	6,835,913	5,724,449
– Forward assets purchases	165,981	176,919
	<u>8,088,004</u>	<u>7,163,642</u>
Derivatives		
– Exchange rate contracts - hedging	19,046	42,935
– Interest rate swap contracts - hedging	<u>611,758</u>	<u>198,588</u>

The replacement cost and credit risk weighted amounts of the above off-balance sheet exposures are as follows:

	2003		2002	
	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000
Contingent liabilities and commitments	n/a	2,181,804	n/a	1,965,465
Exchange rate contracts	120	125	58	139
Interest rate contracts	<u>694</u>	<u>1,683</u>	<u>–</u>	<u>360</u>
	<u>814</u>	<u>2,183,612</u>	<u>58</u>	<u>1,965,964</u>

The above amounts do not take into account the effects of bilateral netting arrangements.

(9) Capital adequacy and liquidity ratio

	2003 %	2002 %
Capital adequacy ratio at 31 December		(restated)
– Unadjusted	<u>19.15</u>	<u>19.90</u>
– Adjusted	<u>19.12</u>	<u>19.88</u>
	2003	2002
	%	%
Average liquidity ratio for the year	<u>52.37</u>	<u>55.39</u>

The capital adequacy ratio is calculated as the ratio, expressed as a percentage, of the capital base to the risk assets, as specified in the Third Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

The adjusted capital adequacy ratio which takes into account of market risks as at the balance sheet date is calculated on the same basis as the unadjusted capital adequacy ratio and in accordance with the Guideline "Maintenance of Adequate Capital Against Market Risks" issued by the Hong Kong Monetary Authority.

The average liquidity ratio is calculated as the ratio, expressed as a percentage, of the average of each calendar month's average ratio, as specified in the Fourth Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Bank (International) Limited, Liu Chong Hing Banking Corporation Cayman, and Right Way Investments Limited.

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(10) The components of the total capital base after deductions as reported under Part I of the Capital Adequacy Return are as follows:

	2003 HK\$'000	2002 HK\$'000 (restated)
Core capital		
Paid up ordinary share capital	217,500	217,500
Share premium account	1,542,817	1,542,817
Reserves (eligible for inclusion in core capital)	<u>3,135,705</u>	<u>3,060,255</u>
	4,896,022	4,820,572
Eligible supplementary capital		
Reserves on revaluation of land and interests in land	421,341	428,658
Reserves on revaluation of holding of securities not held for trading purposes	10,890	(2,208)
General provisions for doubtful debts	<u>209,543</u>	<u>201,331</u>
Total capital base before deductions	<u>5,537,796</u>	5,448,353
Deductions from total capital base	<u>(627,857)</u>	<u>(587,262)</u>
Total capital base after deductions	<u>4,909,939</u>	<u>4,861,091</u>

Note: In the current year, the Group has adopted, for the first time, SSAP 12 (revised) issued by Hong Kong Society of Accountants as set out in Note 4 to the financial statements. Comparative figures of capital adequacy ratio in Note 9 and total capital base after deductions for 2002 above have been restated accordingly.



LIU CHONG HING BANK LIMITED

2003 FINAL RESULTS

COMPLIANCE WITH THE SUPERVISORY POLICY MANUAL FD-1 "FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS"

The Bank has fully complied with the Supervisory Policy Manual FD-1 "Financial Disclosure by Locally Incorporated Authorised Institutions" which was issued by the Hong Kong Monetary Authority in November 2002.

FINAL DIVIDEND

The Directors will recommend at the forthcoming Annual General Meeting to be held on Wednesday, 28 April 2004 the payment of the final dividend for 2003 of HK\$0.35 per share. This final dividend, if approved, will be paid on Thursday, 29 April 2004 to shareholders whose names are on the Register of Members on Wednesday, 21 April 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 15 April 2004 to Wednesday, 21 April 2004 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the 2003 final dividend, all transfer documents, together with the relevant share certificates, must be lodged with the Bank's Share Registrars and Transfer Office, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 pm on Wednesday, 14 April 2004.

PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SECURITIES

Neither the Bank nor any of its subsidiaries had purchased, sold or redeemed any of the Bank's listed securities during the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Bank has complied throughout the year ended 31 December 2003 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The results of the Bank for the year ended 31 December 2003 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the Stock Exchange's website in due course.

