



BEA 東亞銀行

Our Ref: SHR/05/61

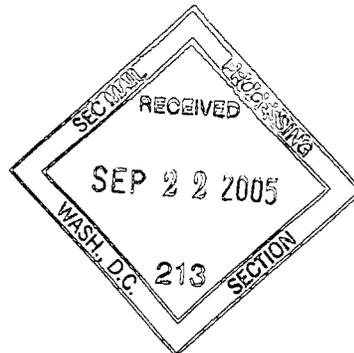
September 13, 2005



05011416

BY REGISTERED AIRMAIL

Securities and Exchange Commission,
Division of Corporate Finance,
Judiciary Plaza,
450 Fifth Street,
Washington, DC 20549,
U.S.A.



SUPP

Ladies and Gentlemen,

Re: The Bank of East Asia, Limited
Rule 12g3-2(b) Exemption File No. 82-3443

Pursuant to Rule 12g3-2(b)(1)(iii) under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and on behalf of The Bank of East Asia, Limited (the "Company"), enclosed for your attention are the documents described in the Annex hereto.

These documents supplement the information previously provided with respect to the Company's request for exemption under Rule 12g3-2(b).

This information is being furnished with the understanding that such information and documents will not be deemed "filed" with the Securities & Exchange Commission (the "SEC") or otherwise subject to the liabilities of Section 18 of the Exchange Act, and that neither this letter nor the furnishing of such documents and information shall constitute an admission for any purpose that this Company is subject to the Exchange Act.

Please do not hesitate to contact the undersigned at (852) 3608 5068 in Hong Kong if you have any questions.

Thank you for your attention to this matter.

Yours faithfully,
For and on behalf of
THE BANK OF EAST ASIA, LIMITED

Molly Ho Kam-lan
Company Secretary

PROCESSED

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Annex to Letter to the SEC
dated September 13, 2005 of
The Bank of East Asia, Limited

The documents below are being furnished to the SEC to supplement information provided since May 11, 2005 with respect to the Company's request for exemption under Rule 12g3-2(b).

Description of Document

1. Document : Form AR1 Annual Return
Date : May 12, 2005
Source of Requirement : Hong Kong Companies Ordinance
2. Document : Form AC1
Date : May 12, 2005
Source of Requirement : Hong Kong Companies Ordinance
3. Document : Form AC2
Date : May 12, 2005
Source of Requirement : Hong Kong Companies Ordinance
4. Document : Form SC1 Return of Allotments
Date : May 31, 2005
Source of Requirement : Hong Kong Companies Ordinance
5. Document : Form SC1 Return of Allotments
Date : June 30, 2005
Source of Requirement : Hong Kong Companies Ordinance
6. Document : Notification of Board meeting declaring the interim results and interim dividend for the six months ended June 30, 2005
Date : July 5, 2005
Source of Requirement : The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKSE Listing Rules")
7. Document : Form SC1 Return of Allotments
Date : July 29, 2005
Source of Requirement : Hong Kong Companies Ordinance
8. Document : Interim Report 2005
Date : August 3, 2005
Source of Requirement : HKSE Listing Rules
9. Document : Press Announcement in respect of announcement of 2005 interim results
Date : August 4, 2005
Source of Requirement : HKSE Listing Rules
10. Document : Scrip Circular and Form of Election in respect of 2005 interim scrip dividend
Date : August 24, 2005
Source of Requirement : HKSE Listing Rules

File No. 82-3443

Annex to Letter to the SEC
dated September 13, 2005 of
The Bank of East Asia, Limited

Description of Document

11. Document : Form SC1 Return of Allotments
Date : August 31, 2005
Source of Requirement : Hong Kong Companies Ordinance
12. Document : Press announcement setting out the basis of allotment of the new
shares to be issued under the 2005 interim scrip dividend scheme
Date : September 5, 2005
Source of Requirement : HKSE Listing Rules



公司註冊處
Companies Registry

周年申報表
Annual Return

(公司條例第107(1)條)
(Companies Ordinance, s. 107(1))

表格
Form **AR1**



重要事項 Important Notes

- 填表前請參閱〈填表須知〉。請用黑色墨水列印。
- Please read the accompanying notes before completing this form. Please print in black ink.

公司編號 Company Number

255

1 公司名稱 Company Name

東亞銀行有限公司 The Bank of East Asia, Limited
--

2 商業名稱 Business Name

--

3 公司類別 Type of Company

請在有關空格內加 ✓ 號 Please tick the relevant box

- 有股本的私人公司
Private Company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this Return is made up to

08	04	2005
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。
For a private company having a share capital, the information in this Return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.)

5 註冊辦事處地址 Address of Registered Office

No.10 Des Voeux Road Central, Hong Kong

6 電郵地址 E-mail Address

--

提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department

地址 Address: 20/F., The Bank of East Asia Building, 10
Des Voeux Road Central, Hong Kong

電話 Tel: 2842 3033 傳真 Fax: 2833 6423

電郵地址 E-mail Address:

檔號 Reference: (PAUL) / T0180016 / 20/05/2005

請勿填寫本欄 For Official Use

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7 按揭及押記 Mortgages and Charges.

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total Amount outstanding as of the Date of this Return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

US\$64,874,411.68 + EUR373,507.43

(註 Note 11) **8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital**

(有股本的公司毋須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目

Number of member(s) as at the Date of this Return

(註 Note 12) **9 股本 Share Capital**

(無股本的公司毋須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
	法定股本 Authorized Share Capital	已發行股本 Issued Share Capital			
股份類別 Class of Shares	總面值 Total Nominal Value †	已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HK\$6,500,000,000.00	1,494,275,551	HK\$2.50	HK\$3,735,688,877.50	HK\$3,735,688,877.50
總值 Total	HK\$6,500,000,000.00	1,494,275,551		HK\$3,735,688,877.50	HK\$3,735,688,877.50

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

註 Note 13) **10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital**
(如未能盡錄於下列表格內，請用續頁 A 填報 Use Continuation Sheet A if there is insufficient space)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併填報；股份受讓人的姓名／名稱請在「備註」一欄註明。
If there have been any transfers of the company's shares since the date of the last Annual Return (or since incorporation if this is the first Annual Return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

姓名／名稱 Name	地址 Address	股份 Shares			備註 Remarks
		現時持有量 Current Holding	轉讓 Transferred		
			數目 Number	日期 Date	
	See the attached CD-Rom				
		總數 Total	1,494,275,551		

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁 B 填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese 何金蘭

英文姓名
Name in English

Ho	Kam Lan
姓氏 Surname	名字 Other Names

前用姓名
Previous Names --

別名
Alias --

(註 Note 14) 香港住址
Hong Kong Residential Address

Flat A, 15th Floor, Block 1, Sherwood Court, 18 Kwai Sing Lane, Happy Valley, Hong Kong

註 Note 15) 電郵地址
E-mail Address --

註 Note 16) 身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number D289463(8)

b 海外護照
Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁 B 填報 Use Continuation Sheet B if more than 1 corporate secretary)

註 Note 17) 中文名稱
Name in Chinese

註 Note 17) 英文名稱
Name in English

註 Note 18) 香港地址
Hong Kong Address

註 Note 15) 電郵地址
E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

255

12 董事 Director

A. 個人董事 Individual Director

(如超過兩名個人董事，請用續頁 C 填報 Use Continuation Sheet C if more than 2 individual directors)

註 Note 19)

1 身份 Capacity

董事 Director 候補董事 Alternate Director

代替 Alternate to

--

中文姓名 Name in Chinese

李國寶

英文姓名 Name in English

Li	Kwok Po, David
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

--

別名 Alias

--

註 Note 20)

住址 Residential Address

Penthouse A, Tower 2, Dynasty Court, 23 Old Peak Road, Hong Kong	--
	國家 Country

註 Note 21)

電郵地址 E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

A982004(6)

b 海外護照 Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

255

12 董事 Director (續上頁 cont'd)

(註 Note 19)

2 身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

--

中文姓名
Name in Chinese

李福和

英文姓名
Name in English

Li	Fook Wo
姓氏 Surname	名字 Other Names

前用姓名
Previous Names

--

別名
Alias

--

(註 Note 20)

住址
Residential
Address

A501, Villa Verde, 18 Guildford Road, The Peak, Hong Kong	--
	國家 Country

(註 Note 21)

電郵地址
E-mail Address

--

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

A109478(8)

b 海外護照
Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

255

12 董事 Director (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁 D 填報 Use Continuation Sheet D if more than 2 corporate directors)

註 Note 19) 1 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

註 Note 23) 地址 Address

國家 Country

註 Note 21) 電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

註 Note 19) 2 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

註 Note 23) 地址 Address

國家 Country

註 Note 21) 電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

255

12 董事 Director (續上頁 cont'd)

C. 備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名
Name in Chinese

--

英文姓名
Name in English

姓氏 Surname	名字 Other Names

前用姓名
Previous Names

--

別名
Alias

--

(註 Note 20)

住址
Residential Address

	國家 Country

(註 Note 21)

電郵地址
E-mail Address

--

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

--

b 海外護照
Overseas Passport

簽發國家 Issuing Country	號碼 Number

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the Registered Office in Section 5)

登記冊 Register	地址 Address
a 成員登記冊 Register of Members	G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
b 債權證持有人登記冊 (如有的話) Register of Debenture Holders (if any)	Nil

註 Note 24) **14 隨表提交的帳目所涵蓋的會計結算始末日期**

Period Covered by Accounts Submitted with this Form
(私人公司毋須填報此項 A private company need not complete this section)

01	01	2004	至	31	12	2004
日 DD	月 MM	年 YYYY	To	日 DD	月 MM	年 YYYY

15 證明書 Certificate

(此項證明只適用於私人公司。如不適用，請刪去此項。)
(This Certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last Annual Return (or since incorporation if this is the first Annual Return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the Date of this Return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

本申報表包括 _____ 張續頁 A、_____ 張續頁 B、_____ 張續頁 C 及 _____ 張續頁 D。

This Return includes -- Continuation Sheet(s) A, -- Continuation Sheet(s) B, 13 Continuation Sheet(s) C and -- Continuation Sheet(s) D.

簽署 Signed : 
姓名 Name : Ho Kam Lan
董事 Director / 秘書 Secretary

日期 Date : 12th May, 2005
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	---------------------------

中文姓名 Name in Chinese	黃頌顯
-------------------------	-----

英文姓名 Name in English	Wong	Chung Hin
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
-------------	----

註 Note 20)

住址 Residential Address	D72 Carolina Gardens, 34 Coombe Road, Hong Kong	-- 國家 Country
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註 Note 21)

電郵地址 E-mail Address	--
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註 Note 22)

身份證明 Identification a 香港身份證號碼 Hong Kong Identity Card Number	A918026(8)
b 海外護照 Overseas Passport	--
	簽發國家 Issuing Country 號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

--

中文姓名
Name in Chinese

李兆基

英文姓名
Name in English

Lee	Shau Kee
姓氏 Surname	名字 Other Names

前用姓名
Previous Names

--

別名
Alias

--

註 Note 20)

住址
Residential Address

36, MacDonnell Road, 22/F., Hong Kong	--
	國家 Country

註 Note 21)

電郵地址
E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

A620864(1)

b 海外護照
Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	---------------------------

中文姓名 Name in Chinese	李福善
-------------------------	-----

英文姓名 Name in English	Li	Fook Sean, Simon
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
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註 Note 20)

住址 Residential Address	55, Perkins Road, Hong Kong	--
		國家 Country

註 Note 21)

電郵地址 E-mail Address	--
------------------------	----

註 Note 22)

身份證明 Identification a 香港身份證號碼 Hong Kong Identity Card Number	A311023(3)				
b 海外護照 Overseas Passport	<table border="1"> <tr> <td style="text-align: center;">--</td> <td style="text-align: center;">--</td> </tr> <tr> <td style="text-align: center;">簽發國家 Issuing Country</td> <td style="text-align: center;">號碼 Number</td> </tr> </table>	--	--	簽發國家 Issuing Country	號碼 Number
--	--				
簽發國家 Issuing Country	號碼 Number				

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

--

中文姓名 Name in Chinese

黃子欣

英文姓名 Name in English

Wong	Chi Yun, Allan
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

--

別名 Alias

--

註 Note 20)

住址 Residential Address

12 Bowen Road, 29/F. & 30/F., Hong Villa, Hong Kong	--
	國家 Country

註 Note 21)

電郵地址 E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

A957296(4)

b 海外護照 Overseas Passport

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簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

(註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	---------------------------

中文姓名 Name in Chinese	李國星
-------------------------	-----

英文姓名 Name in English	Li	Kwok Sing
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
-------------	----

(註 Note 20)

住址 Residential Address	B25, Estoril Court, 55 Garden Road, Hong Kong	--
		國家 Country

(註 Note 21)

電郵地址 E-mail Address	--
------------------------	----

(註 Note 22)

身份證明 Identification		
a 香港身份證號碼 Hong Kong Identity Card Number	D042347(6)	
b 海外護照 Overseas Passport	--	--
	簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

--

中文姓名
Name in Chinese

彭玉榮

英文姓名
Name in English

Pang	Yuk Wing, Joseph
姓氏 Surname	名字 Other Names

前用姓名
Previous Names

--

別名
Alias

--

住址
Residential
Address

Flat B, 23/F., Block 9, Braemar Hill Mansion, 31 Braemar Hill Road, North Point, Hong Kong	--
	國家 Country

電郵地址
E-mail Address

--

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

A862765(A)

b 海外護照
Overseas Passport

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簽發國家 Issuing Country

號碼 Number

註 Note 19)

註 Note 20)

註 Note 21)

註 Note 22)

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity

董事 Director 候補董事 Alternate Director

代替 Alternate to

--

中文姓名 Name in Chinese

蒙民偉

英文姓名 Name in English

Mong	Man Wai, William
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

--

別名 Alias

--

註 Note 20)

住址 Residential Address

No.6 Essex Crescent, Kowloon Tong, Kowloon, Hong Kong	--
	國家 Country

註 Note 21)

電郵地址 E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

B172255(2)

b 海外護照 Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19) 身份 Capacity

董事 Director 候補董事 Alternate Director

代替 Alternate to

--

中文姓名 Name in Chinese

陳棋昌

英文姓名 Name in English

Chan	Kay Cheung
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

--

別名 Alias

--

註 Note 20) 住址 Residential Address

22A Broadway, 8th Floor, Mei Foo Sun Chuen, Kowloon	--
	國家 Country

註 Note 21) 電郵地址 E-mail Address

--

註 Note 22) 身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

B905121(5)

b 海外護照 Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

(註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	-----------------------

中文姓名 Name in Chinese	羅友禮
-------------------------	-----

英文姓名 Name in English	Lo	Yau Lai, Winston
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
-------------	----

(註 Note 20)

住址 Residential Address	5/F., Faber Villa, 17 Tai Tam Road, Stanley, Hong Kong	--
		國家 Country

(註 Note 21)

電郵地址 E-mail Address	--
------------------------	----

(註 Note 22)

身份證明 Identification a 香港身份證號碼 Hong Kong Identity Card Number	A909089(7)
b 海外護照 Overseas Passport	--
	--
	簽發國家 Issuing Country
	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

--

中文姓名 Name in Chinese

邱繼炳

英文姓名 Name in English

Khoo	Kay Peng
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

--

別名 Alias

--

註 Note 20)

住址 Residential Address

189 Jalan Ampang, 50450 Kuala Lumpur, Malaysia	Malaysia
	國家 Country

註 Note 21)

電郵地址 E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

P685205(3)

b 海外護照 Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

(註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	---------------------------

中文姓名 Name in Chinese	郭炳江
-------------------------	-----

英文姓名 Name in English	Kwok	Ping Kwong, Thomas
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
-------------	----

(註 Note 20)

住址 Residential Address	8A, South Bay Road, Repulse Bay, Hong Kong	--
		國家 Country

(註 Note 21)

電郵地址 E-mail Address	--
------------------------	----

(註 Note 22)

身份證明 Identification a 香港身份證號碼 Hong Kong Identity Card Number	A991900(A)	
b 海外護照 Overseas Passport	--	--
	簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

--

中文姓名
Name in Chinese

李澤楷

英文姓名
Name in English

Li	Tzar Kai, Richard
姓氏 Surname	名字 Other Names

前用姓名
Previous Names

--

別名
Alias

--

註 Note 20)

住址
Residential
Address

84 Peak Road, House B, Hong Kong	--
	國家 Country

註 Note 21)

電郵地址
E-mail Address

--

註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

D544977(5)

b 海外護照
Overseas Passport

--	--
簽發國家 Issuing Country	號碼 Number

本申報表日期 Date of Return

08	04	2005
日 DD	月 MM	年 YYYY

公司編號 Company Number

255

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

註 Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to --
----------------	--	---	---------------------------

中文姓名 Name in Chinese	陳文裘
-------------------------	-----

英文姓名 Name in English	Tan	Man Kou
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	--
------------------------	----

別名 Alias	--
-------------	----

註 Note 20)

住址 Residential Address	Flat 10C, Sea Cliff Mansion, 19 Repulse Bay Road, Hong Kong	國家 Country --
---------------------------	---	------------------

註 Note 21)

電郵地址 E-mail Address	mktan@netvigator.com
------------------------	----------------------

註 Note 22)

身份證明 Identification		
a 香港身份證號碼 Hong Kong Identity Card Number	A799093(9)	
b 海外護照 Overseas Passport	--	--
	簽發國家 Issuing Country	號碼 Number



附屬公司資料陳述書

Statement of Particulars of Subsidiaries

公司註冊處
Companies Registry

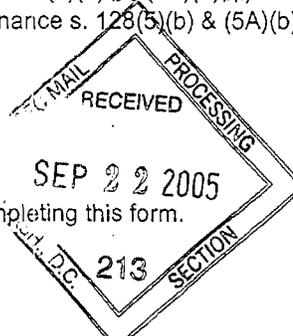
(公司條例第 128(5)(b) 及 (5A)(b)條)
(Companies Ordinance s. 128(5)(b) & (5A)(b))

表格
Form **AC1**

重要事項 Important Notes

- 填表前請參閱《填表須知》。
- 請用黑色墨水列印。

- Please read the accompanying notes before completing this form.
- Please print in black ink.



公司編號 Company Number

255

1 公司名稱 Company Name

東亞銀行有限公司
The Bank of East Asia, Limited

2 本陳述書的附表一載列本公司於下述財政年度終結日期的所有附屬公司的詳情 The particulars of all the Subsidiaries of the Company as at the closing date of the financial year as stated below are contained in Schedule 1 of this Statement

財政年度的終結日期
Closing Date of the Financial Year

31	12	2004
日 DD	月 MM	年 YYYY

本陳述書包括 _____ 頁附表。

This Statement includes 14 page(s) of Schedule.