EXECUTIVE CHAIRMAN'S STATEMENT

Economic Review

The tumultuous year of 2003 started off in the doldrums and ended in an upswing. The first half of the year witnessed the spread of the plummeting effect of the US-Iraq confrontations and the Severe Acute Respiratory Syndrome ("SARS") epidemic across the board, worrying the citizenry, quieting social activities and paralysing commercial transactions. The second half of the year tended to stabilise on the coattails of an improving external environment and a controlled SARS outbreak, not to mention the Central Government's implementation of various policies to support the local economy. Annual economic growth exceeded expectation and the pace of recovery started to pick up.

Hong Kong's macroeconomic environment was deplorable last year. The growth rate of our gross domestic product was on the low side and unemployment problem was serious. Moreover, deflation worsened and fiscal deficit continued to escalate. The trend of development was momentarily rather good at the beginning of last year. Gross domestic product was 4.5 percent for the first quarter. However, the economy, burdened with tensions in the Middle East, fights against terrorism and the SARS epidemic, abruptly went into reverse. The gross domestic product for the second quarter dropped 0.5 percent. The dawn of the third quarter saw

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the calming down of the global climate and the beginning of the turning around of the global economy. The local economy also began to show signs of improvement. Gross domestic product for the third quarter grew 4 percent over that of the previous corresponding period. The fourth quarter is expected to have grown about 4.5 percent and the growth for the whole year can be expected to meet the target of 3 percent increase. Hong Kong's economy is extrovert by nature and external trade plays an important role. Industrial production, however, has dwindled over the years because of economic transformation. Despite the difficult environment, external trade for the whole year still managed to register growth. With the liberalisation of travel restrictions to Hong Kong, beginning in the second half of last year, by the mainland authorities for their residents, the market started to show signs of recovery, instantly blessing the transportation, hotel, restaurant, retail and entertainment businesses, among others, with a breath of new life. On the stock market front, the Hong Kong stock market rose last year after its earlier drop. Hang Seng Index fluctuated between 9,321 points at the beginning of the year and 12,576 points at the end of the year (an increase of 3,255 points, or 35 percent, over that of 2002), spanning 4,409 points for the whole year. Average daily turnover amounted to HK\$10.3 billion (a marked increase of 58 percent against the previous year's HK\$6.5 billion), an indication that the money market is abundant with capital and the public's desire to invest is on the increase. On the property front, in the light of such negative factors as the dismal state of the global political landscape and the territory's own SARS epidemic in the first half of the year, property prices plummeted nearly ten percent in the second quarter of last year to hit rock bottom following the financial crisis in 1997. The number of cases of negative-equity residential mortgage loans shot up to more than 100,000. Although property developers had tried their best to offer incentives to boost flat sales, it was difficult to arouse the public's interest in investing in the property market. It was not until the second half of the year that migrant capital came flooding in from overseas and the local government started introducing new immigration policy for those applicants who wish to invest in Hong Kong. The market gradually became active and property prices had on average risen more than 20 percent in six months from their low points. Since the momentum is still there, steady growth can be expected to continue. As far as the banking sector is concerned, there was no major breakthrough: the dismal condition of the Hong Kong economy last year was an extension of that experienced during the last few years. Interest rates remained low throughout the year. Interbank rate was even at zero percent most of the time. Credit demand, however, was still sluggish. Although certain sectors, having benefited from the introduction of the new "individual travels" arrangement, improved somewhat in the second half of the year, they only managed to make up for their losses incurred from their meager operations during the first half of the year.