簽署 Signed :

姓名 Name : Ho Kam Lan
董事 Director / 秘書 Secretary *

日期 Date : 12th May, 2005
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

註 Note 4)

提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department
地址 Address: 20/F., The Bank of East Asia Building,
10 Des Voeux Road Central, Hong Kong

電話 Tel: 2842 3033 傳真 Fax: 2833 6423

電郵地址 E-mail Address:

檔號 Reference:

指明編號 1/2004 (2004年2月)
Specification No. 1/2004 (Feb. 2004)

請勿填寫本欄 For Official Use

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Asia Strategic Capital Limited	BVI	Ordinary		100%
Asia Strategic Investment Management Limited	Hong Kong	Ordinary		100%
Bank of East Asia (Trustees) Limited	Hong Kong	Ordinary	100%	
BEA Pacific (Vanuatu) Limited	Vanuatu	Ordinary	100%	
BEA Pacific Asia Limited	Hong Kong	Ordinary		100%
BEA Pacific Holding Company Limited	Bermuda	Ordinary	100%	
BEA Pacific Limited	Hong Kong	Ordinary		100%
BEA Pacific Nominee Limited	Hong Kong	Ordinary		100%
BEAC Limited	Hong Kong	Ordinary	100%	
BEAF Limited	Hong Kong	Ordinary	100%	
Blue Care Medical Services Limited	Hong Kong	Ordinary	100%	
Blue Cross (Asia-Pacific) Insurance Limited	Hong Kong	Ordinary	100%	
EA China Finance Limited	BVI	Ordinary		100%
EA Nominees Limited	Hong Kong	Ordinary		100%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
EA Securities Limited	Hong Kong	Ordinary		100%
East Asia Asset Management Company Limited	Hong Kong	Ordinary	100%	
East Asia Electronic Data Processing (Guangzhou) Limited	PRC	N/A		100%
East Asia Facility Management Limited	Hong Kong	Ordinary		100%
East Asia Financial Holding (BVI) Limited	BVI	Ordinary	100%	
East Asia Financial Services (BVI) Ltd.	BVI	Ordinary	100%	
East Asia Futures Limited	Hong Kong	Ordinary	100%	
East Asia Holding Company, Inc.	USA	Ordinary	100%	
East Asia Indonesian Holdings Limited*	Seychelles	Ordinary		100%
East Asia Investment Holdings Limited	Hong Kong	Ordinary	100%	
East Asia Investments Holdings (BVI) Ltd.	BVI	Ordinary	100%	

* change of domicile from the Republic of Mauritius to Seychelles on 30th December, 2004.

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
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East Asia Properties Holding Company Limited	Hong Kong	Ordinary	100%	
East Asia Properties Investment Company Limited	Hong Kong	Ordinary		100%
East Asia Properties (US), Inc.	USA	Ordinary		100%
East Asia Property Agency (China) Company Limited	Hong Kong	Ordinary	100%	
East Asia Property Agency Company Limited	Hong Kong	Ordinary	100%	
East Asia Property Agency (Guangzhou) Limited	PRC	N/A		100%
East Asia Property Agency (Shanghai) Limited	PRC	N/A		100%
East Asia Property Development (Shanghai) Limited	Hong Kong	Ordinary		100%
East Asia Property Holdings (Jersey) Limited	Jersey	Ordinary	100%	
East Asia Property Management (China) Limited	Hong Kong	Ordinary		100%
East Asia Property Management (Guangzhou) Limited	PRC	N/A		100%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
East Asia Secretaries Limited	Hong Kong	Ordinary	100%	
East Asia Securities Company Limited	Hong Kong	Ordinary	100%	
East Asia Securities Inc.	Canada	Common		100%
East Asia Services (Holdings) Limited	Hong Kong	Ordinary	100%	
East Asia Strategic Holdings Limited	BVI	Ordinary	100%	
Far East Bank Nominees Limited	Hong Kong	Ordinary		100%
FEB (1989) Limited	Hong Kong	Ordinary & Non-Voting Deferred		100%
Global Success Ltd.	BVI	Ordinary		100%
Golden Empire International Inc.	BVI	Ordinary		100%
Golden Properties Finance Ltd.	BVI	Ordinary		100%
Golden Queen International Ltd.	BVI	Ordinary		100%
Golden Wings International Ltd.	BVI	Ordinary		100%
Goldmond Company Limited	BVI	Ordinary		100%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Goldmond Finance Company Limited	BVI	Ordinary		100%
Leader One Limited	BVI	Ordinary	100%	
Red Phoenix Limited	Hong Kong	Ordinary	100%	
Shanghai Dong Yan Property Management Limited	PRC	N/A		100%
Shenzhen East Asia Property Management Limited	PRC	N/A		100%
The Bank of East Asia (BVI) Limited	BVI	Ordinary	100%	
The Bank of East Asia (Canada)	Canada	Common	100%	
The Bank of East Asia (Nominees) Limited	Hong Kong	Ordinary	100%	
The Bank of East Asia (Nominees) Private Limited	Singapore	Ordinary	100%	
The Bank of East Asia Nominees (UK) Limited	UK	Ordinary	50%	50%
The Bank of East Asia (U.S.A.) N.A.	USA	Ordinary		100%
Toursafe Limited	Hong Kong	Ordinary		100%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
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Travelguard Limited	Hong Kong	Ordinary		100%
Travelsafe Limited	Hong Kong	Ordinary		100%
Tung Shing Holdings (BVI) Limited	BVI	Ordinary	100%	
UCB Limited	Hong Kong	Ordinary	100%	
United Chinese (Nominees) Limited	Hong Kong	Ordinary	100%	
Walker St. Land Corp.	USA	Common	100%	
Abacus (Nominees) Limited	Hong Kong	Ordinary		76%
Abacus Share Registrars Limited	Hong Kong	Ordinary		76%
Acheson Limited	Hong Kong	Ordinary		76%
Alhart Limited	Hong Kong	Ordinary		76%
Barbinder & Co. Pte. Ltd.	Singapore	Ordinary		76%
Becmac Limited	Hong Kong	Ordinary		76%
Beecroft Limited	Hong Kong	Ordinary		76%
Branford Investments Limited	BVI	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
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Camceb Limited	Hong Kong	Ordinary		76%
Cane Garden Bay Limited	BVI	Ordinary		76%
Cheam Holdings Limited	BVI	Ordinary		76%
Cheam Nominees Limited	BVI	Ordinary		76%
Clacton Company Limited	Hong Kong	Ordinary		76%
Clancy Limited	Hong Kong	Ordinary		76%
Delanez Limited	Hong Kong	Ordinary		76%
Denroy Nominees Limited	Hong Kong	Ordinary		76%
Dersale Limited	Hong Kong	Ordinary		76%
Digex Limited	Hong Kong	Ordinary		76%
Directra Overseas Services Inc.	BVI	Ordinary		76%
Directra Services Limited	Hong Kong	Ordinary		76%
East Asia Corporate Services (BVI) Limited	BVI	Ordinary		76%
East Asia Corporate Services (Nominees) Ltd.	BVI	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
East Asia Holdings (BVI) Limited	BVI	Ordinary		76%
East Asia Liquidators Ltd.	BVI	Ordinary		76%
East Asia Marketing Limited	BVI	Ordinary		76%
East Asia Secretarial Services Ltd.	BVI	Ordinary		76%
East Asia Secretaries (BVI) Limited	BVI	Ordinary		76%
Elemen Limited	Hong Kong	Ordinary		76%
Equity Trustee Limited	BVI	Ordinary		76%
Essex Nominees Limited	BVI	Ordinary		76%
Evatthouse Corporate Services Pte. Ltd.	Singapore	Ordinary		76%
Firmley Company Limited	Hong Kong	Ordinary		76%
Fortra Overseas Services Inc.	BVI	Ordinary		76%
Fortra Services Limited	Hong Kong	Ordinary		76%
Friendly Registrars Limited	Hong Kong	Ordinary		76%
Full Length (T) Co., Limited	Samoa	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Gainsville Limited	BVI	Ordinary		76%
Gladwood Limited	BVI	Ordinary		76%
Global Strategic Enterprises Limited	BVI	Ordinary		76%
Grimma Company Limited	Hong Kong	Ordinary		76%
Innopark Limited	Hong Kong	Ordinary		76%
International Holdings Corporation	Nauru	Ordinary		76%
Kaliwood Corporation	BVI	Ordinary		76%
Linkwall Investments Limited	Hong Kong	Ordinary		76%
Maccabee (Nominees) Limited	Hong Kong	Ordinary		76%
Mache Holdings Limited	Hong Kong	Ordinary		76%
Mache Nominees Limited	Hong Kong	Ordinary		76%
Mactors Limited	Hong Kong	Ordinary		76%
Maintex Limited	BVI	Ordinary		76%
Malplaquet Limited	Hong Kong	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Menroy Registrars Limited	Hong Kong	Ordinary		76%
Nola Company Limited	Hong Kong	Ordinary		76%
Norpac Holdings Limited	BVI	Ordinary		76%
Outsource Centre Pte. Ltd.	Singapore	Ordinary		76%
Overseas Nominees Limited	Hong Kong	Ordinary		76%
Pen Ling Limited	Hong Kong	Ordinary		76%
Premier Dragon Development Limited	Hong Kong	Ordinary		76%
Progressive Registration Limited	Hong Kong	Ordinary		76%
Radstock Holdings Ltd.	Liberia	Bearer		76%
Ramillies Limited	Hong Kong	Ordinary		76%
Rontors Limited	Hong Kong	Ordinary		76%
Rosland Corporate Management Limited	Hong Kong	Ordinary		76%
Secretaries Limited	Hong Kong	Ordinary		76%
Secretaries.com Limited	Hong Kong	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Shanghai Tricor Tengis Consultancy Limited	PRC	N/A		76%
Shareg Nominees Limited	Hong Kong	Ordinary		76%
Standard Registrars Limited	Hong Kong	Ordinary & Non-Voting Deferred		76%
Strath Corporate Services Holdings Limited	BVI	Ordinary		76%
Strath Corporate Services Limited	Hong Kong	Ordinary		76%
Strath Fiduciaries Limited	Hong Kong	Ordinary		76%
Strath Nominees Limited	Hong Kong	Ordinary		76%
Sunshine Dynamic Company Limited	Hong Kong	Ordinary		76%
Swan Nominees Limited	Hong Kong	Ordinary		76%
Tabernacle Assets Limited	Hong Kong	Ordinary		76%
Teeroy (C.I.) Limited	Jersey	Ordinary		76%
Teeroy Limited	Hong Kong	Ordinary		76%
Tengis International Limited	BVI	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

The percentage may be stated to the nearest whole number per cent except where it is between 49% and 50% or between 50% and 51%, in either of which cases, it shall be stated to as many decimal places as would be required to indicate the percentage, to one significant figure, of the proportion of the nominal value of the issued shares of that class represented by one share.

附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Tengis Limited	Hong Kong	Ordinary		76%
Tengis Services Limited	BVI	Ordinary		76%
Tengis Servicos De Gestao, Limitada	Macau	N/A		76%
Time (T) No.1 Limited	Samoa	Ordinary		76%
Time (T) No.2 Limited	Samoa	Ordinary		76%
Tricor Asia Limited	BVI	Ordinary		76%
Tricor China Limited	BVI	Ordinary		76%
Tricor Consultancy (Beijing) Limited	PRC	N/A		76%
Tricor Corporate Services Pte. Ltd.	Singapore	Ordinary		76%
Tricor Executive Resources Limited	Hong Kong	Ordinary		76%
Tricor Group Limited*	Cayman Islands	Ordinary		76%
Tricor Holdings Limited	BVI	Ordinary		76%
Tricor International Limited	Hong Kong	Ordinary		76%

* changed its name to "Tricor Global Limited" with effect from 1st April, 2005.

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Tricor International Trustee Limited	BVI	Ordinary		76%
Tricor Investor Services Limited	Hong Kong	Ordinary		76%
Tricor Services Limited	Hong Kong	Ordinary		76%
Tricor Signatory Limited	BVI	Ordinary		76%
Tricor Singapore Pte. Ltd.	Singapore	Ordinary		76%
Trident Corporate Management Limited	Hong Kong	Ordinary		76%
Trident Nominees Limited	Hong Kong	Ordinary		76%
Tristan Company Limited	BVI	Ordinary		76%
Triumphant State Limited	Hong Kong	Ordinary		76%
Turquandia Limited	Hong Kong	Ordinary		76%
Vanceburg Limited	BVI	Ordinary		76%
Virtual Success Limited	Hong Kong	Ordinary		76%
W.T. (Secretaries) Limited	Hong Kong	Ordinary		76%

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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附屬公司的詳情 Particulars of Subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company		
		股份類別 Class of Share	由公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company (or its nominee) (註 Note)	由公司的 附屬公司 (或其代名人) 所持股份的 百分率 Percentage of Shares Held by the Company's Subsidiary (or its nominee) (註 Note)
Wai Chiu Company Limited	Hong Kong	Ordinary		76%
Wai Hop Company Limited	Hong Kong	Ordinary		76%
West Gateway Limited	Hong Kong	Ordinary		76%
Westboro Limited	BVI	Ordinary		76%

BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間或介乎 50%與 51%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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持有非附屬公司股份的資料陳述書
Statement of Particulars of Shareholdings
in Non-Subsidiary Companies

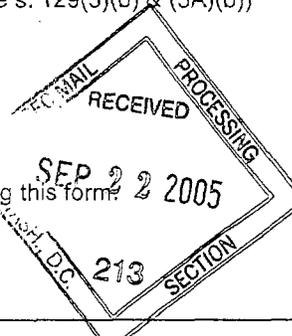
公司註冊處
Companies Registry

(公司條例第 129(5)(b) 及 (5A)(b) 條)
(Companies Ordinance s. 129(5)(b) & (5A)(b))

表格
Form AC2

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.



公司編號 Company Number
255

1 公司名稱 Company Name

東亞銀行有限公司
The Bank of East Asia, Limited

2 本陳述書的附表一載列本公司於下述財政年度終結日期持有股份的非附屬公司詳情
The particulars of the Company's shareholdings in companies not being its subsidiaries as at the closing date of the financial year as stated below are contained in Schedule 1 of this Statement

財政年度的終結日期
Closing Date of the Financial Year

31	12	2004
日 DD	月 MM	年 YYYY

本陳述書包括 _____ 頁附表。

This Statement includes 1 page(s) of Schedule.

簽署 Signed :

姓名 Name : Ho Kam Lan
董事 Director / 秘書 Secretary *

日期 Date : 12th May, 2005
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

(註 Note 4)

提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department
地址 Address: 20/F., The Bank of East Asia Building,
10 Des Voeux Road Central, Hong Kong

電話 Tel: 2842 3033 傳真 Fax: 2833 6423

電郵地址 E-mail Address:

檔號 Reference:

指明編號 1/2004 (2004 年 2 月)
Specification No. 1/2004 (Feb. 2004)

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公司持有股份的非附屬公司詳情

Particulars of shareholdings in companies not being subsidiaries

公司名稱 Company Name	成立為法團 所在的國家 Country of Incorporation	本公司所持股份的類別及 佔已發行股份的面值比例 Class and proportion of the nominal value of the issued shares held by the Company	
		股份類別 Class of Share	所持股份的 百分率 Percentage of Shares Held (註 Note)
Beppeb Capital Pte. Ltd. (<i>in liquidation</i>)	Singapore	Ordinary "A" "A" Redeemable Preference "E" Redeemable Preference	35%
East Asia GE Commercial Finance Limited*	Hong Kong	Ordinary	50%
ICEA Finance Holdings Limited	BVI	Ordinary	25%
Platinum Holdings Company Limited	Cayman Islands	Ordinary	30%
Shanghai International Finance Company Limited (<i>in liquidation</i>)	PRC	N/A	25%
Summit Securities (S) Pte. Limited (<i>in liquidation</i>)	Singapore	Ordinary	24%
Trans-Ocean Insurance Company, Limited	Hong Kong	Ordinary	49%

*changed its name from "East Asia Heller Limited" with effect from 6th September, 2004.

BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China

註 Note

此百分率可以最接近的整數百分率說明，但如該百分率乃介乎 49%與 50%之間，則須盡量說明多位小數以表明一股股份佔該類別已發行股份的面值比例的百分率(計算至一位有效數字)。

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Return of Allotments

公司註冊處
Companies Registry

(公司條例第 45(1)條)
(Companies Ordinance s. 45(1))

表格 **SC1**
Form

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

255

1 公司名稱 Company Name

The Bank of East Asia, Limited 東亞銀行有限公司

(註 Note 7) 2 分配股份的日期或始末日期 Date or Period during which Shares were Allotted

由 From

03	05	2005
----	----	------

日 DD 月 MM 年 YYYY

至 To

24	05	2005
----	----	------

日 DD 月 MM 年 YYYY

3 本次股份分配的總款額 Totals of this Allotment

(註 Note 8)

已繳及應繳的總面額
Total Nominal Amount Paid and Payable

已繳及應繳的溢價總額 [第 5A(a) + 5B(a)項]
Total Premium Amount Paid and Payable [Sections 5A(a) + 5B(a)]

貨幣單位
Currency

款額
Amount

HK\$	292,500.00
HK\$	1,503,120.00

4 公司自成立為法團當日起計，累積的已繳股款總額(包括本次分配但不包括溢價) Cumulative Total of Paid-up Share Capital of the Company since Incorporation (Including this Allotment but Excluding Premium)

貨幣單位
Currency

款額
Amount

HK\$	3,757,177,797.50

(註 Note 3) 提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department
 地址 Address: 20/F., The Bank of East Asia Building,
 10 Des Voeux Road Central, Hong Kong
 電話 Tel: 2842 3033 傳真 Fax: 2833 6423
 電郵地址 E-mail Address: bea_sec@hkbea.com
 檔號 Reference: (IGSA)

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5 本次股份分配的詳情 **Details of this Allotment****A. 現金支付的分配股份 Shares Allotted for Cash**

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股已繳及應繳的款額 (包括溢價) Amount Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	已繳及應繳 的溢價總款額 <i>Total Premium Paid and Payable</i> (a)
			已繳付 Paid	應繳付 Payable		
Ordinary	-20,000-	HK\$2.50	HK\$15.80	Nil	HK\$13.30	HK\$266,000.00
Ordinary	-75,000-	HK\$2.50	HK\$14.90	Nil	HK\$12.40	HK\$930,000.00
Ordinary	-22,000-	HK\$2.50	HK\$16.46	Nil	HK\$13.96	HK\$307,120.00

(註 Note 9)

B. 非現金支付的分配股份 Shares Allotted otherwise than in Cash-

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股被視作已繳 及應繳的款額 (包括溢價) Amount Treated as Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	被視作已繳及應繳 的溢價總款額 <i>Total Premium Treated as Paid and Payable</i> (a)
			已繳付 Paid	應繳付 Payable		

(註 Note 10)

分配上述(B)項股份的代價

Consideration for which the Shares in (B) have been Allotted

N/A



Return of Allotments

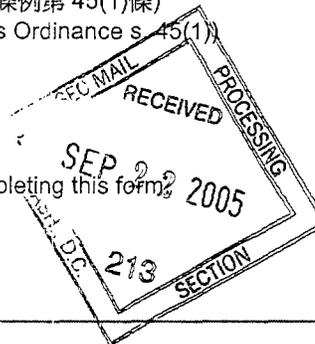
公司註冊處
Companies Registry

(公司條例第45(1)條)
(Companies Ordinance s. 45(1))

表格
Form **SC1**

重要事項 Important Notes

- 填表前請參閱〈填表須知〉。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.



公司編號 Company Number

255

1 公司名稱 Company Name

The Bank of East Asia, Limited 東亞銀行有限公司

註 Note 7) 2 分配股份的日期或始末日期 Date or Period during which Shares were Allotted

由 From

01 06 2005

日 DD 月 MM 年 YYYY

至 To

30 06 2005

日 DD 月 MM 年 YYYY

3 本次股份分配的總款額 Totals of this Allotment

註 Note 8)

已繳及應繳的總面額
Total Nominal Amount Paid and Payable

已繳及應繳的溢價總額 [第5A(a) + 5B(a)項]
Total Premium Amount Paid and Payable [Sections 5A(a) + 5B(a)]

貨幣單位
Currency

款額
Amount

HK\$	375,000.00
HK\$	1,860,000.00

4 公司自成立為法團當日起計，累積的已繳股款總額(包括本次分配但不包括溢價)

Cumulative Total of Paid-up Share Capital of the Company since Incorporation (Including this Allotment but Excluding Premium)

貨幣單位
Currency

款額
Amount

HK\$	3,757,552,797.50

(註 Note 3) 提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department

地址 Address: 20/F., The Bank of East Asia Building,
10 Des Voeux Road Central, Hong Kong

電話 Tel: 2842 3033 傳真 Fax: 2833 6423

電郵地址 E-mail Address: bea_sec@hkbea.com

檔號 Reference: (GAMAN)

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5 本次股份分配的詳情 **Details of this Allotment**

A. 現金支付的分配股份 **Shares Allotted for Cash**

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股已繳及應繳的款額 (包括溢價) Amount Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	已繳及應繳 的溢價總款額 <i>Total</i> Premium Paid and Payable (a)
			已繳付 Paid	應繳付 Payable		
Ordinary	-150,000-	HK\$2.50	HK\$14.90	Nil	HK\$12.40	HK\$1,860,000.00
/						

(註 Note 9)

B. 非現金支付的分配股份 **Shares Allotted otherwise than in Cash**

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股被視作已繳 及應繳的款額 (包括溢價) Amount Treated as Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	被視作已繳及應繳 的溢價總款額 <i>Total</i> Premium Treated as Paid and Payable (a)
			已繳付 Paid	應繳付 Payable		
/						

(註 Note 10)

分配上述(B)項股份的代價

Consideration for which the Shares in (B) have been Allotted

N/A



BEA 東亞銀行

Our Ref. SHR/05/49

5th July, 2005

By Fax 29051327 & By Hand

Head of Listing Division,
The Stock Exchange of Hong Kong Limited,
11/F, One International Finance Centre,
1, Harbour View Street, Central,
Hong Kong.

Attn: Ms. Jacqueline Wong
Senior Manager

Dear Sirs,

Please be informed that a Directors' meeting of this Bank will be held at 11:00 a.m. on Wednesday, 3rd August, 2005 for the purpose of announcing the interim results and declaring an interim dividend for the six months ended 30th June, 2005.

Yours faithfully,
For and on behalf of
THE BANK OF EAST ASIA, LIMITED

Molly Ho Kam-lan
Company Secretary

MH/TT/527



股份分配申報表
Return of Allotments

公司註冊處
Companies Registry

(公司條例第45(1)條)
(Companies Ordinance s. 45(1))

表格
Form **SC1**

重要事項 Important Notes

- 填表前請參閱〈填表須知〉。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

255

1 公司名稱 Company Name

The Bank of East Asia, Limited 東亞銀行有限公司

(註 Note 7) 2 分配股份的日期或始末日期 Date or Period during which Shares were Allotted

由 From

05	07	2005
日 DD	月 MM	年 YYYY

至 To

28	07	2005
日 DD	月 MM	年 YYYY

3 本次股份分配的總款額 Totals of this Allotment

(註 Note 8)

已繳及應繳的總面額
Total Nominal Amount Paid and Payable

已繳及應繳的溢價總額 [第5A(a) + 5B(a)項]
Total Premium Amount Paid and Payable [Sections 5A(a) + 5B(a)]

貨幣單位
Currency

款額
Amount

HK\$	312,500.00
HK\$	1,550,000.00

4 公司自成立為法團當日起計，累積的已繳股款總額(包括本次分配但不包括溢價)
Cumulative Total of Paid-up Share Capital of the Company since Incorporation (Including this Allotment but Excluding Premium)

貨幣單位
Currency

款額
Amount

HK\$	3,757,865,297.50

(註 Note 3) 提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department
地址 Address: 20/F., The Bank of East Asia Building,
10 Des Voeux Road Central, Hong Kong
電話 Tel: 2842 3033 傳真 Fax: 2833 6423
電郵地址 E-mail Address: bea_sec@hkbea.com
檔號 Reference: (GAMAN)

請勿填寫本欄 For Official Use

5 本次股份分配的詳情 Details of this Allotment

A. 現金支付的分配股份 Shares Allotted for Cash

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of Each Share	每股已繳及應繳的款額 (包括溢價) Amount Paid and Payable on Each Share (Including Premium)		每股的溢價 款額 Premium on Each Share	已繳及應繳 的溢價總款額 Total Premium Paid and Payable (a)
			已繳付 Paid	應繳付 Payable		
Ordinary	-125,000-	HK\$2.50	HK\$14.90	Nil	HK\$12.40	HK\$1,550,000.00

(註 Note 9)

B. 非現金支付的分配股份 Shares Allotted otherwise than in Cash

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of Each Share	每股被視作已繳 及應繳的款額 (包括溢價) Amount Treated as Paid and Payable on Each Share (Including Premium)		每股的溢價 款額 Premium on Each Share	被視作已繳及應繳 的溢價總款額 Total Premium Treated as Paid and Payable (a)
			已繳付 Paid	應繳付 Payable		

(註 Note 10)

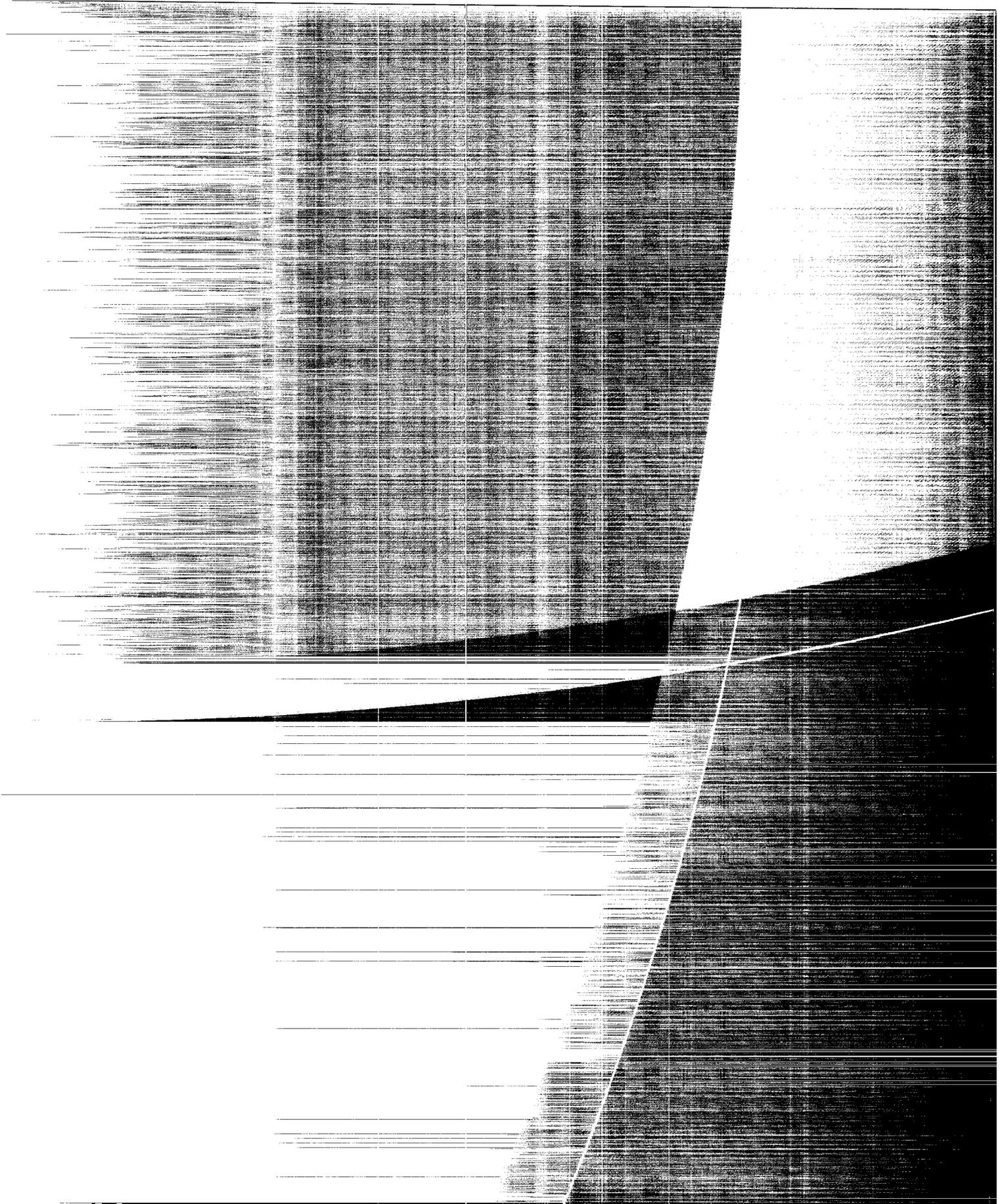
分配上述(B)項股份的代價

Consideration for which the Shares in (B) have been Allotted

N/A

The Bank of East Asia, Limited

Interim Report 2005



	<i>Pages</i>
INTERIM RESULTS	1
SUPPLEMENTARY FINANCIAL INFORMATION	27
INDEPENDENT REVIEW REPORT	34
INTERIM DIVIDEND	35
CLOSURE OF REGISTER OF MEMBERS	35
FINANCIAL REVIEW	35
OPERATIONS REVIEW	40
DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS	46
INFORMATION ON SHARE OPTIONS	48
INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS	49
DEALING IN LISTED SECURITIES OF THE BANK	49
COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES	50
COMPLIANCE WITH MODEL CODE	50

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

INTERIM REPORT 2005

INTERIM RESULTS

The Directors of The Bank of East Asia, Limited ("BEA") are pleased to announce the unaudited results¹ of the Bank and its subsidiaries (the "Group") for the six months ended 30th June, 2005. The interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 34.

A. Consolidated Profit and Loss Account

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated	6 months ended 31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
Interest income	3,440,317	2,708,187	2,973,893
Interest expense	(1,724,673)	(905,425)	(1,149,080)
Net interest income	1,715,644	1,802,762	1,824,813
Fee and commission income	770,975	775,259	731,345
Fee and commission expense	(107,948)	(193,763)	(104,600)
Net trading profits	210,249	102,784	257,587
Other operating income	164,515	136,658	163,020
Operating income	2,753,435	2,623,700	2,872,165
Operating expenses	(1,410,489)	(1,314,209)	(1,447,971)
Operating profit before impairment allowances/provisions	1,342,946	1,309,491	1,424,194
Charge for bad and doubtful debts	—	(143,096)	(129,711)
Release of impairment losses and impairment allowances for impaired assets (other than the impairment allowances on held-to-maturity securities and available-for-sale securities)	24,314	—	—
Operating profit after impairment allowances/provisions	1,367,260	1,166,395	1,294,483
Net profit on disposal of fixed assets	35,260	6,575	8,664
Revaluation surplus on investment properties	—	—	227,941
(Charge)/write back of impairment loss on bank premises	(953)	—	18,538
Net (loss)/profit on disposal of held-to-maturity debt securities, investment securities and associates	(23)	46	13,712
Net profit on disposal of available-for-sale securities	6,604	—	—
Provision on held-to-maturity debt securities, investment securities and associates	—	(12,438)	(6,144)
Impairment allowances on held-to-maturity securities, available-for-sale securities and associates	(8,325)	—	—
Share of profits less losses of associates	(4,199)	8,172	56,204
Profit for the period before taxation	1,395,624	1,168,750	1,613,398
Income tax			
Current tax ⁵			
— Hong Kong	(169,393)	(166,567)	(130,805)
— Overseas	(59,377)	(27,380)	(1,805)
Deferred tax	34,541	12,026	(99,760)
Associates	1,437	11,160	(6,541)
Profit for the period after taxation	1,202,832	997,989	1,374,487
Attributable to:			
Equity holders of the Group	1,182,965	986,109	1,361,601
Minority interests	19,867	11,880	12,886
Profit after taxation	1,202,832	997,989	1,374,487
Profit for the Bank	1,117,827	833,110	1,207,575
	405,997	414,252	1,193,599

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated	6 months ended 31/12/2004 Restated
	HK\$	HK\$	HK\$
Per share			
— Basic earnings ⁶	0.79	0.67	0.92
— Diluted earnings ⁶	0.79	0.67	0.91
— Dividends	0.33	0.28	0.80

B. Consolidated Balance Sheet

	30/6/2005	30/6/2004 Restated	31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Cash and short-term funds	33,020,537	36,749,106	39,877,738
Placements with banks and other financial institutions maturing between: one and twelve months	5,768,067	12,198,154	9,832,258
Trade bills	1,597,825	751,361	1,400,138
Certificates of deposit held	2,615,056	2,410,042	2,446,947
Other investments in securities	—	9,277,648	8,563,367
Securities measured at fair value through profit or loss	10,963,935	—	—
— Trading	783,951	—	—
— Designated at inception	10,179,984	—	—
Advances and other accounts	134,203,693	110,089,402	122,949,653
Revaluation gain on derivatives	387,046	—	—
Held-to-maturity debt securities	11,533,315	15,360,498	16,096,084
Investment securities	—	242,858	236,373
Available-for-sale securities	3,643,548	—	—
Investments in associates	753,998	692,086	725,963
Goodwill	2,455,056	2,298,113	2,448,156
Deferred tax assets	73,811	73,173	95,119
Fixed assets	5,275,474	4,104,426	5,697,750
Total Assets	212,291,361	194,246,867	210,369,546
EQUITY AND LIABILITIES			
Deposits and balances of banks and other financial institutions	11,561,199	7,621,135	9,571,657
Deposits from customers	160,461,840	153,727,601	163,737,665
— Demand deposits and current accounts	11,883,561	10,905,376	11,919,118
— Saving deposits	39,043,427	44,535,957	48,729,729
— Time, call and notice deposits	109,534,852	98,286,268	103,088,818
Certificates of deposit issued	6,519,136	2,350,228	4,178,623
— At fair value through profit or loss	2,823,480	—	—
— At amortised cost	3,695,656	2,350,228	4,178,623
Current taxation	303,372	312,748	179,369
Other accounts and provisions	5,311,478	4,894,307	5,843,048
Revaluation loss on derivatives	389,548	—	—
Deferred tax liabilities	678,241	605,237	729,266
Total Liabilities	185,224,814	169,511,256	184,239,628
Loan capital measured at fair value through profit or loss	4,360,609	4,282,700	4,271,124
Share capital	3,757,553	3,698,675	3,729,996
Reserves	18,759,472	16,720,030	17,963,143
Total equity attributable to equity holders of the Group	22,517,025	20,418,705	21,693,139
Minority interests	188,913	34,206	165,655
Total Equity	22,705,938	20,452,911	21,858,794
Total Equity and Liabilities	212,291,361	194,246,867	210,369,546

C. Consolidated Summary Statement of Changes in Equity

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated
	HK\$'000	HK\$'000
Balance as at 1st January		
— As previously reported	21,727,481	20,111,256
— Minority interests (as previously presented separately from liabilities and equity as at 31st December)	165,655	24,418
— Prior period adjustments arising from change in accounting policies	(34,342)	—
— As restated, before opening balance adjustments	21,858,794	20,135,674
— Opening balance adjustments arising from change in accounting policies	595,788	—
— As restated, after prior period and opening balance adjustments	22,454,582	20,135,674
Release of net deferred tax liabilities in revaluation reserve on bank premises	2,530	2,497
Acquisition/(increase in shareholding) of a subsidiary with minority interests	3,409	(2,092)
Capital reserve on share-based transactions	17,361	14,222
Changes in fair value of available-for-sale securities	(9,548)	—
Exchange and other adjustments	895	(17,833)
Net profit/(loss) not recognised in the profit and loss account	14,647	(3,206)
Net profit for the period	1,202,832	
— Attributable to equity holders of the Group (as previously reported)		1,000,331
— Minority interests (as previously presented separately in the consolidated profit and loss account)		11,880
— Prior period adjustments arising from change in accounting policies		(14,222)
— As restated		997,989
Dividends paid during the period	(1,195,300)	(910,707)
Movements in shareholders' equity arising from capital transactions with equity holders of the Group:		
Shares issued under Staff Share Option Schemes	49,459	82,108
Shares issued in lieu of dividends	179,760	151,122
Capital fee	(42)	(69)
	229,177	233,161
Balance as at 30th June	22,705,938	20,452,911

D. Condensed Consolidated Cash Flow Statement

	6 months ended 30/6/2005	6 months ended 30/6/2004
	HK\$'000	HK\$'000
Cash (used in)/generated from operations	(8,739,522)	7,853,158
Tax paid	(100,749)	(25,769)
Net cash (used in)/generated from operating activities	(8,840,271)	7,827,389
Net cash generated from/(used in) investing activities	321,057	(136,282)
Net cash generated from/(used in) financing activities	1,114,381	(4,063,190)
Net (decrease)/increase in cash and cash equivalents	(7,404,833)	3,627,917
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	41,204,335	33,890,538
CASH AND CASH EQUIVALENTS AT 30TH JUNE	33,799,502	37,518,455
Cash flows from operating activities included:		
Interest received	3,784,245	2,682,846
Interest paid	1,425,819	878,235

Notes:

- (1) The financial information set out in this interim report does not constitute the Group's statutory accounts for the year ended 31st December, 2004 but there is no material change as compared to those accounts, except for prior period adjustments made due to changes in accounting policies, nor for the six months ended 30th June, 2005. The statutory accounts for the year ended 31st December, 2004 are available from the Bank's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 3rd February, 2005.
- (2) The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2004 annual accounts except for the changes in accounting policies made thereafter in adopting certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") issued by the HKICPA which are expected to be reflected in the 2005 annual financial statements. Details of those changes in accounting policies are set out in Note 4.
- (3) Summary of the effect of changes in the accounting policies
 - (a) Effect on opening balance of total equity at 1st January, 2005 (as adjusted)

The following table sets out the adjustments that have been made to the opening balances as at 1st January, 2005. These are the aggregate effect of retrospective adjustments to the net assets as at 31st December, 2004 and the opening balance adjustments made as at 1st January, 2005.

	Retained profits	Capital and other reserves	Total
	HK\$'000	HK\$'000	HK\$'000
Effect of new policy (increase/(decrease))			
Prior period adjustments:			
HKFRS 2			
Equity settled share-based transactions	(41,749)	41,749	—
HK(SIC) Interpretation 21			
Deferred tax on movements in the value of investment properties	(34,342)	—	(34,342)
	(76,091)	41,749	(34,342)
Opening balance adjustments:			
HKAS 39			
Available-for-sale securities	(265,398)	265,398	—
Securities measured at fair value through profit and loss	100,054	—	100,054
Derivatives	(10,131)	—	(10,131)
Issued debts	(179,381)	—	(179,381)
Impairment allowance — individual	20,677	—	20,677
Impairment allowance — collective	723,500	—	723,500
Impaired loan interest	46,542	—	46,542
Deferred tax on impairment allowance — collective	(105,473)	—	(105,473)
	330,390	265,398	595,788
Total effect as at 1st January, 2005	254,299	307,147	561,446

(b) Effect on profit after taxation for the six months ended 30th June, 2005 (estimated)

In respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in the period, where it is practicable to make such estimates.