Results Announcement

The Bank's results for 2003 improved slightly over those of the year before. For the financial year of 2003, on an audited, consolidated basis, profit attributable to shareholders amounted to HK\$311.475 million, a slight increase of 0.02 percent against the previous year's. Total customers' deposits rose slightly by 0.31 percent to HK\$32.592 billion. Total loans to customers (after accounting for provisions for bad and doubtful debts as well as interest accrued and suspended) increased 3.03 percent to HK\$19.736 billion. On 31 December 2003, the Bank's loan portfolios were made up as follows: property developments and investments (27.30 percent), personal real estate purchases (19.24 percent), financial and securities concerns (9.60 percent), trade finance (3.48 percent), wholesale and retail trade (3.17 percent), manufacturing, transportation and other businesses (22.89 percent), loans outside Hong Kong (8.82 percent), and others (5.50 percent). Adjusted capital adequacy ratio dropped 3.82 percent to 19.12 percent at the end of 2003, while average liquidity ratio for 2003 decreased 5.45 percent to 52.37 percent. Loan-to-deposit ratio increased 2.68 percent to 52.93 percent. Total assets rose 1.92 percent to HK\$39.941 billion. Shareholders' funds (after final dividend) amounted to HK\$5.792 billion, an increase of 2.59 percent. As far as the local economy is concerned, last year was a rollercoaster year: first bitter, then sweet. Our results for the whole year edged up somewhat thanks to the concerted efforts of members of our staff who managed to recoup our initial lost ground by taking timely advantage of the upswing of the economy. Your board has recommended paying the final dividend for the financial year of 2003 of HK\$0.35 per share to shareholders whose names appear in the Register of Members at the close of business on Wednesday, 21 April 2004. Total dividends for the financial year of 2003 (including the interim dividend of HK\$0.15 per share paid earlier) amounted to HK\$0.50 per share.

Profit Analysis

On an audited, consolidated basis, net interest income dropped 10.57 percent from that of 2002 to HK\$670.178 million in 2003. Interest spread decreased 11.52 percent to 1.69 percent. After accounting for the other operating income, which amounted to HK\$213.84 million, total operating income was HK\$884.018 million and total operating expenditure was HK\$463.154 million. Cost-to-income ratio amounted to 52.39 percent. Operating profit before provisions and disposal of long-term assets decreased 17.63 percent to HK\$420.864 million. During the year under discussion, the Bank continued to strive for good credit quality. Provisions for bad and doubtful debts fell sharply from those of 2002 by 51.33 percent to HK\$62.8 million. After accounting for the provisions for bad and doubtful debts as well as the charge for taxation, the Bank recorded an increase of 0.02 percent in the profit attributable to shareholders to HK\$311.475 million, translating into earnings of HK\$0.72 per share. Net asset value (after final dividend) amounted to HK\$13.31 per share, an increase of 2.59 percent.

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Directorate Changes

Mr Tatsuo Tanaka resigned as a non-executive director on 20 November 2003. I would like to express my sincere gratitude to Mr Tanaka for what he had contributed to the Bank during his term of office. Mr Toshiaki Arai was then appointed a non-executive director of the Bank upon the nomination of The Bank of Tokyo-Mitsubishi, Ltd in Japan. Mr Arai is currently the Regional Head for Hong Kong and the General Manager of the Hong Kong Branch of The Bank of Tokyo-Mitsubishi, Ltd. I would like to warmly welcome Mr Arai to the Bank's board.

Economic Prospects

Hong Kong finally sees the light at the end of the tunnel after more than six years of economic hardship. On the one hand, the Central Government has introduced an array of preferential policies (including the Mainland and Hong Kong Closer Economic Partnership Arrangement and the liberalisation of travel restrictions on "individual travels" to Hong Kong and Macau which are applicable to mainland residents). On the other hand, the local government has in tandem introduced certain new immigration measures to attract foreign investments and has also actively participated in the integration of such cities as Guangzhou, Hong Kong and Macau into the Pearl River Delta region in order to vie for a broader range of business opportunities. Market activities have begun to pick up since July last year, improving the operating environment for certain industries. The opportune influx of migrant capital has brought about V-shaped rebounds in both the stock and the property markets. Trading volume and confidence have swiftly recovered. Such display of optimistic sentiments has been a rare phenomenon since the onslaught of the financial turmoil.

It is expected that the overseas markets will continue to improve this year and that the China economy will keep on expanding rapidly. Although Hong Kong still has to encounter such problems as huge deficit, continued deflation and high unemployment, the worst is behind us. The general feeling is that this year the economy will grow between 6 and 7 percent, thereby increasing government revenues and, as can be expected, gradually lessening the problems associated with fiscal deficits. It is hoped that after more than five years of deflation, it will be history in the second half of the year when increasing industrial and commercial activities will help improve employment. It is believed that one can be cautiously optimistic in the year of 2004.

As to the running of the banking business, the local economy is expected to recover fully this year. The greenback will remain weak in the international financial market, while the expectation of the appreciation in value of renminbi will continue to cause an influx of hot money into Hong Kong. Large-scale mainland enterprises have been seeking, one after the other, Hong Kong listings. The continued increase in fundraising activities is conducive to the sustained development of the stock and the property markets. Loan demand will increase gradually. Banks in Hong Kong have just started conducting personal renminbi business and the opening of renminbi accounts has become a vogue. The banking industry will benefit from the economic synergy resulting from time to time from both the Mainland and Hong Kong Closer Economic Partnership Arrangement and the Guangzhou-Hong Kong-Macau alliance in the next three years or so. Be that as it may, the banking industry in reality faces many challenges too. Firstly, it is possible that interest rates in both the United States and Hong Kong, which have remained rather low for a prolonged period of time, will gradually increase in the second half of this year. This will in turn bring about a softening of the bond market which has already experienced years of bullishness. The treasury business of the banking industry will definitely be affected one way or another. Secondly, this is a general election year for the United States. The surfacing of uncertain political factors and frequent Sino-US trade disputes will certainly provoke confrontations and hinder external trade. Moreover, the structural transformation of Hong Kong's economy is still at the stage of groping for directions. The economy as a whole lacks the support of a stabilising force resulting from "pillar industries". Hong Kong is mainly service industry-oriented. As such, any sudden change in the international terrain will inevitably have a ripple effect on the territory. All in all, conventional banking business has yet to have any greater breakthrough. Market competition is becoming fiercer day by day and marginal profits are gradually shrinking. In order for the banks to achieve better results, they must be innovative and adaptive to the needs of the market. We will continue to capitalise on our deliberated strategies and seize business opportunities to flexibly expand our business horizon with a vengeance so as to seek better returns for our shareholders.

Finally, I, on behalf of your board, would like to sincerely thank our customers, friends and shareholders for their trust in and support for the Bank throughout the years, not to mention my fellow directors for their resolute judgment and all members of our staff for their devotion to their work.

By Order of the Board
Liu Lit Man
Executive Chairman

10 March 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the shareholders of Liu Chong Hing Bank Limited (the "Bank") for the year of 2004 will be held in The Harbour Room on Level 3 of The Ritz-Carlton at 3 Connaught Road Central, Hong Kong on Wednesday, 28 April 2004 at 11 am for the purposes of dealing with the following items of ordinary and special business:

Ordinary business

1. To receive and adopt the Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2003.
2. To consider and declare the final dividend for the year ended 31 December 2003.
3. To re-elect directors and fix their and the other directors' remuneration.
4. To re-appoint auditors and authorise the directors to fix the former's remuneration.

Special business

5. To grant a general mandate to the directors to repurchase shares in the Bank not exceeding 10 percent of its issued share capital.
6. To grant a general mandate to the directors to allot and issue additional shares in the Bank not exceeding 20 percent of its issued share capital.
7. To extend the general mandate granted under the above-mentioned item 6 by adding the number of shares repurchased under the above-mentioned item 5 to the number of shares permitted to be allotted and issued.
8. To make certain changes to the provisions of the Articles of Association of the Bank (as further detailed in the notice of annual general meeting incorporated into the Bank's Annual Report 2003) to bring them in line with certain recent changes to both the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance and to improve the drafting of certain provisions of the Bank's Articles of Association.

Any other ordinary business

9. To transact any other ordinary business.

By Order of the Board

Michael K W Yeung

Company Secretary

10 March 2004

Notes:

- i. A shareholder entitled to attend and vote at the annual general meeting in question is entitled to appoint a proxy to attend and vote in his stead. A proxy does not have to be a shareholder of the Bank. Proxy forms are to be lodged with the registered office of the Bank (currently situated at Ground Floor, New World Tower 2, 16-18 Queen's Road Central, Hong Kong) not later than 48 hours before the time for the holding of the annual general meeting in question or any adjournment thereof.
- ii. The Register of Members of the Bank will be closed from Thursday, 15 April 2004 to Wednesday, 21 April 2004 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the final dividend in question, all transfer documents, together with the relevant share certificates, must be lodged for registration with the Bank's Share Registrars and Transfer Office, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4 pm on Wednesday, 14 April 2004.
- iii. The Bank's Annual Report 2003 (containing, among other things, the proposed resolutions in relation to the above-mentioned items 5, 6, 7 and 8) will be sent to shareholders not later than Tuesday, 30 March 2004.

Please also refer to the published version of this announcement in the South China Morning Post dated 11/3/2004.