	6 months ended 30/6/2005 Equity holders of the Group <u>HK\$'000</u>
Effect of new policy (increase/(decrease))	
HKFRS 2	
Equity settled share-based transactions	<u>(17,361)</u>
HKFRS 3	
Amortisation of goodwill	<u>76,105</u>
HK(SIC) Interpretation 21	
Deferred tax on movements in the value of investment properties	<u>17,573</u>
HKAS 39	
Available-for-sale securities	9,153
Securities measured at fair value through profit or loss	(27,171)
Derivatives	668
Issued debts	83,088
Impairment allowance — individual	36,047
Impairment allowance — collective	153,947
Impaired loan interest	28,713
Deferred tax on impairment allowance — collective	(14,620)
Others	(196)
	<u>269,629</u>
Total effect for the period	<u><u>345,946</u></u>
Effect on earnings per share:	
— Basic	HK\$0.23
— Diluted	HK\$0.23

(c) Effect on net loss recognised directly in equity for the six months ended 30th June, 2005 (estimated)

In respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the expenses recognised directly in equity are lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

	6 months ended 30/6/2005 Equity holders of the Group <u>HK\$'000</u>
Effect of new policy (decrease)	
HKAS 39	
Available-for-sale securities	<u>(9,548)</u>
Total effect for the period	<u><u>(9,548)</u></u>

(4) Changes in accounting policies

(a) Staff share option scheme

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Bank. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1st January, 2005, in order to comply with HKFRS 2 "Share-based Payment", the Group recognises the fair value of such share options as an expense in the profit and loss account. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to retained earnings.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- (i) all options granted to employees on or before 7th November, 2002; and
- (ii) all options granted to employees after 7th November, 2002 but which had vested before 1st January, 2005.

No adjustments to the opening balances as at 1st January, 2004 are required as no options existed at that time which were unvested at 1st January, 2005.

The amount charged to the profit and loss account as a result of the change of policy increased staff costs for the six months ended 30th June, 2005 by HK\$17,361,000 (six months ended 30th June, 2004: HK\$14,222,000), with the corresponding amounts credited to the capital reserve.

Details of the staff share option scheme can be found in the Group's annual report for the year ended 31st December, 2004.

(b) Investment properties

In prior years the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1st January, 2005, in accordance with HK(SIC) Interpretation 21 "Income Taxes — Recovery of Revalued Non-depreciable Assets", the Group recognises deferred tax on movements in the value of investment properties using tax rates that are applicable to the properties' use, if the Group has no intention to sell them and the properties would have been depreciable had the Group not adopted the fair value model.

HK(SIC) Interpretation 21 has been adopted retrospectively by reducing the opening balance of retained earnings as of 1st January, 2005 by HK\$34,342,000 (1st January, 2004: Nil) and increasing deferred tax liabilities by the same amount.

(c) Financial instruments

In prior years, the accounting policies for certain financial instruments were as follows:

- securities which are intended to be held on a continuing basis, and which are held for an identified long-term purpose were classified as investment securities and stated at cost less provisions for diminution in value;
- other investments in securities are securities which are not classified as held-to-maturity debt securities nor as investment securities, and are stated at fair value with changes in fair value recognised in the profit and loss account; and
- derivative financial instruments entered into by management to hedge risks arising from an underlying asset, liability (or a net position) or a committed future transaction were recognised on equivalent basis to the position or transaction being hedged.

(i) Classification

From 1st January, 2005, the Group has adopted HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" and classified financial instruments under the following categories:

Financial assets measured at fair value through profit or loss

This category comprises financial assets held for trading and those that are designated as fair value through profit and loss at inception. A financial asset is classified as held for trading if it is either acquired principally for the purpose of selling it in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or is a derivative that is not a designated and effective hedging instrument.

This category includes equity investments, derivative instruments with a positive fair value, debt securities and investments in investment funds but excludes those financial assets that do not have a quoted market price and whose fair value cannot be reliably measured.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (1) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading, (2) those that the Group, upon initial recognition, designates as fair value through profit and loss or available for sale, or (3) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available for sale.

This category includes assets which are shown on the balance sheet within cash and short-term funds, placements with banks and other financial institutions, trade bills and advances to customers and other accounts.

Securities classified as loans and receivables

Securities classified as loans and receivables typically comprise securities issued by the same customers with whom the Group has a lending relationship in its wholesale banking business. Investment decisions for credit substitute securities are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. Additionally the yield and maturity terms are generally directly negotiated by the Group with the issuer.

These securities include commercial papers, short term debentures and preference shares issued by the borrower.

Available-for-sale financial assets

This category comprises non-derivative financial assets that are designated as available-for-sale financial assets or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

This category includes equity investments, debt securities and investment fund units.

Held-to-maturity investments

This category comprises of non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than (1) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available for sale, and (2) those that meet the definition of loans and receivables.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or those designated at fair value through profit or loss at inception. A financial liability is classified in this category if it is incurred principally for the purpose of being repurchased or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-making, or is a derivative that is not a designated and effective hedging instrument.

This category includes derivative liabilities with negative fair values not accounted for as hedging instruments, obligations to deliver financial assets borrowed by a short seller, and financial liabilities that are incurred with an intention to repurchase them in the near term.

Other financial liabilities

This category comprises all financial liabilities other than those classified as financial liabilities measured at fair value through profit or loss.

This category includes liabilities presented on the balance sheet within deposits and balances of banks and other financial institutions, deposits from customers, certificate of deposits issued and issued debt.

(ii) Initial recognition and measurement

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of HKAS 39.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities measured at fair value through profit or loss are expensed immediately.

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends upon their classification.

Financial assets measured at fair value through profit or loss

Financial assets under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in the profit and loss account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is included in the profit and loss account.

Loans and receivables

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less provision for impairment, if any and are accounted for in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in the investment revaluation reserve.

For monetary securities, exchange differences resulting from changes in amortised cost are recognised in profit and loss account. When the securities are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal and are accounted for in the profit and loss account.

Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less provision for impairment, if any.

Financial liabilities measured at fair value through profit or loss

Financial liabilities under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in profit and loss account in the period in which they arise. Upon repurchase, the difference between the net payments and the carrying value is included in the profit and loss account.

Other financial liabilities

Financial liabilities, other than those measured at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques that provides a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Specifically, the fair value of a forward contract is determined as the present value of estimated future cash flows, discounted at appropriate market rates on the valuation date; and the fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in other unlisted open-ended investment funds are recorded at the net asset value per share as reported by the managers of such funds.

(v) Impairment and allowances for credit losses

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit and loss account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost or a debt instrument classified as available-for-sale decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit and loss account.

The total allowance and provision for credit losses consists of two components: individual impairment allowances, and collective impairment allowances. The individual impairment allowance component applies to loans and receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating these cash flows, management makes judgments about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits. Collective impairment allowances cover credit losses inherent in portfolios of loans and receivables with similar economic characteristics where there is objective evidence to suggest that they contain impaired loans and receivables but the individual impaired items cannot yet be identified. A component of collective impairment allowances is for country risks. In assessing the need for collective impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances and provisions the Group makes depends on how well the Group can estimate future cash flows for individually assessed counterparty allowances and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, the Group believes that the loan loss allowances are reasonable and supportable.

All impaired financial assets are reviewed and analysed periodically. Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the allowance for impairment losses and will be charged or credited to the profit and loss account.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39.

The Group uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(vii) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

Interest income is recognised using the effective interest method.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase of the present value of impaired claims due to the passage of time is reported as interest income.

(d) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit and loss account.

(e) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction and the hedge is effective, the gain or loss on the derivative financial instrument in relation to the hedged risk is recognised directly in equity.

(ii) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of an existing asset or liability that will give rise to a gain or loss being recognised in the profit and loss account or reserves.

The hedging instrument is measured at fair value, with fair value changes recognised in the profit and loss account or reserves. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the profit and loss account or reserves to offset the effect of the gain or loss on the hedging instrument.

(f) Amortisation of goodwill

In prior periods, positive goodwill which arose on or after 1st January, 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment.

With effect from 1st January, 2005, in accordance with HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1st January, 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the profit and loss account as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1st January, 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the profit and loss account for the six months ended 30th June, 2005. This has increased the Group's profit after tax for the six months ended 30th June, 2005 by HK\$76,105,000.

(g) Minority interests

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the profit and loss account as a deduction before arriving at the profit attributable to shareholders.

With effect from 1st January, 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Group, and minority interests in the results of the Group for the period are presented on the face of the consolidated profit and loss account as an allocation of the total profit for the period between the minority interests and the equity holders of the Group.

The presentation of minority interests in the consolidated balance sheet, profit and loss account and summary statement of changes in equity for the comparative period has been restated accordingly.

- (5) The provision for Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the six months ended 30th June, 2005. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

- (6) (a) The calculation of basic earnings per share is based on earnings of HK\$1,182,965,000 (six months ended 30th June, 2004: HK\$986,109,000) and on the weighted average of 1,497,491,867 (six months ended 30th June, 2004: 1,472,942,693) ordinary shares outstanding during the six months ended 30th June, 2005.
- (b) The calculation of diluted earnings per share is based on earnings of HK\$1,182,965,000 (six months ended 30th June, 2004: HK\$986,109,000) and on 1,501,798,518 (six months ended 30th June, 2004: 1,481,210,800) ordinary shares, being weighted average number of ordinary shares outstanding during the six months ended 30th June, 2005, adjusted for the effects of all dilutive potential shares.

E. Fee and Commission Income

Fee and commission income arises from the following services:

	6 months ended 30/6/2005	6 months ended 30/6/2004	6 months ended 31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Corporate services	225,474	183,554	207,708
Loans, overdrafts and guarantees	150,579	221,158	137,680
Credit cards	107,246	98,476	106,192
Other retail banking services	78,051	56,522	55,092
Trade finance	51,414	53,415	63,550
Securities and asset management	88,900	101,928	91,046
Others	69,311	60,206	70,077
	<u>770,975</u>	<u>775,259</u>	<u>731,345</u>

F. Net Trading Profits

	6 months ended 30/6/2005	6 months ended 30/6/2004	6 months ended 31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Profit on dealing in foreign currencies	152,553	100,817	59,819
Profit on investments in securities	43,352	(21,013)	173,063
Profit on other dealing activities	14,344	22,980	24,705
	<u>210,249</u>	<u>102,784</u>	<u>257,587</u>

G. Other Operating Income

	6 months ended 30/6/2005	6 months ended 30/6/2004	6 months ended 31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Dividend income from listed equities	10,377	17,852	10,481
Dividend income from unlisted equities	15,178	8,006	6,621
Rental income on properties	23,096	22,953	23,045
Rental income on safe deposit box	42,830	42,522	42,824
Insurance revenue	47,598	30,597	57,059
Others	25,436	14,728	22,990
	<u>164,515</u>	<u>136,658</u>	<u>163,020</u>

H. Operating Expenses

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated	6 months ended 31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
Contributions to defined contribution plan	52,808	51,115	52,363
Salary and other staff costs	722,479	657,014	714,446
Total staff costs	775,287	708,129	766,809
Premises and equipment expenses excluding depreciation			
— Rental of premises	78,912	67,847	74,695
— Maintenance, repairs and others	119,255	102,268	102,900
Total premises and equipment expenses excluding depreciation	198,167	170,115	177,595
Depreciation on fixed assets	119,795	122,483	121,478
Amortisation of goodwill	—	70,478	73,397
Other operating expenses			
— Communications, stationery and printing	85,784	75,604	83,443
— Legal and professional fees	57,405	39,177	49,950
— Advertising expenses	37,461	31,400	56,420
— Card related expenses	35,556	20,253	20,851
— Business promotions and business travel	23,313	22,508	27,611
— Stamp duty, overseas and PRC* business taxes, and value added taxes	22,493	4,790	16,650
— Insurance expenses	6,597	6,373	7,662
— Administration expenses of secretarial business	5,396	3,021	4,138
— Debt securities issue expenses	3,680	4,267	3,533
— Membership fees	2,805	3,089	2,037
— Donations	2,471	1,063	980
— Bank charges	2,135	5,085	2,211
— Bank licence	776	2,313	2,342
— Others	31,368	24,061	30,864
Total other operating expenses	317,240	243,004	308,692
Total operating expenses	1,410,489	1,314,209	1,447,971

* PRC denotes the People's Republic of China.

I. Cash and Short-term Funds

	30/6/2005	31/12/2004
	HK\$'000	HK\$'000
Cash and balances with banks and other financial institutions	4,335,387	3,655,593
Money at call and short notice	24,962,822	32,251,148
Treasury bills	3,722,328	3,970,997
	33,020,537	39,877,738

J. Investments in Securities

Investments in securities 2005

(a) *Certificates of Deposit Held — Unlisted*

	30/6/2005
	HK\$'000
— Fair value through profit or loss	48,725
— Loans and receivables, at amortised cost	977,201
— Held-to-maturity, at amortised cost	446,156
— Available-for-sale, at fair value	1,142,974
	<u>2,615,056</u>

(b) *Securities measured at fair value through profit or loss*

Listed

— in Hong Kong	
equity securities	258,774
debt securities	2,451,299
— outside Hong Kong	
equity securities	107,084
debt securities	2,712,863
	<u>5,530,020</u>

Unlisted

— debt securities	5,433,915
	<u>10,963,935</u>

Equity securities	365,858
Debt securities	10,598,077
	<u>10,963,935</u>

Market value of listed securities

— equity securities	365,858
— debt securities	5,164,162
	<u>5,530,020</u>

Issued by:

— Central governments and central banks	55,854
— Public sector entities	351,378
— Banks and other financial institutions	1,904,130
— Corporate entities	8,645,674
— Others	6,899
	<u>10,963,935</u>

(c) *Held-to-maturity debt securities*

	<u>30/6/2005</u>
	HK\$'000
Listed	
— in Hong Kong	45,188
— outside Hong Kong	1,617,090
	<u>1,662,278</u>
Unlisted	9,871,037
	<u>11,533,315</u>
Market value of listed securities	<u>1,688,503</u>
Issued by:	
— Central governments and central banks	7,745,253
— Public sector entities	871,459
— Banks and other financial institutions	1,805,515
— Corporate entities	1,111,088
	<u>11,533,315</u>

(d) *Available-for-sale securities*

Listed	
— in Hong Kong	
equity securities	255,833
debt securities	7,814
— outside Hong Kong	
equity securities	313,888
debt securities	993,991
	<u>1,571,526</u>
Unlisted	
— equity securities	186,502
— debt securities	1,885,520
	<u>2,072,022</u>
	<u>3,643,548</u>
Equity securities	756,223
Debt securities	2,887,325
	<u>3,643,548</u>
Market value of listed securities	
— equity securities	569,721
— debt securities	1,001,805
	<u>1,571,526</u>
Issued by:	
— Central governments and central banks	235,889
— Public sector entities	463,469
— Banks and other financial institutions	1,590,869
— Corporate entities	1,180,381
— Others	172,940
	<u>3,643,548</u>

(e) *Securities classified as loans and receivables*

	30/6/2005
	HK\$'000
Unlisted debt securities	284,429
Issued by:	
— Central governments and central banks	4,507
— Banks and other financial institutions	38,858
— Corporate entities	241,064
	284,429

Investments in securities 2004

(a) *Certificates of Deposit Held — Unlisted*

	31/12/2004
	HK\$'000
— Non-trading, at fair value	1,028,179
— Held-to-maturity, at amortised cost	1,418,768
	2,446,947

(b) *Other investments in securities*

Listed	
— in Hong Kong	
equity securities	410,594
debt securities	752,502
— outside Hong Kong	
equity securities	186,195
debt securities	2,947,608
	4,296,899
Unlisted	
— equity securities	315,881
— debt securities	3,950,587
	4,266,468
	8,563,367
Equity securities	912,670
Debt securities	7,650,697
	8,563,367
Market value of listed securities	
— equity securities	596,789
— debt securities	3,700,110
	4,296,899
Issued by:	
— Central governments and central banks	286,836
— Public sector entities	704,100
— Banks and other financial institutions	3,291,265
— Corporate entities	4,217,514
— Others	63,652
	8,563,367

(c) *Held-to-maturity debt securities*

	31/12/2004
	HK\$'000
Listed	
— in Hong Kong	518,281
— outside Hong Kong	2,919,372
	<u>3,437,653</u>
Unlisted	12,658,431
	<u>16,096,084</u>
Market value of listed securities	<u>3,450,682</u>
Issued by:	
— Central governments and central banks	7,843,778
— Public sector entities	1,196,216
— Banks and other financial institutions	2,181,169
— Corporate entities	4,874,921
	<u>16,096,084</u>

(d) *Investment securities*

Listed	
— outside Hong Kong debt securities	71,410
	<u>71,410</u>
Unlisted	
— equity securities	142,285
— debt securities	22,678
	<u>164,963</u>
	<u>236,373</u>
Equity securities	142,285
Debt securities	94,088
	<u>236,373</u>
Market value of listed securities	
— debt securities	81,943
	<u>81,943</u>
Issued by:	
— Corporate entities	154,414
— Central governments and central banks	14,577
— Banks and other financial institutions	3,910
— Others	63,472
	<u>236,373</u>

K. Advances and Other Assets

(a) Advances and other accounts

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Advances to customers	128,418,266	105,692,926	117,258,753
Advances to banks and other financial institutions	2,319,294	1,776,263	2,114,655
Notes and bonds	284,429	—	—
Accrued interest	710,704	987,758	1,054,632
Less: Suspended interest	—	(330,752)	(319,779)
Other accounts	3,301,415	3,062,782	4,523,708
Construction in progress	—	602,598	—
	<u>135,034,108</u>	<u>111,791,575</u>	<u>124,631,969</u>
Less: Impairment loss allowances			
— Individual	362,778	—	—
— Collective	467,637	—	—
Less: Provisions for bad and doubtful debts			
— Specific	—	392,321	342,320
— General	—	1,309,852	1,339,996
	<u>134,203,693</u>	<u>110,089,402</u>	<u>122,949,653</u>

(b) Impaired/Non-performing advances to customers

Impaired advances to customers are advances which have been classified as “substandard”; “doubtful” and “loss” under the Bank’s classification of loan quality.

Non-performing advances to customers were advances on which interest was being placed in suspense or on which interest accrual had ceased.

	30/6/2005		30/6/2004		31/12/2004	
	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers
Gross impaired advances to customers	1,506,108	1.17	—	—	—	—
Gross non-performing advances to customers	—	—	1,876,091	1.78	1,365,432	1.16
Individual impairment loss allowances	238,645		—		—	
Specific provisions	—		226,239		206,624	
Suspended interest *	—		387,495		380,129	

* Inclusive of interest capitalised

There were no impaired advances to banks and other financial institutions as at 30th June, 2005 nor advances on which interest is being placed in suspense or on which interest accrual has ceased as at 30th June, 2004 and 31st December, 2004; nor were there any individual impairment loss allowances and specific provisions made for them on these three respective dates.

L. **Segment Reporting**

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Personal banking business includes branch operations, personal Internet banking, consumer finance, property loans and credit card business.

Corporate banking business includes corporate lending and loan syndication, asset based lending, commercial lending, community lending, securities lending, trust services, mandatory provident fund business and corporate Internet banking.

Investment banking business includes treasury operations, securities broking and dealing, provision of internet security trading services.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include bancassurance, insurance business, property-related business and wealth management business.

Unallocated items mainly comprise the central management unit, bank premises, and any items which cannot be reasonably allocated to specific business segments.

6 months ended 30/6/2005

	Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	696,433	818,748	315,981	50	3,112	(118,680)	—	1,715,644
Other operating income from external customers	240,275	154,014	280,433	227,740	90,232	45,097	—	1,037,791
Inter-segment income	—	—	—	—	—	61,329	(61,329)	—
Total operating income	936,708	972,762	596,414	227,790	93,344	(12,254)	(61,329)	2,753,435
Operating profit/(loss) before impairment allowances	362,261	685,145	476,675	104,893	5,586	(291,614)	—	1,342,946
Inter-segment transactions	49,569	5,725	2,174	—	626	(58,094)	—	—
Impairment losses and impairment allowances for impaired assets	37,982	(20,593)	1,380	(2,790)	2,268	6,067	—	24,314
Contribution from operations	449,812	670,277	480,229	102,103	8,480	(343,641)	—	1,367,260
Impairment loss on bank premises	—	—	—	—	—	(953)	—	(953)
Share of profits less losses of associates	359	11,313	(5,870)	—	(11,584)	1,583	—	(4,199)
Other income and expenses	—	3,934	(6,254)	—	592	35,244	—	33,516
Profit/(loss) before taxation	450,171	685,524	468,105	102,103	(2,512)	(307,767)	—	1,395,624
Income tax	—	—	—	—	—	(192,792)	—	(192,792)
Profit/(loss) for the period after taxation	450,171	685,524	468,105	102,103	(2,512)	(500,559)	—	1,202,832
Attributable to:								
Equity holders of the Group	450,171	685,524	468,105	82,142	(2,418)	(500,559)	—	1,182,965
Minority interests	—	—	—	19,961	(94)	—	—	19,867
Profit/(loss) attributable to equity holders is after charging:								
Depreciation for the period	(41,169)	(22,149)	(9,149)	(3,767)	(2,664)	(40,897)	—	(119,795)

6 months ended 30/6/2004 (Restated)

	Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	915,921	615,169	269,194	(70)	25,747	(23,199)	—	1,802,762
Other operating income from external customers	228,462	133,102	172,776	183,298	56,237	47,063	—	820,938
Inter-segment income	—	—	—	—	—	54,678	(54,678)	—
Total operating income	<u>1,144,383</u>	<u>748,271</u>	<u>441,970</u>	<u>183,228</u>	<u>81,984</u>	<u>78,542</u>	<u>(54,678)</u>	<u>2,623,700</u>
Operating profit/(loss) before provisions	601,305	476,241	327,938	68,162	11,016	(175,171)	—	1,309,491
Inter-segment transactions (Charge for)/write back of bad and doubtful debts	46,303 (72,655)	4,080 (70,466)	1,995 (612)	— (2,683)	— (131)	(52,378) 3,451	—	— (143,096)
Contribution from operations	574,953	409,855	329,321	65,479	10,885	(224,098)	—	1,166,395
Share of profits less losses of associates	415	1,914	11,765	—	(5,760)	(162)	—	8,172
Other income and expenses	—	(15,643)	11,652	—	—	(1,826)	—	(5,817)
Profit/(loss) before taxation	575,368	396,126	352,738	65,479	5,125	(226,086)	—	1,168,750
Income tax	—	—	—	—	—	(170,761)	—	(170,761)
Profit for the period after taxation	<u>575,368</u>	<u>396,126</u>	<u>352,738</u>	<u>65,479</u>	<u>5,125</u>	<u>(396,847)</u>	<u>—</u>	<u>997,989</u>
Attributable to:								
Equity holders of the Group	575,368	396,126	352,738	53,773	5,125	(397,021)	—	986,109
Minority interests	—	—	—	11,706	—	174	—	11,880
Profit/(loss) attributable to equity holders is after charging:								
Depreciation for the period	(44,906)	(23,744)	(8,353)	(3,512)	(3,559)	(38,409)	—	(122,483)
Amortisation of goodwill	<u>(15,439)</u>	<u>(14,469)</u>	<u>(21,232)</u>	<u>(18,456)</u>	<u>(882)</u>	<u>—</u>	<u>—</u>	<u>(70,478)</u>

M. Maturity Profile

30/6/2005						
Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
— Treasury bills	—	3,722,328	—	—	—	3,722,328
— Placements with banks and other financial institutions	—	3,924,738	1,843,329	—	—	5,768,067
— Certificates of deposit held	—	696,084	875,086	883,350	160,536	2,615,056
— Advances to customers	4,501,170	17,273,371	15,464,169	43,716,769	46,263,387	1,199,400
— Advances to banks and other financial institutions	—	62,782	114,286	652,673	—	1,489,553
— Debt securities included in:						
— Held-to-maturity debt securities	—	20,388	974,539	9,182,023	1,344,325	12,040
— Securities measured at fair value through profit or loss	—	157,145	2,045,571	7,476,408	673,217	245,736
— Available-for-sale securities	—	116,557	663,219	1,228,048	861,801	17,700
— Securities classified as loans and receivables	—	26,548	46,152	207,222	—	4,507
	<u>4,501,170</u>	<u>25,999,941</u>	<u>22,026,351</u>	<u>63,346,493</u>	<u>49,303,266</u>	<u>2,968,936</u>
	<u>168,146,157</u>					
Liabilities						
— Deposits and balances of banks and other financial institutions	1,086,571	5,393,981	4,892,514	188,133	—	11,561,199
— Deposits from customers	51,909,525	97,322,844	6,905,232	4,324,239	—	160,461,840
— Demand deposits and current accounts	11,883,561	—	—	—	—	11,883,561
— Savings deposits	39,043,427	—	—	—	—	39,043,427
— Time, call and notice deposits	982,537	97,322,844	6,905,232	4,324,239	—	109,534,852
— Certificates of deposit issued	—	594,694	2,946,147	2,978,295	—	6,519,136
	<u>52,996,096</u>	<u>103,311,519</u>	<u>14,743,893</u>	<u>7,490,667</u>	<u>—</u>	<u>178,542,175</u>

31/12/2004

	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets							
— Treasury bills	—	3,784,702	186,295	—	—	—	3,970,997
— Placements with banks and other financial institutions	—	7,238,759	2,593,499	—	—	—	9,832,258
— Certificates of deposit held	—	1,038,530	258,799	988,323	161,295	—	2,446,947
— Advances to customers	4,964,737	15,193,618	15,172,290	42,237,184	38,372,449	1,318,475	117,258,753
— Advances to banks and other financial institutions	—	229,948	98,845	218,144	2,519	1,565,199	2,114,655
— Debt securities included in:							
— Held-to-maturity debt securities	—	175,500	1,179,776	12,891,652	1,849,156	—	16,096,084
— Investment securities	—	—	71,410	—	4,000	18,678	94,088
— Other investments in securities	—	666,131	1,550,987	3,982,813	1,192,379	258,387	7,650,697
	<u>4,964,737</u>	<u>28,327,188</u>	<u>21,111,901</u>	<u>60,318,116</u>	<u>41,581,798</u>	<u>3,160,739</u>	<u>159,464,479</u>
Liabilities							
— Deposits and balances of banks and other financial institutions	454,443	5,676,399	3,400,778	40,037	—	—	9,571,657
— Deposits from customers	62,612,821	91,293,158	5,912,264	3,919,422	—	—	163,737,665
— Demand deposits and current accounts	11,919,118	—	—	—	—	—	11,919,118
— Savings deposits	48,729,729	—	—	—	—	—	48,729,729
— Time, call and notice deposits	1,963,974	91,293,158	5,912,264	3,919,422	—	—	103,088,818
— Certificates of deposit issued	—	323,334	2,000,000	1,855,289	—	—	4,178,623
	<u>63,067,264</u>	<u>97,292,891</u>	<u>11,313,042</u>	<u>5,814,748</u>	<u>—</u>	<u>—</u>	<u>177,487,945</u>

N. Deferred Tax Assets and Liabilities Recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the period are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Leasing partnership transactions	Revaluation of properties	Provisions	Tax losses	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2005							
— As previously reported	280,869	382,210	192,217	(184,504)	(72,640)	1,653	599,805
— Adjustments arising from change in accounting policies	34,342	—	—	106,110	(637)	—	139,815
— As restated	315,211	382,210	192,217	(78,394)	(73,277)	1,653	739,620
Write off against investment	—	(105,060)	—	—	—	—	(105,060)
Charged/(credited) to consolidated profit and loss account	(60,550)	(2,653)	—	11,083	21,281	(3,702)	(34,541)
Credited to reserves	—	—	(2,530)	—	—	—	(2,530)
Exchange and other adjustments	(20)	—	—	50	3,177	3,734	6,941
At 30th June, 2005	<u>254,641</u>	<u>274,497</u>	<u>189,687</u>	<u>(67,261)</u>	<u>(48,819)</u>	<u>1,685</u>	<u>604,430</u>
At 1st January, 2004							
— As previously reported	281,859	555,523	184,346	(171,480)	(67,324)	1,787	784,711
— Adjustments arising from change in accounting policies	—	—	5,997	—	—	—	5,997
— As restated	281,859	555,523	190,343	(171,480)	(67,324)	1,787	790,708
Write off against investment	—	(243,308)	—	—	—	—	(243,308)
Charged/(credited) to consolidated profit and loss account	33,235	69,995	—	(12,957)	(6,347)	3,808	87,734
Credited to reserves	—	—	1,874	—	—	—	1,874
Additions through acquisition of subsidiary	117	—	—	—	—	—	117
Exchange and other adjustments	—	—	—	(67)	1,031	(3,942)	(2,978)
At 31st December, 2004	<u>315,211</u>	<u>382,210</u>	<u>192,217</u>	<u>(184,504)</u>	<u>(72,640)</u>	<u>1,653</u>	<u>634,147</u>

O. Reserves

	30/6/2005	30/6/2004 Restated	31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
Share premium	653,049	572,304	631,188
General reserve	12,286,962	11,898,218	12,045,266
Revaluation reserve on bank premises	948,099	985,249	1,007,505
Investment reserve	255,914	—	—
Exchange revaluation reserve	29,852	7,103	49,813
Other reserves	167,282	103,775	129,595
Retained profits*	4,418,314	3,153,381	4,099,776
	<u>18,759,472</u>	<u>16,720,030</u>	<u>17,963,143</u>
Proposed dividends, not provided for	<u>495,997</u>	<u>414,252</u>	<u>1,193,599</u>

* The Group complies with Hong Kong Monetary Authority's requirement to maintain minimum impairment allowances in excess of those required under Hong Kong Accounting Standards. As at 30th June, 2005, HK\$362,000,000 was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the Hong Kong Monetary Authority.

P. Consolidated Cash Flow Statement

(a) Purchase of subsidiaries

	30/6/2005	30/6/2004
	HK\$'000	HK\$'000
Advances and other accounts less provisions	1,196	—
Fixed assets	1,626	—
Other accounts and provisions	(879)	—
	<u>1,943</u>	<u>—</u>
Goodwill arising on consolidation	13,600	—
	<u>15,543</u>	<u>—</u>
Total purchase price	15,543	—
Less: Cash and cash equivalents acquired	—	—
	<u>15,543</u>	<u>—</u>
Cash flow on acquisition net of cash acquired	<u>15,543</u>	<u>—</u>

(b) Cash and cash equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

	30/6/2005	30/6/2004
	HK\$'000	HK\$'000
Cash and balances with banks and other financial institutions	4,335,388	3,460,662
Money at call and short notice	22,289,986	26,819,337
Placements with banks and other financial institutions		
with original maturity within three months	2,925,801	4,125,288
Treasury bills with original maturity within three months	3,664,690	2,459,839
Certificates of deposit held with original maturity		
within three months	583,637	653,329
	<u>33,799,502</u>	<u>37,518,455</u>

(ii) Reconciliation with the consolidated balance sheet

	30/6/2005	30/6/2004
	HK\$'000	HK\$'000
Cash and short-term funds	33,020,537	36,749,106
Placements with banks and other financial institutions maturing between one and twelve months	5,768,067	12,198,154
Certificates of deposit held	2,615,056	2,410,042
Amount shown in the consolidated balance sheet	41,403,660	51,357,302
Less: Amounts with an original maturity of beyond three months	(7,604,158)	(13,838,847)
	<u>33,799,502</u>	<u>37,518,455</u>

Q. Off-balance Sheet Exposures

(a) Contingent liabilities and commitments

The following is a summary of each significant class of off-balance sheet exposures:

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Contractual amounts of contingent liabilities and commitments			
— Direct credit substitutes	5,104,542	4,600,597	5,375,979
— Transaction-related contingencies	621,610	433,008	486,028
— Trade-related contingencies	2,207,948	2,590,214	2,501,087
— Other commitments with an original maturity of:			
Under 1 year or which are unconditionally cancellable	28,340,478	26,458,527	27,786,426
1 year and over	9,842,342	6,639,302	8,136,611
— Others	—	250,447	—
Total	<u>46,116,920</u>	<u>40,972,095</u>	<u>44,286,131</u>
— Aggregate credit risk weighted amount	<u>9,388,216</u>	<u>7,636,483</u>	<u>8,822,965</u>
Notional amounts of derivatives			
— Exchange rate contracts	26,602,854	51,839,401	16,381,808
— Interest rate contracts	26,428,854	16,354,705	16,327,689
— Equity contracts	243,139	801,426	933,975
Total	<u>53,274,847</u>	<u>68,995,532</u>	<u>33,643,472</u>
— Aggregate replacement costs	<u>595,099</u>	<u>1,616,771</u>	<u>1,264,313</u>
— Aggregate credit risk weighted amount	<u>257,749</u>	<u>570,110</u>	<u>399,317</u>

The replacement costs and credit risk weighted amounts of the off-balance sheet exposures do not take into account the effects of bilateral netting arrangements.

(b) Obligations under mortgage loans sold

Included in the captions set out below are balances which are established as reserve funds for mortgage loan purchasers pursuant to the terms of mortgage sale agreements. The reserve funds are available to the purchasers to cover any losses or cash flow shortfalls that result from both credit risk and basis risk with respect to the loans sold and to protect the purchasers in the event that they have to appoint a substitute servicer.

These reserve funds are either set up in the name of the Bank and are charged in favour of the purchaser as security for the Bank's obligations to the purchaser or, in the name of the loan purchaser who retains absolute ownership, title, right and interest in the reserve funds, pursuant to the terms of the mortgage sale agreements.

	<u>30/6/2005</u>	<u>30/6/2004</u>	<u>31/12/2004</u>
	HK\$'000	HK\$'000	HK\$'000
Held-to-maturity debt securities	—	28,356	23,473
Accrued interest and other accounts	<u>17,789</u>	<u>70,933</u>	<u>74,663</u>
	<u><u>17,789</u></u>	<u><u>99,289</u></u>	<u><u>98,136</u></u>

R. Statement of Compliance

The Interim Report has fully complied with the guideline set out in the Supervisory Policy Manual "Interim Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority and the HKAS 34 "Interim Financial Reporting" issued by the HKICPA in October, 2004.

SUPPLEMENTARY FINANCIAL INFORMATION

1. Capital Adequacy Ratio and Capital Base

(a) Capital adequacy ratio

	30/6/2005	30/6/2004	31/12/2004
	%	%	%
Unadjusted capital adequacy ratio	15.6	17.7	16.2
Adjusted capital adequacy ratio	15.5	17.5	16.1

The unadjusted capital adequacy ratio is computed on the consolidated basis which comprises the positions of the Bank and its subsidiaries as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

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

(b) Capital base after deductions

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	Restated HK\$'000	Restated HK\$'000
Core capital			
Paid up ordinary share capital	3,757,553	3,698,675	3,729,996
Share premium	653,049	572,304	631,188
Reserves	15,874,701	14,748,225	14,963,036
Minority interests	188,913	34,206	165,655
Deduct: Goodwill	(2,455,056)	(2,298,113)	(2,448,156)
Total core capital	<u>18,019,160</u>	<u>16,755,297</u>	<u>17,041,719</u>
Eligible supplementary capital			
Reserves on revaluation of land and interests in land (at 70%)	782,615	689,675	822,725
General provisions for doubtful debts	—	1,308,520	1,336,044
Collective impairment allowances for impaired assets and regulatory reserve	828,250	—	—
Term subordinated debt	4,360,609	4,282,700	4,271,124
Total eligible supplementary capital	<u>5,971,474</u>	<u>6,280,895</u>	<u>6,429,893</u>
Total capital base before deductions	23,990,634	23,036,192	23,471,612
Deductions from total capital base	(874,050)	(934,071)	(969,261)
Total capital base after deductions	<u><u>23,116,584</u></u>	<u><u>22,102,121</u></u>	<u><u>22,502,351</u></u>

2. Liquidity Ratio

	6 months ended 30/6/2005	6 months ended 30/6/2004	The year ended 31/12/2004
	%	%	%
Average liquidity ratio for the period	39.5	43.9	44.4

The average liquidity ratio for the period is the simple average of each calendar month's average liquidity ratio, which is computed on the consolidated basis as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

3. Segmental Information

(a) Advances to customers

(i) By industry sectors

The analysis of gross advances to customers by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority.

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Loans for use in Hong Kong			
Industrial, commercial and financial			
— Property development	4,779,394	3,899,140	4,398,093
— Property investment	16,433,678	13,169,065	14,536,729
— Financial concerns	1,485,892	1,263,813	1,507,153
— Stockbrokers	176,836	236,667	277,903
— Wholesale and retail trade	1,683,867	1,628,150	1,569,771
— Manufacturing	1,859,708	1,296,981	1,822,971
— Transport and transport equipment	4,198,215	4,771,187	4,507,233
— Others	5,742,204	4,833,360	6,032,368
— Sub-total	36,359,794	31,098,363	34,652,221
Individuals			
— Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,422,812	1,678,114	1,522,173
— Loans for the purchase of other residential properties	37,991,408	33,444,295	34,928,247
— Credit card advances	1,371,012	1,254,594	1,649,200
— Others	3,600,915	3,061,263	3,230,750
— Sub-total	44,386,147	39,438,266	41,330,370
Total loans for use in Hong Kong	80,745,941	70,536,629	75,982,591
Trade finance	4,175,030	3,688,881	4,092,162
Loans for use outside Hong Kong	43,497,295	31,467,416	37,184,000
Total advances to customers	128,418,266	105,692,926	117,258,753

(ii) *By geographical areas*

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30/6/2005	
	Total advances to customers	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	93,820,480	466,632
People's Republic of China	15,253,965	120,557
Other Asian Countries	7,129,398	115,168
Others	12,214,423	40,141
Total	<u>128,418,266</u>	<u>742,498</u>

	30/6/2004	
	Total advances to customers	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	82,589,385	749,347
People's Republic of China	7,287,547	250,078
Other Asian Countries	5,465,585	151,034
Others	10,350,409	77,815
Total	<u>105,692,926</u>	<u>1,228,274</u>

	31/12/2004	
	Total advances to customers	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	88,598,608	575,894
People's Republic of China	10,911,094	77,426
Other Asian Countries	6,354,111	103,688
Others	11,394,940	83,377
Total	<u>117,258,753</u>	<u>840,385</u>

(b) *Cross-border claims*

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

	30/6/2005			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China	11,073,787	1,048,312	11,425,950	23,548,049
Asian countries, excluding People's Republic of China	9,213,301	1,282,925	8,010,298	18,506,524
North America	4,450,453	7,796,515	5,346,038	17,593,006
Western Europe	15,632,976	—	2,618,197	18,251,173

	30/6/2004			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China	7,852,881	1,222,989	5,695,548	14,771,418
Asian countries, excluding People's Republic of China	11,153,832	1,269,974	6,827,439	19,251,245
North America	3,842,104	7,945,136	5,196,675	16,983,915
Western Europe	27,346,735	255	1,962,213	29,309,203

	31/12/2004			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China	9,413,577	1,458,707	7,962,500	18,834,784
Asian countries, excluding People's Republic of China	10,764,517	1,413,490	7,519,486	19,697,493
North America	5,129,033	7,886,401	5,182,553	18,197,987
Western Europe	26,577,806	255	2,016,679	28,594,740

4. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and rescheduled advances

	30/6/2005		30/6/2004		31/12/2004	
	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers
Advances to customers overdue for						
— 6 months or less						
but over 3 months	293,895	0.2	350,991	0.4	242,893	0.2
— 1 year or less						
but over 6 months	124,510	0.1	236,118	0.2	194,645	0.2
— Over 1 year	324,093	0.3	641,165	0.6	402,847	0.3
	742,498	0.6	1,228,274	1.2	840,385	0.7
Rescheduled advances to customers	426,652	0.3	897,890	0.8	472,335	0.4
Total overdue and rescheduled advances	<u>1,169,150</u>	<u>0.9</u>	<u>2,126,164</u>	<u>2.0</u>	<u>1,312,720</u>	<u>1.1</u>
Secured overdue advances	<u>496,880</u>	<u>0.4</u>	<u>1,077,170</u>	<u>1.0</u>	<u>660,700</u>	<u>0.6</u>
Unsecured overdue advances	<u>245,618</u>	<u>0.2</u>	<u>151,104</u>	<u>0.2</u>	<u>179,685</u>	<u>0.1</u>
Market value of securities held against secured overdue advances	<u>695,523</u>		<u>1,650,331</u>		<u>1,122,161</u>	

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 30th June, 2005, 30th June, 2004 and 31st December, 2004; nor were there any rescheduled advances to banks and other financial institutions on these three dates.

(b) Other overdue and rescheduled assets

	30/06/2005	
	Accrued interest	Other assets*
	HK\$'000	HK\$'000
Other assets overdue for		
— 6 months or less but over 3 months	1,582	—
— 1 year or less but over 6 months	1,220	477
— Over 1 year	154	19,292
	<u>2,956</u>	<u>19,769</u>
Rescheduled assets	—	—
Total other overdue and rescheduled assets	<u>2,956</u>	<u>19,769</u>
	30/06/2004	
	Accrued interest	Other assets*
	HK\$'000	HK\$'000
Other assets overdue for		
— 6 months or less but over 3 months	1,469	41
— 1 year or less but over 6 months	979	408
— Over 1 year	254	17,626
	<u>2,702</u>	<u>18,075</u>
Rescheduled assets	—	—
Total other overdue and rescheduled assets	<u>2,702</u>	<u>18,075</u>
	31/12/2004	
	Accrued interest	Other assets*
	HK\$'000	HK\$'000
Other assets overdue for		
— 6 months or less but over 3 months	1,653	305
— 1 year or less but over 6 months	1,065	614
— Over 1 year	407	19,462
	<u>3,125</u>	<u>20,381</u>
Rescheduled assets	—	—
Total other overdue and rescheduled assets	<u>3,125</u>	<u>20,381</u>

* Other assets refer to trade bills and receivables.

(c) Repossessed assets

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Repossessed properties	81,279	189,338	107,745
Repossessed vehicles & machines	935	1,215	340
Total repossessed assets	<u>82,214</u>	<u>190,553</u>	<u>108,085</u>

The amount represents the estimated market value of the repossessed assets as at 30th June, 2005, 30th June, 2004 and 31st December, 2004.

5. Currency Concentrations

The net positions or net structural positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies.

30/6/2005 HK\$ Million								
	USD	CAD	GBP	CNY	JPY *	SGD	Others	Total
Spot assets	56,256	4,333	4,646	10,305	859	5,184	12,321	93,904
Spot liabilities	(55,290)	(4,433)	(6,527)	(9,427)	(806)	(4,510)	(17,395)	(98,388)
Forward purchases	31,644	623	2,757	—	603	473	9,286	45,386
Forward sales	(33,446)	(436)	(817)	—	(655)	(899)	(4,085)	(40,338)
Net options position	83	(23)	5	—	—	—	(125)	(60)
Net long/(short) position	<u>(753)</u>	<u>64</u>	<u>64</u>	<u>878</u>	<u>1</u>	<u>248</u>	<u>2</u>	<u>504</u>

30/6/2004 HK\$ Million								
	USD	CAD	GBP*	CNY	JPY	SGD*	Others	Total
Spot assets	55,938	2,751	4,241	4,834	1,158	4,841	8,347	82,110
Spot liabilities	(49,898)	(4,748)	(6,119)	(4,618)	(560)	(4,688)	(17,477)	(88,108)
Forward purchases	31,773	2,411	2,253	—	1,448	572	23,711	62,168
Forward sales	(38,409)	(314)	(364)	—	(2,001)	(717)	(14,570)	(56,375)
Net options position	5	11	(6)	—	1	—	(9)	2
Net long/(short) position	<u>(591)</u>	<u>111</u>	<u>5</u>	<u>216</u>	<u>46</u>	<u>8</u>	<u>2</u>	<u>(203)</u>

31/12/2004 HK\$ Million								
	USD	CAD	GBP	CNY	JPY*	SGD*	Others	Total
Spot assets	49,928	4,375	4,270	7,581	926	5,194	15,466	87,740
Spot liabilities	(52,103)	(4,458)	(5,690)	(7,364)	(920)	(4,815)	(16,857)	(93,207)
Forward purchases	18,257	484	2,727	—	821	706	4,275	27,270
Forward sales	(15,863)	(289)	(370)	—	(816)	(1,116)	(2,880)	(21,334)
Net options position	16	(1)	(1)	—	—	—	3	17
Net long/(short) position	<u>235</u>	<u>111</u>	<u>(64)</u>	<u>217</u>	<u>11</u>	<u>(31)</u>	<u>7</u>	<u>486</u>

* The currency constitutes less than 10% of the total net position in all foreign currencies and is presented for comparative purpose only.

30/6/2005 HK\$ Million					
	USD	CAD*	CNY	Others	Total
Net structural position	<u>1,607</u>	<u>240</u>	<u>751</u>	<u>387</u>	<u>2,985</u>

30/6/2004 HK\$ Million					
	USD	CAD	CNY	Others	Total
Net structural position	<u>1,457</u>	<u>220</u>	<u>—</u>	<u>377</u>	<u>2,054</u>

31/12/2004 HK\$ Million					
	USD	CAD*	CNY	Others	Total
Net structural position	<u>1,452</u>	<u>245</u>	<u>564</u>	<u>394</u>	<u>2,655</u>

* The currency constitutes less than 10% of the total net structural position in all foreign currencies and is presented for comparative purpose only.

INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF THE BANK OF EAST ASIA, LIMITED

INTRODUCTION

We have been instructed by the Group to review the interim financial report set out on pages 1 to 26.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquires of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2005.

KPMG

Certified Public Accountants

Hong Kong, 3rd August, 2005

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.33 (2004: HK\$0.28) per share for the six months ended 30th June, 2005. The interim dividend will be paid in cash with an option to receive new, fully paid shares in lieu of cash, to shareholders whose names appear on the Register of Members at the close of business on Wednesday, 24th August, 2005. Details of the scrip dividend and the election form will be sent to shareholders on or about Wednesday, 24th August, 2005. The scrip dividend scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the scrip dividend scheme. The dividend warrants and the share certificates for the scrip dividend will be sent to shareholders by ordinary mail on or about Friday, 16th September, 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 22nd August, 2005 to Wednesday, 24th August, 2005. In order to qualify for the above interim dividend, all transfer documents should be lodged for registration with Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by 4:00 p.m. on Friday, 19th August, 2005.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The Hong Kong economy continued to improve in the first half of 2005. GDP grew solidly; domestic consumption held firm; and the unemployment rate fell. One important consequence of the upturn in economic prospects was a sharp decline in the number of negative equity cases. However, the improving economy did little to mute the fierce competition in the Hong Kong banking industry. In fact, the industry was subject to additional pressures as interest rate movements further squeezed net interest margins during the period.

The BEA Group's reported earnings for the first half of 2005 reflect certain accounting standard changes that have been implemented recently. The Hong Kong Institute of Certified Public Accountants ("HKICPA") announced a number of new or revised Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRS") last year. In preparing the financial statements for the first half of 2005, all applicable HKAS and HKFRS have been adopted. Prior period adjustments have been made to the financial statements for 2004, depending on the individual requirements of the HKAS and HKFRS concerned. The effects of adopting these HKAS and HKFRS on the preparation and presentation of financial statements are summarised in Note 3.

In the first six months of 2005, the BEA Group achieved a profit after tax of HK\$1,203 million, representing an increase of HK\$205 million, or 20.5%, over earnings of HK\$998 million for the corresponding period in 2004. Basic earnings per share were HK\$0.79. The adoption of HKAS 39 had a mild impact on the recognition of interest income and expense. Total operating income increased by 4.9% to HK\$2,753 million.

Total operating expenses increased by 7.3% over the corresponding figure in 2004 to HK\$1,410 million, due to continuing expansion of the Group's activities. The cost to income ratio rose from 50.1% in 2004 to 51.2% in 2005.

Operating profit before impairment allowances (previously referred to as the charge for bad and doubtful debts) for the first six months was HK\$1,343 million, an increase of HK\$34 million, or 2.6%, compared to the corresponding period in 2004.

As a result of an improvement in asset quality and the new approaches to assessing loan impairment due to the adoption of HKAS 39, the loan impairment allowance (previously referred to as the charge for bad and doubtful debts) fell by HK\$167 million.

The decrease in loan impairment allowance resulted in an increase in operating profit after impairment allowances of 17.2% to HK\$1,367 million.

During the period, BEA closed one transaction of disposal of a vacant bank premises upon the relocation of operations departments to Millennium City 5 in Kwun Tong. As a result, BEA recorded a profit on disposal of fixed assets of HK\$35 million, an increase of HK\$28 million as compared to the same period in 2004.

In the first six months of 2005, BEA shared pre-tax losses less profits from associates of HK\$4 million.

After taking into account income taxes, profit after taxation was HK\$1,203 million, an increase of 20.5% over the HK\$998 million recorded in the corresponding period in 2004, while profit attributable to equity holders of the Group was HK\$1,183 million, an increase of 20.0%.

Financial Position

As at 30th June, 2005, total consolidated assets of the BEA Group were HK\$212,291 million, representing an increase of 0.9% from HK\$210,370 million at the end of 2004. The held-to-maturity investments decreased by 28.3% to HK\$11,533 million as a result of a change in classification of financial assets after adoption of HKAS 39. Advances to customers increased by 9.5% to HK\$128,418 million.

Total deposits decreased by 0.6% to HK\$166,981 million, while customer deposits decreased by HK\$3,276 million, or 2.0%, to HK\$160,462 million. Demand deposits and current accounts decreased by a combined HK\$35 million, or 0.3%, to HK\$11,884 million when compared with the balance at year-end 2004. Saving accounts decreased to HK\$39,043 million as at 30th June, 2005, a decrease of 19.9%. Time deposits as at 30th June, 2005 stood at HK\$109,535 million, an increase of 6.3%, when compared with the balance at year-end 2004.

Loan capital as at 30th June, 2005 stood at HK\$4,361 million, an increase of 2.1% when compared with the balance at year-end 2004. Total equity increased by 3.9% from HK\$21,859 million at the end of December 2004, to HK\$22,706 million at the end of June 2005.

In the first half of 2005, BEA issued floating rate certificates of deposit with a face value of HK\$1,500 million, and fixed rate certificates of deposits with a face value totalling HK\$500 million and TW\$7,525 million. The Bank redeemed certificates of deposit amounting to TW\$6,020 million upon maturity, and repurchased a quantity of its own certificates of deposit amounting to HK\$45 million equivalent.

At the end of June 2005, the face value of the outstanding portfolio of certificates of deposit was HK\$6,602 million, with the carrying amount equal to HK\$6,519 million.

After taking into account all debt instruments issued, the loan-to-deposit ratio was 76.9%, being 7.1% higher than the 69.8% reported at the end of 2004.

Maturity Profile of Debt Issued
As at 30th June, 2005
(All expressed in millions of dollars)

	<u>Currency</u>	<u>Total Face Value</u>	<u>Year of Maturity</u>			
			<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Floating Rate						
Certificates of Deposit						
Issued in 2004	HKD	1,500	1,500			
Issued in 2005	HKD	1,500				1,500
Fixed Rate						
Certificates of Deposit						
Issued in 2004	HKD	500	500			
Issued in 2005	HKD	500				500
Issued in 2005	TWD	2,825	2,825			
Discounted						
Certificates of Deposit						
Issued in 2002	HKD	314		314		
Issued in 2002	USD	87			87	
Issued in 2003	AUD	51		51		
Issued in 2003	NZD	44		44		
Step Up						
Certificates of Deposit						
Issued in 2003	USD	49				49
Total Debts issued in HKD equivalent		6,602	2,696	852	676	2,378

Risk Management

Risk management is an essential element of banking. The Group has in place a comprehensive risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to allocate capital against those risks. The risk management policies of the Group are reviewed regularly by the Management and related specialised committees, and recommendations are made by the Risk Management Committee for the approval of the Board of Directors. The internal auditors also perform regular audits on business units to check compliance with policies and procedures. The Group has also established an Investment Committee to plan the Group's investment strategies, and monitor the performance and compliance of investment activities.

(a) Credit Risk Management

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from both lending and treasury activities. The Board of Directors has delegated authority to the Credit Committee to oversee management of the Group's credit risk, independent of the business units. The Credit Committee reports to the Board of Directors via the Risk Management Committee, which deals with all risk management related issues of the Bank Group.

The Credit Committee is responsible for all credit risk related issues for the Bank Group, including formulation of credit policies, credit approval and monitoring of asset quality.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty. Concentration risk is monitored by adopting appropriate risk control measures, such as setting limits on large exposures.

In this connection, comprehensive guidelines for management of credit risk have been laid down in the Group's Credit Manual. These guidelines stipulate delegated lending authorities, credit extension criteria, credit monitoring process, 10-grade loan classification system, credit recovery and provisioning policy.

The Group's Credit Manual is regularly reviewed by the Credit Committee to ensure the adequacy of credit risk management policies and systems.

(b) Liquidity Risk and Market Risk Management

The Asset and Liability Management Committee is authorised by the Board of Directors to manage the assets and liabilities of the Bank Group. The function of the Asset and Liability Management Committee is to oversee the Group's operations relating to interest rate risk, liquidity risk and market risk.

(1) Liquidity Risk Management

Liquidity risk is the risk that the Group cannot meet its current obligations. To manage liquidity risk, the Group has established the liquidity risk management policy, which is approved by the Board of Directors. The Group measures the liquidity of the Group through the statutory liquidity ratio, the loan-to-deposit ratio and the maturity mismatch portfolio.

The Asset and Liability Management Committee closely monitors the liquidity of the Group on a daily basis to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding needs, and that the Group remains in compliance with the statutory liquidity ratio. The Group's average liquidity ratio was 39.5% for the first half of 2005, which was well above the statutory minimum ratio of 25%.

Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected, material cash outflows in the ordinary course of business.

(2) Market Risk Management

Market risk is the risk arising from the net effect of changes in market rates and prices on the Group's assets, liabilities and commitments, thus causing profits or losses. Interest rates, foreign exchange rates, equity and commodity prices, among others, are monitored for market risk.

The Group's market risk originates from its trading-book holdings of foreign exchange, debt securities, equities and derivatives, which are measured at fair value; and from its investment and banking activities in financial assets and liabilities, which are valued at amortised cost in the balance sheet.

The Group has established a market risk management policy that incorporates guidelines, procedures and control measures to monitor its market risk exposures.

The Group's derivative instruments trading activities mainly arise from the execution of trade orders from customers and positions taken in order to hedge other elements of the trading books.

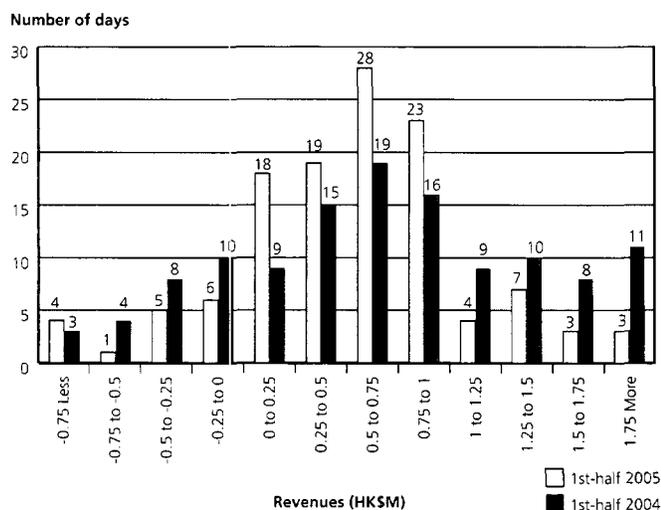
Financial derivatives are instruments that derive their value from the performance of underlying assets, interest or currency exchange rates or indices. The Group principally uses financial derivative instruments as investment alternatives or to manage foreign exchange, interest rate or equity risk, and is a limited end-user of such instruments. Guidelines on participating in derivatives activities are included in the Group's market risk management policy. The Group's major trading activities in derivative instruments involve exchange-traded HIBOR futures contracts, over-the-counter transacted currency options and equity options. Other over-the-counter transacted foreign exchange forwards, interest rate swaps and option contracts are mainly employed to hedge the interest rate risk and option risk of the banking book.

The Group's various market risk exposures are measured and monitored on the basis of principal (or notional) amount, outstanding position, stop-loss and options limits, and are controlled within established limits reviewed and approved by the Asset and Liability Management Committee where applicable for each business unit, business type and in aggregate. Independent middle and back offices monitor the risk exposure of trading activities against approved limits on a daily basis. The Group's market risk exposures are reviewed by the Asset and Liability Management Committee and reported to the Board of Directors on a regular basis. Exceptions to limits are reported when they occur.

The Group quantifies the market risk of the underlying trading portfolio by means of value-at-risk ("VaR"). VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period. The Group's VaR is calculated using historical movements in market rates and prices, a 99% confidence level and a one-day holding period, and takes into account correlations between different markets and rates.

The VaR for the Group's market risk-related treasury trading portfolio as at 30th June, 2005 was HK\$2.04 million (HK\$2.15 million at 31st December, 2004). The average daily revenue earned from the Group's market risk-related treasury trading activities for the first half of 2005 was HK\$0.53 million (HK\$0.58 million for the first half of 2004). The standard deviation of these daily revenues was HK0.77 million (HK\$2.01 million for the first half of 2004).

DAILY DISTRIBUTION OF MARKET RISK-RELATED TREASURY TRADING REVENUES 1st-half 2005 vs 1st-half 2004



An analysis of daily distribution of the Group's market risk-related treasury trading revenues for the first half of 2005 (comparing with the first half of 2004) is provided above. This shows that 16 out of 121 days (2004: 25 out of 122 days) are in loss positions. The most frequent results were daily revenue of between HK\$0.5 million and HK\$0.75 million, with 28 occurrences (2004: HK\$0.50 million to HK\$0.75 million with 19 occurrences). The maximum daily loss was HK\$2.70 million (2004: HK\$19.41 million) and the next maximum daily loss was HK\$2.49 million (2004: HK\$1.31 million). The highest daily revenue was HK\$3.57 million (2004: HK\$4.27 million).

(i) *Foreign exchange exposure*

The Group's foreign exchange risk exposure arises from foreign exchange dealing, commercial banking operations and structural foreign currency positions. All foreign exchange positions are managed by the Treasury units of the Group within limits approved by the Asset and Liability Management Committee.

The VaR related to foreign exchange dealing positions at 30th June, 2005 was HK\$0.84 million (HK\$0.91 million at 31st December, 2004). The average daily foreign exchange dealing profit for the first half of 2005 was HK\$0.55 million (HK\$0.74 million for the first half of 2004).

Foreign exchange positions which arise mainly from foreign currency investments in the Group's branches, subsidiaries and associates are excluded from VaR measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuation.

(ii) *Interest rate exposure*

The Group's interest rate exposure arises from treasury and commercial banking activities, where interest rate risk is inherent in both trading and non-trading portfolios. All trading positions are managed by the Treasury units of the Group within limits approved by the Asset and Liability Management Committee.

For the non-trading portfolio, interest rate risk primarily arises from the timing differences in the re-pricing of interest-bearing assets, liabilities and commitments and the maturities of certain fixed rate assets and liabilities. The interest rate risk of the non-trading portfolio is also monitored by the Group's Asset and Liability Management Committee.

The VaR related to interest rate exposure due to debt securities and derivatives trading positions, excluding foreign exchange forwards and options, at 30th June, 2005 was HK\$1.57 million (HK\$1.76 million at 31st December, 2004). The average daily loss due to these activities for the first half of 2005 was HK\$0.02 million (daily loss HK\$0.16 million for the first half of 2004).

(iii) *Equities exposure*

The Group's equities exposure mainly comprises trading equities and long-term equities investments. The Group's Investment Committee regularly reviews and monitors equities dealing activities. The VaR on equities trading positions at 30th June, 2005 was HK\$3.72 million (HK\$4.86 million at 31st December, 2004).

(c) Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Board of Directors has designated the Operational and Other Risks Management Committee to oversee the management of operational risk of the Bank Group.

The Group has adopted a risk-based operational risk management approach so as to focus on areas that are more vulnerable to operational risk. The Group has a comprehensive Operational Risk Management Policy in place. Every year, the Group conducts regular exercises to align its operational risk management practices with common practice in the industry. These include, among other initiatives, operational risk self-assessment, review of operating authorities, stress-testing, etc.

The Group has also developed a Business Continuity Plan to provide a set of procedures for contingency operations and business recovery. Besides, the Bank maintains sufficient insurance coverage to minimise potential losses for the Group in respect of operational risk.

(d) Capital Management

The Group's policy is to maintain a strong capital base to support the development of the Group's business and to meet the statutory capital adequacy ratio. Both the Group's adjusted capital adequacy ratio incorporating market risk of 15.5% and the unadjusted ratio of 15.6% as at 30th June, 2005 were well above the statutory minimum ratio.

Capital is allocated to the various activities of the Group depending on the risk taken on by each business division. Where the subsidiaries or branches are directly regulated by the appropriate regulators, they are required to maintain a certain minimum capital according to rules of those regulatory authorities.

OPERATIONS REVIEW

IMPROVEMENT TO OPERATIONS

Office Centralisation

The relocation of departments to the Bank's new office tower in "Millennium City 5" in the Kwun Tong district of Hong Kong was completed satisfactorily in May 2005. In addition to enhancing operational efficiency, the office centralisation exercise will allow the Bank to manage its office space utilisation more effectively and match with future business needs. The Bank also took steps to dispose of some of the resulting surplus office premises.

Computer System Enhancements — Core Banking System

BEA completed the first phase of its Core Banking System Implementation project in January 2005. Apart from enhancing user friendliness related to customer information enquiry and maintenance, the first phase also strengthened BEA's sales and marketing initiatives by supporting campaign execution and customer sales contact activities.

PERSONAL BANKING

Branch Distribution

With the aim of strengthening the branch network, BEA continues to implement the Branch Rationalisation Programme. Since the beginning of this year, two new branches have been opened and four additional branches have been merged with nearby branches or relocated to more prominent sites. By the end of July 2005, the total number of branches in Hong Kong stood at 93.

SupremeGold, BEA's wealth management service, has built a steadily growing customer base since its introduction in late 2002. A new SupremeGold Centre was opened at Shatin Plaza Branch in February, and a further Centre at Shauiwan Branch in July, bringing the total number to 25 by the end of July.

A Marketing Programme for Kid Master Services was conducted from February to March 2005 to acquire new Kid Master members and to promote Education Insurance and BEA credit cards.

A series of road shows were organised at various shopping centres for the marketing of banking products. Road shows and sales promotions were also arranged at the shopping centres of public housing estates to further increase the brand awareness of BEA Life Insurance Series. On-site promotions were held at property sites to stimulate the sales of BEA mortgage loans and credit cards.

Cyberbanking

In the first half of 2005, Cyberbanking launched e-Statement and CyberDonation services over the Internet.

To further enhance security when processing online banking transactions, Cyberbanking implemented two-factor authentication in June 2005. As at the end of June, the Bank had over 294,000 registered Cyberbanking users. The average daily usage volume exceeded 136,000 transactions.

In May 2005, Cyberbanking was awarded the "Excellence in Internet Banking Award" under "The Asian Banker's Excellence in Retail Financial Services Awards 2004".

Corporate Cyberbanking recorded steady growth in customer numbers in the first half of 2005. By the end of June 2005, over 15,400 corporate customers had registered with BEA's Corporate Cyberbanking service, representing a 32% increase compared with the corresponding period last year.

Property Loans

Although the mortgage market benefited from the steady economic recovery in the first half of this year, competition remains keen. To strengthen its market offerings, BEA pioneered with the Hong Kong Mortgage Corporation ("HKMC") in May 2005 to launch the Fixed Rate Second Mortgage Financing Programme. The Programme provides an additional channel to mortgage customers who need 95% mortgage financing, complementing the existing Mortgage Insurance Programme.

To lessen the impact of rising interest rates on the local property market, BEA actively coordinated with various property developers to provide Tailored Mortgage Plans. Under these plans, developers subsidise interest payments to provide a buying incentive to new homebuyers.

On the back of solid economic growth and enhanced personal financial conditions in general, loan quality continues to improve, reflected by the drop in delinquency ratio.

Credit Cards

As one of the Bank's brand-building strategies, a series of marketing initiatives were launched, directed towards deepening business penetration in the whole card portfolio via appealing cardholder privileges, enhanced product positioning and major brand revamps. Sophisticated behavioural segmentation tools were used to formulate well-targeted marketing strategies.

With such support, brand awareness has been raised and cardholders' average spending recorded a sizeable increase. Encouragingly, BEA achieved above-the-market growth in overall card sales volume.

During the first half of 2005, BEA collaborated with Sun Hung Kai Properties to launch the SHKP Club VISA Card co-branded card.

Certain restrictions on access to customer credit data through the credit reference agency have recently been lifted, in line with the agreed implementation schedule. Coupled with the Bank's ongoing risk management efforts, continued improvement in loan quality can be anticipated.

Moreover, BEA maintains an optimistic outlook regarding the development of the Bank's Renminbi Credit Card business.

Operating efficiencies were improved by relocating service support operations to the Mainland.

Blue Cross Insurance

In the first half year of 2005, Blue Cross saw healthy growth in business, with an increase in premium income of 35%.

Life insurance business grew by 80% over the prior period. Efforts to expand the business will continue.

CORPORATE BANKING

Corporate Lending

The local syndication and corporate lending market was active in the first half of 2005. Both large and medium-sized enterprises took advantage of the low interest rate environment to finance expansion projects and/or refinance existing debt. In addition, large PRC corporations continued to tap the local syndication market to finance their overseas acquisitions.

Despite the rise in activity, interest margins for syndicated deals continued to decline due to keen competition. To improve yield return and to broaden the clientele base, the Bank has been taking a pro-active approach in soliciting business from high quality medium-sized companies.

The Bank maintained an active presence in the syndicated loan market in the first half of 2005 by underwriting numerous deals, including a HK\$5,200 million syndicated loan facility to CITIC Pacific Limited, a HK\$3,800 million syndicated loan facility to Guangzhou Investment Company Limited, and a US\$200 million syndicated loan facility to China Resources Power Holdings Company Limited.

Trade finance business enjoyed healthy growth in the first half of 2005, although the yield on trade finance loans was squeezed by rising funding costs and keen competition. With the centralisation of the bills centre at Millennium City 5 and the deployment of a new bills system, the Bank was able to upgrade trade finance services to offer a more sophisticated range of options to customers.

With the improving business environment in the first half of 2005, loan demand from Small and Medium Enterprises ("SME") for new investments and business initiatives increased steadily. The Bank will continue to offer flexible and tailor-made loan products to increase penetration in this market segment.

BEA organised numerous informative seminars in the first half of 2005 for corporate customers. For example, in January this year, BEA organised the "Global Economic Outlook and Foreign Exchange Market for 2005" seminar. Offering a macro view of the global economy for 2005, the seminar provided useful background information to assist customers in developing their business plans for the year ahead.

Asset Based Finance

The private car and commercial vehicle loan portfolio recorded double digit growth in the first half of 2005, while the machinery loan portfolio also grew. The growth in business followed a decision to strengthen the marketing team and enhance business relationships with vehicle and machinery dealers. Looking ahead, BEA will continue to focus on expanding its market share and customer base in the equipment financing business.

Despite the narrowing interest margins in the taxi loan portfolio, BEA remained a key player in the taxi and public light bus loan market. Following a prudent lending policy, BEA continued to achieve a zero write-off record for the taxi and public light bus portfolio during the period.

Securities Lending

BEA continues to target the staggings loan business for subscription of new shares at Initial Public Offering ("IPO"). In the first half of 2005, BEA provided staggings loan finance for many IPO projects. In addition, the Bank acted as Receiving Bank for the IPO of Bank of Communications Co., Ltd.

Bank of East Asia (Trustees) Limited

Mandatory Provident Fund

In response to the growing interest in financial planning for retirement, Bank of East Asia (Trustees) launched the MPF Personal Contribution Account ("PCA") in April 2005 to offer members more flexible arrangements for their voluntary MPF contributions. The company is the first approved MPF service provider in Hong Kong to allow non-BEA MPF customers to open a PCA. In addition, BEA's MPF Master Trust Scheme and Industry Scheme recorded stable growth in both membership and assets during the period.

WEALTH MANAGEMENT

The Wealth Management Division of the Bank moved to improve product variety.

Flexibility was enhanced by more than doubling the number of structured products offered. The range of equity related products was expanded to complement the existing interest and currency linked products. The Bank embarked on a 3-month promotional programme in April to drive growth in the sale of investments funds.

Structured Products

A total of six principal protected Linked Deposits were launched in the first half of 2005 for the more conservative investors. In order to drive business volume and diversify the customer base, the minimum investment threshold for the majority of products was reduced to HK\$50,000. The newly launched products were well received, and have generated good returns for the Bank.

In a bid to explore business opportunities outside Hong Kong, the Bank sought and secured a license to produce and market structured products in China. Two principal protected products were successfully launched through BEA's branch network on the Mainland.

Asset Management

The pioneering multi-manager retail product launched in partnership with the Russell Investment Group in late 2004, BEA Signature Portfolio Funds, has been well received, with the total fund size increasing steadily from the initial launch size of some HK\$800 million to almost HK\$900 million as of the end of June 2005.

The investment performance of the two BEA MPF schemes has continued to receive recognition from the market. The one-year investment return achieved by all three life-style funds within the BEA Industry Scheme were ranked among the top 6 in their categories, according to a recent market survey¹. The strong performance has had a positive impact on the assets under management of East Asia Asset Management ("EAAM").

With strong growth of assets under management from MPF, unit trust and discretionary portfolio management businesses, EAAM recorded a more than 20% profit increase during the first half of 2005 as compared to the same period last year.

Bancassurance

Bancassurance business recorded an encouraging 25% growth in terms of total life and non-life premium received in the first half of 2005.

In a bid to meet the diversified savings and protection needs of customers, a number of new plans were introduced in the first six months of 2005, including Single Premium Savings Insurance, Elder Savings Insurance, Wealth Builder Savings Insurance and Secure Retirement Insurance.

INVESTMENT BANKING AND SERVICES

East Asia Securities Company Limited — Securities Cybertrading

For the first six months of the year 2005, East Asia Securities continued to benefit from the improvement in local market sentiment and investor confidence.

¹Source: Hong Kong Investment Fund Association (HKIFA), as at 31st May, 2005

When compared with the corresponding period last year, the Company registered growth of 19% in the number of Cybertrading accounts. As of 30th June, 2005, more than 47% of the Company's securities clients have subscribed to the Cybertrading Service.

East Asia Securities has instituted various incentive schemes to encourage clients to execute trades via its user-friendly electronic trading platform. Currently, the volume of transactions executed via the Cybertrading System, expressed as a percentage of total turnover, accounts for some 54% of the number of trades and 37% of transaction value.

With a view to further enhancing the Cybertrading Service, East Asia Securities has plans to enhance its Interactive Voice Recognition Trading System in the second half of 2005.

CHINA OPERATIONS

BEA opened representative offices in Suzhou and Dongguan in the first half of 2005. At present, BEA has a total of 20 outlets in China, including 9 branches, 4 sub-branches and 7 representative offices. BEA is also preparing to set up 2 new full branches in Hangzhou and Chongqing in the second half of this year.

Following the China Banking Regulatory Commission's approval of the Bank's application to market derivative products on the Mainland, BEA launched its first two derivative products in the first half of 2005. BEA will continue to develop innovative investment products to cater to the needs of the local market.

BEA branches in Guangzhou, Xiamen, Dalian and Shanghai recently obtained agency licences allowing them to market life insurance products in China. This complements the branches existing permission to offer general insurance products to their customers. Other BEA branches also hope to market life insurance products in the near future.

OVERSEAS OPERATIONS

BEA continues to strengthen its presence in the United States through its wholly owned banking subsidiary, The Bank of East Asia (USA) N.A. ("BEA (USA)"). BEA (USA) opened its fifth branch, in Torrance, California, on 28th June, 2005. It also targets to open a branch in Brooklyn, New York in December. By the end of the year, BEA (USA) will have four branches in California and two branches in New York.

BEA (USA) will continue to identify locations for new branches in the U.S. to increase its geographical coverage and enlarge its customer base, in particular to serve the growing population of Chinese immigrants in the U.S.

In Canada, The Bank of East Asia (Canada) opened its 6th branch, in Vancouver, British Columbia, on 18th March, 2005. An official grand opening ceremony will be held in August.

CORPORATE SERVICES

Group member Tricor Holdings Limited ("Tricor") is the market leader in terms of both scope and scale of business in corporate and investor services in the region. These services include accounting, company formation, corporate compliance and company secretarial, executive search and selection, initial public offerings and share registration, payroll outsourcing and fund and trust administration.

Tricor recorded significant growth in revenue for the first half of the year. The continued improvement in the business environment in Hong Kong has benefited Tricor's operations. The company has experienced strong demand for its corporate compliance services from both private and publicly listed companies in Hong Kong. Furthermore, its overseas operations have made a respectable contribution to Tricor's total revenue.

In May this year, Tricor acquired the company secretarial business of Ernst & Young in the British Virgin Islands, adding strength to Tricor's already successful corporate services practice there. Continuing with its regional expansion strategy, in July 2005, Tricor acquired a substantial interest in the client accounting, payroll outsourcing and executive recruitment businesses of PricewaterhouseCoopers in Thailand, the leading accounting firm in that country.

HUMAN RESOURCES

The number of Bank of East Asia Group employees by region at the end of June 2005 is shown in the table below:

Hong Kong	4,367
Other Greater China	1,269
Overseas	<u>416</u>
Total	6,052

Job growth in the banking and finance sector has been strong since the third quarter of last year. The Bank has developed and executed a number of strategies to retain high-performing staff.

To upgrade staff competence, the Training and Development Department has pro-actively collaborated with external training consultants and university professors in designing and delivering customised training classes, with particular reference to those related to sales and marketing, and business creativity.

The office centralisation project allowed the Bank to provide additional amenities for use by staff. With the new facilities, the Staff Sports Recreation Club has been able to increase the number of activities on offer, and generate a higher level of team spirit.

FUTURE PROSPECTS

During the first half of 2005, BEA continued its strategic focus on growth and efficiency enhancement.

BEA is committed to developing additional revenue streams through further broadening of its product range, upgrading product features, and exploring new market opportunities. The Bank's wealth management business, in particular the renowned SupremeGold Service, will remain as a core business development focus in the near future. In parallel, BEA will further enhance its leading corporate services and share registration business and providing more quality financial solutions to customers. The Bank will also continue to develop the insurance business of Blue Cross Insurance Limited and identify cross-selling opportunities among the customers of BEA and its subsidiaries.

Outside Hong Kong, BEA was able to maintain satisfactory growth and development in overseas locations including China, the U.S., Canada, and South East Asia. The China market, in particular the Pearl River Delta Region, will remain an important development focus for BEA. The Bank will strive to stay at the forefront to provide innovative products and extend its retail network to maintain its leading position in China.

BEA will continue to enhance operating efficiency. Following the centralisation of back office functions at Millennium City 5, BEA expects to realise the related synergy values in future years. Simultaneously, to further enhance efficiency and market competitiveness, BEA will continue to identify and relocate appropriate operating functions to the Mainland. In addition, BEA will place a high priority on investments in systems and risk management and governance. This will provide a solid foundation for BEA to further enhance its value and market franchise.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June, 2005, the interests and short positions of the Directors and Chief Executive of the Bank in the shares, underlying shares and debentures of the Bank and its associated corporations as recorded in the Register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

I. Long positions in shares of the Bank:

<u>Name</u>	<u>Capacity and nature</u>	<u>No. of shares</u>	<u>Total</u>	<u>% of issued share capital</u>
David LI Kwok-po	Beneficial owner	20,693,919	21,341,519 ¹	1.42
	Interest of spouse	647,600		
LI Fook-wo	Beneficial owner	1,235,804	32,191,182 ²	2.14
	Founder of discretionary trust	30,955,378		
WONG Chung-hin	Beneficial owner	46,810	390,941 ³	0.03
	Interest of spouse	344,131		
LEE Shau-kee	Beneficial owner	647,985	1,647,985 ⁴	0.11
	Interest of corporation	1,000,000		
Simon LI Fook-sean	Beneficial owner	894,000	16,193,133 ⁵	1.08
	Interest of spouse	3,152,800		
	Founder of discretionary trust	12,146,333		
Allan WONG Chi-yun	Interest of spouse	124	10,483,025 ⁶	0.70
	Founder of discretionary trust	10,482,901		
Aubrey LI Kwok-sing	Beneficial owner	23,391	30,993,803 ⁷	2.06
	Interest of spouse	15,034		
	Beneficiary of discretionary trust	30,955,378		
Joseph PANG Yuk-wing	Beneficial owner	479,718	479,718	0.03
William MONG Man-wai	Beneficial owner	836,057	6,078,718 ⁸	0.40
	Interest of corporation	5,242,661		
CHAN Kay-cheung	Beneficial owner	478,800	478,800	0.03
Winston LO Yau-lai	Trustee of trust	258,390	258,390 ⁹	0.02
KHOO Kay-peng	Interest of corporation	1,000,000	1,000,000 ¹⁰	0.07
Thomas KWOK Ping-kwong	—	—	Nil	Nil
Richard LI Tzar-kai	—	—	Nil	Nil
TAN Man-kou	—	—	Nil	Nil
Kenneth LO Chin-ming	—	—	Nil	Nil

Notes:

- David LI Kwok-po was the beneficial owner of 20,693,919 shares and he was deemed to be interested in 647,600 shares through the interests of his spouse, Penny POON Kam-chui.
- LI Fook-wo was the beneficial owner of 1,235,804 shares. The remaining 30,955,378 shares were held by The Fook Wo Trust, of which LI Fook-wo was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of these 30,955,378 shares was made on a voluntary basis. Aubrey LI Kwok-sing was also interested in this same block of 30,955,378 shares as one of the discretionary beneficiaries of the trust (please refer to note 7 below).

3. WONG Chung-hin was the beneficial owner of 46,810 shares and he was deemed to be interested in 344,131 shares through the interests of his spouse, LAM Mei-lin.
4. LEE Shau-kee was the beneficial owner of 647,985 shares.

LEE Shau-kee was deemed to be interested in 1,000,000 shares held through Superfun Enterprises Limited ("Superfun"). Superfun was wholly owned by The Hong Kong and China Gas Company Limited which was 37.15% held by Henderson Investment Limited which in turn was 73.48% held by Kingslee S.A., a wholly-owned subsidiary of Henderson Land Development Company Limited ("Henderson Land").

Henderson Land was 61.87% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by LEE Shau-kee.
5. Simon LI Fook-sean was the beneficial owner of 894,000 shares and he was deemed to be interested in 3,152,800 shares through the interests of his spouse, YANG Yen-ying. The remaining 12,146,333 shares were held by two discretionary trusts, Settlement of Dr. Simon F.S. Li and The Longevity Trust, of which Simon LI Fook-sean was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of these 12,146,333 shares was made on a voluntary basis.
6. Allan WONG Chi-yun was deemed to be interested in 124 shares through the interests of his spouse, Margaret KWOK Chi-wai. He was also deemed to be interested in 10,482,901 shares held by a discretionary trust, The Wong Chung Man 1984 Trust, of which Allan WONG Chi-yun was a founder.
7. Aubrey LI Kwok-sing was the beneficial owner of 23,391 shares and he was deemed to be interested in 15,034 shares through the interests of his spouse, Elizabeth WOO. The remaining 30,955,378 shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing was one of the discretionary beneficiaries. LI Fook-wo had also made disclosure in respect of the same block of 30,955,378 shares as founder of the discretionary trust (please refer to note 2 above).
8. William MONG Man-wai was the beneficial owner of 336,057 shares. Of the remaining 5,242,661 shares, (i) 4,502,798 shares were held through Shun Hing Electronic Trading Co. Ltd., (ii) 668,323 shares were held through Shun Hing Technology Co. Ltd., and (iii) 71,540 shares were held through Shun Hing Advertising Co. Ltd. Such corporations are accustomed to act in accordance with the directions or instructions of William MONG Man-wai who is the Chairman of these corporations.
9. Winston LO Yau-lai was deemed to be interested in 258,390 shares which were held by K.S. Lo Foundation of which he was a trustee.
10. KHOO Kay-peng was deemed to be interested in 1,000,000 shares which were held through Bonham Industries Limited, a company in which he held 99.9% of the issued capital.

II. Long positions in (in respect of equity derivatives) underlying shares of the Bank:

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po, Joseph PANG Yuk-wing and CHAN Kay-cheung pursuant to the approved Staff Share Option Schemes. Information in relation to these shares options during the six months ended 30th June, 2005 was shown in the following section under the heading "Information on Share Options".

III. Interests in debentures of the associated corporation of the Bank:

Name	Issuer	Capacity and nature	Amount of debentures	Total
Simon LI Fook-sean	East Asia Financial	Beneficial owner	US\$1,000,000	US\$2,000,000
	Holding (BVI) Limited	Founder of discretionary trust	US\$1,000,000	

Note: Simon LI Fook-sean was the beneficial owner of the debentures of East Asia Financial Holding (BVI) Limited ("EAFH (BVI)") in the amount of US\$1,000,000 and he was deemed to be interested in the debentures of EAFH (BVI) in the amount of US\$1,000,000 held by a discretionary trust, Settlement of Dr. Simon F.S. Li, of which Simon LI Fook-sean was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of the US\$1,000,000 debentures held by the discretionary trust was made on a voluntary basis.

Save as disclosed above, no other interest or short position in the shares, underlying shares or debentures of the Bank or any of its associated corporations were recorded in the Register.

INFORMATION ON SHARE OPTIONS

Information in relation to share options disclosed in accordance with the Listing Rules was as follows:

(1) Movement of share options during the six months ended 30th June, 2005:

Name	Date of Grant ^a	Number of Share Options				Outstanding at 30/06/2005
		Outstanding at 1/1/2005	Granted	Exercised	Lapsed	
David LI Kwok-po	20/4/2000	145,000	—	145,000 ^c	—	Nil
	19/4/2001	850,000	—	—	—	850,000
	18/4/2002	850,000	—	—	—	850,000
	02/5/2003	1,000,000	—	—	—	1,000,000
	22/4/2004	1,000,000	—	—	—	1,000,000
	03/5/2005	—	1,000,000 ^b	—	—	1,000,000
Joseph PANG Yuk-wing	20/4/2000	130,000	—	130,000 ^c	—	Nil
	19/4/2001	400,000	—	—	—	400,000
	18/4/2002	400,000	—	—	—	400,000
	02/5/2003	500,000	—	—	—	500,000
	22/4/2004	500,000	—	—	—	500,000
	03/5/2005	—	500,000 ^b	—	—	500,000
CHAN Kay-cheung	20/4/2000	130,000	—	130,000 ^c	—	Nil
	19/4/2001	400,000	—	—	—	400,000
	18/4/2002	400,000	—	—	—	400,000
	02/5/2003	500,000	—	—	—	500,000
	22/4/2004	500,000	—	—	—	500,000
	03/5/2005	—	500,000 ^b	—	—	500,000
Aggregate of other Employees*	20/4/2000	1,075,000	—	1,048,000 ^c	27,000	Nil
	19/4/2001	535,000	—	110,000 ^c	—	425,000
	18/4/2002	1,145,000	—	315,000 ^c	—	830,000
	02/5/2003	6,570,000	—	1,255,000 ^c	—	5,315,000
	22/4/2004	13,045,000	—	—	355,000	12,690,000
	03/5/2005	—	14,410,000 ^b	—	40,000	14,370,000

* Employees working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

(2) No share options were cancelled during the six months ended 30th June, 2005.

(3) The accounting policy adopted for share options:

Share options are granted to employees to acquire shares of the Bank. For option schemes adopted before 2002, the option exercise price was 95% of the average closing price of the existing shares of the Bank for the last five business days immediately preceding the date of offer. For option schemes adopted in and after 2002, the option exercise price equals the fair value of the underlying shares at the date of grant. The fair value of options granted is recognised as staff cost with a corresponding increase in equity. The fair value of the options granted is measured using a valuation technique commonly used by market participants, taking into account the terms and conditions upon which the options were granted.

With effect from 1st January, 2005, in order to comply with HKFRS 2 "Share-based Payment", the Group recognises the fair value of such share options as an expense in the profit and loss account. A corresponding increase is recognised in a capital reserve within equity. Details of the new accounting policy are set out in Note 4(a).

Notes:

a. Particulars of share options:

<u>Date of Grant</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share</u> HK\$
20/4/2000	20/4/2000 — 19/4/2001	20/4/2001 — 20/4/2005	16.46
19/4/2001	19/4/2001 — 18/4/2002	19/4/2002 — 19/4/2006	16.96
18/4/2002	18/4/2002 — 17/4/2003	18/4/2003 — 18/4/2007	15.80
02/5/2003	02/5/2003 — 01/5/2004	02/5/2004 — 02/5/2008	14.90
22/4/2004	22/4/2004 — 21/4/2005	22/4/2005 — 22/4/2009	23.23
03/5/2005	03/5/2005 — 02/5/2006	03/5/2006 — 03/5/2010	22.95

b. (i) The closing price of the shares of the Bank immediately before 3rd May, 2005 on which the options were granted was HK\$22.85.

(ii) Value of share options granted during the six months ended 30th June, 2005:

The Directors consider that it is not appropriate to disclose the value of options granted during the six months ended 30th June, 2005, since any valuation of the options would be subject to a number of assumptions that would be subjective and uncertain. The Directors believe that the evaluation of options based upon speculative assumptions would not be meaningful and would be misleading to shareholders.

c. The half-year weighted average ("HWA") closing price of the shares of the Bank immediately before the date on which the Options were exercised during the six months ended 30th June, 2005:

<u>Date of Grant</u>	<u>No. of Options Exercised</u>	<u>Exercise Price Per Share</u> HK\$	<u>HWA Closing Price</u> HK\$
20/4/2000	1,453,000	16.46	23.23
19/4/2001	110,000	16.96	23.47
18/4/2002	315,000	15.80	23.59
02/5/2003	1,255,000	14.90	23.35

Save as disclosed above, as at 30th June, 2005, none of the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Bank or any of its associated corporations.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30th June, 2005, the interests and short positions of Substantial Shareholders and Other Persons of the Bank in the shares and underlying shares of the Bank as recorded in the Register required to be kept under section 336 of the SFO were as follows:

Long positions in shares of the Bank:

<u>Name</u>	<u>Capacity and nature</u>	<u>No. of shares</u>	<u>% on issued share capital</u>
East Asia International Trustees Limited	Trustee	83,137,567 ¹	5.53
Silchester International Investors Limited	Investment Manager	75,623,800 ²	5.03

¹ East Asia International Trustees Limited was deemed to be interested in these 83,137,567 shares held by various trusts of which this company was the trustee.

² Silchester International Investors Limited was deemed to be interested in these 75,623,800 shares in their capacity as an Investment Manager for a number of commingled funds.

Save as disclosed above, no other interest or short position in the shares or underlying shares of the Bank were recorded in the Register.

DEALING IN LISTED SECURITIES OF THE BANK

There was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of listed securities of the Bank during the six months ended 30th June, 2005.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Being the largest independent local bank in Hong Kong, BEA is committed to maintaining the highest standard of corporate governance practices. The Board considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.

BEA has complied with all the code provisions (with the exception of Code Provision C.2 on internal controls) set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting period for the six months ended 30th June, 2005, except for the following deviations:

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. David LI Kwok-po is the Chairman and Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly every two months to discuss issues affecting operations of the Bank. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board has full confidence in Dr. Li, and believes that his appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects of the Bank.

Code Provision A.4.1 and A.4.2 (last sentence)

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 (last sentence) stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive Directors of the Bank do not have a specific term of appointment. However, in accordance with Article 80 of the Articles of Association of the Bank, at every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office.

In order to ensure full compliance with Code A.4.1 and A.4.2, a special resolution will be proposed to amend the relevant Articles of Association of the Bank at the Annual General Meeting to be held in 2006, so that every Director shall be subject to retirement by rotation at least once every three years.

COMPLIANCE WITH MODEL CODE

The Bank has established its own code of securities transactions by Directors and Chief Executive ("Own Code") on terms no less exacting than the required standard set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules.

Having made specific enquiry of all Directors of the Bank, during the six months ended 30th June, 2005, Directors of the Bank have complied with the required standard set out in the Model Code and in the Own Code which is incorporated in the Bank's Policy on Insider Trading — Directors and Chief Executive.

By order of the Board

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 3rd August, 2005.

As at the date of this report, the Executive Directors of the Bank are: Dr. David LI Kwok-po (Chairman and Chief Executive), Mr. Joseph PANG Yuk-wing (Deputy Chief Executive) and Mr. CHAN Kay-cheung (Deputy Chief Executive); Non-executive Directors of the Bank are: Dr. LI Fook-wo; Dr. Simon LI Fook-sean, Mr. Aubrey LI Kwok-sing, Dr. William MONG Man-wai, Tan Sri Dr. KHOO Kay-peng and Mr. Richard LI Tzar-kai; and Independent Non-executive Directors are: Mr. WONG Chung-hin, Dr. LEE Shau-kee, Dr. Allan WONG Chi-yun, Mr. Winston LO Yau-lai, Mr. Thomas KWOK Ping-kwong, Mr. TAN Man-kou and Mr. Kenneth LO Chin-ming.

企業管治常規守則

作為本港最大的獨立本地銀行，本行有責任維持最高標準的企業管治常規。董事會認為此承諾對於平衡股東、客戶及員工的利益，以及保持問責及透明度，至為重要。

除以下所述的偏離行為外，本行在截至2005年6月30日止6個月的會計期間內，已遵從載於《上市規則》附錄14「企業管治常規守則」中的全部守則條文（守則條文C.2內部監控除外）：

守則條文 A.2.1

此守則規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李國寶博士為本行的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權力和職權的平衡。本行董事會由極具經驗和才幹的成員組成，並定期每兩個月開會，以商討影響本行運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會相信此架構有助於建立穩健而一致的領導權，使本行能夠迅速及有效地作出及實施各項決定。董事會對李博士充滿信心，相信委任他出任主席兼行政總裁之職，會有利於本行的業務發展。

守則條文 A.4.1 及 A.4.2(最後一句)

守則A.4.1規定非執行董事的委任應有指定任期，並須接受重新選舉。

守則A.4.2(最後一句)規定每名董事(包括有指定任期的董事)應輪流退任，至少每3年1次。

本行的非執行董事並無指定任期。惟根據本行的組織章程細則第80條，在每一屆的股東周年常會上，當時的三份一董事(若董事數目並非3的倍數，則取其接近者，但不能超過三份一)應退任。

為確保完全遵從守則A.4.1及A.4.2，在2006年的股東周年常會上，將提呈一項特別決議案，以修訂本行的組織章程細則，使每名董事須輪流退任，至少每3年1次。

董事進行證券交易的標準守則

本行已自行訂立一套與《上市規則》附錄10「上市發行人董事進行證券交易的標準守則」(「標準守則」)所訂標準同樣嚴格的「董事及行政總裁證券交易守則」(「自訂守則」)。

經向所有董事作出特定的查詢後，在2005年6月30日止6個月的期間內，本行董事已遵守「標準守則」及載於本行《內幕交易政策 — 董事及行政總裁》內的「自訂守則」中所要求的標準。

承董事會命
主席兼行政總裁
李國寶 謹啟

香港，2005年8月3日

在本報告日期，本行之執行董事為：李國寶博士(主席兼行政總裁)、彭玉榮先生(副行政總裁)及陳棋昌先生(副行政總裁)；非執行董事則為：李福和博士、李福善博士、李國星先生、蒙民偉博士、丹斯里邱繼炳博士及李澤楷先生；而獨立非執行董事則為：黃頌顯先生、李兆基博士、黃子欣博士、羅友禮先生、郭炳江先生、陳文裘先生，以及駱錦明先生。

附註：

a. 認股權詳情：

授予日期	有效期	行使期	每股行使價 港幣(元)
20/4/2000	20/4/2000 — 19/4/2001	20/4/2001 — 20/4/2005	16.46
19/4/2001	19/4/2001 — 18/4/2002	19/4/2002 — 19/4/2006	16.96
18/4/2002	18/4/2002 — 17/4/2003	18/4/2003 — 18/4/2007	15.80
02/5/2003	02/5/2003 — 01/5/2004	02/5/2004 — 02/5/2008	14.90
22/4/2004	22/4/2004 — 21/4/2005	22/4/2005 — 22/4/2009	23.23
03/5/2005	03/5/2005 — 02/5/2006	03/5/2006 — 03/5/2010	22.95

b (i) 本行股份在緊接2005年5月3日授出認股權當日之前的收市價為港幣22.85元。

(ii) 在截至2005年6月30日止6個月內授出認股權的價值：

董事會認為評估認股權的價值涉及多方面主觀及不肯定的假設，因此不宜披露於截至2005年6月30日止6個月內授出之認股權的價值。董事會相信基於揣測性的假設以評估認股權的價值意義不大，且對股東有所誤導。

c. 在截至2005年6月30日止6個月內本行股份在緊接有關認股權行使日期之前的半年加權平均收市價：

授予日期	行使認股權數目	每股行使價 港幣(元)	半年加權平均 收市價 港幣(元)
20/4/2000	1,453,000	16.46	23.23
19/4/2001	110,000	16.96	23.47
18/4/2002	315,000	15.80	23.59
02/5/2003	1,255,000	14.90	23.35

除上述所披露外，於2005年6月30日，本行的董事或行政總裁或他們的配偶或18歲以下子女概無獲授或行使任何權利以認購本行或其任何相聯公司的股本或債務證券。

大股東及其他人士的權益

於2005年6月30日，根據《證券及期貨條例》第336條須予備存的登記冊所記錄，大股東及其他人士擁有本行的股份及相關股份的權益及淡倉如下：

本行股份權益的好倉：

姓名	身分及性質	股份數目	佔已發行股本 的百分率
East Asia International Trustees Limited	受託人	83,137,567 ¹	5.53
Silchester International Investors Limited	投資經理	75,623,800 ²	5.03

¹ 該等股份由多個信託持有，East Asia International Trustees Limited為該等信託的受託人，因而被視為擁有該等83,137,567股股份。

² 作為多個混合基金的投資經理，Silchester International Investors Limited被視為擁有由該等基金持有的75,623,800股股份。

除上述披露外，概無其他本行股份或相關股份的權益或淡倉載於該登記冊內。

買賣本行上市證券

在截至2005年6月30日止6個月內，本行或其任何附屬公司並無購入、出售或贖回本行的上市證券。

認股權資料

根據《上市規則》所披露有關認股權的資料如下：

(1) 截至2005年6月30日止6個月內認股權的變動：

姓名	授予日期 ^a	認股權數目					於2005年 6月30日 尚未行使
		於2005年 1月1日 尚未行使	授出	行使	失效	於2005年 1月1日 尚未行使	
李國寶	20/4/2000	145,000	—	145,000 ^c	—	無	
	19/4/2001	850,000	—	—	—	850,000	
	18/4/2002	850,000	—	—	—	850,000	
	02/5/2003	1,000,000	—	—	—	1,000,000	
	22/4/2004	1,000,000	—	—	—	1,000,000	
	03/5/2005	—	1,000,000 ^b	—	—	1,000,000	
彭玉榮	20/4/2000	130,000	—	130,000 ^c	—	無	
	19/4/2001	400,000	—	—	—	400,000	
	18/4/2002	400,000	—	—	—	400,000	
	02/5/2003	500,000	—	—	—	500,000	
	22/4/2004	500,000	—	—	—	500,000	
	03/5/2005	—	500,000 ^b	—	—	500,000	
陳棋昌	20/4/2000	130,000	—	130,000 ^c	—	無	
	19/4/2001	400,000	—	—	—	400,000	
	18/4/2002	400,000	—	—	—	400,000	
	02/5/2003	500,000	—	—	—	500,000	
	22/4/2004	500,000	—	—	—	500,000	
	03/5/2005	—	500,000 ^b	—	—	500,000	
其他僱員的總數*	20/4/2000	1,075,000	—	1,048,000 ^c	27,000	無	
	19/4/2001	535,000	—	110,000 ^c	—	425,000	
	18/4/2002	1,145,000	—	315,000 ^c	—	830,000	
	02/5/2003	6,570,000	—	1,255,000 ^c	—	5,315,000	
	22/4/2004	13,045,000	—	—	355,000	12,690,000	
	03/5/2005	—	14,410,000 ^b	—	40,000	14,370,000	

* 按香港《僱傭條例》所指的「連續合約」工作的僱員

(2) 截至2005年6月30日止6個月內並無認股權被註銷。

(3) 有關認股權的會計政策：

僱員獲發認股權以購買本行股份。在2002年以前被採納的計劃，股權行使價是根據給予認股權當日之前5個營業日本行現有股份的平均收市價的95%計算。而2002年及以後被採納的計劃，股權行使價與相關股份於授予日的公平價值相同。認股權的公平價值確認為員工成本，而股本則相應增加。計算認股權公平價值是採納一種普遍為市場參與者採用的估價模式，並已顧及給予認股權的所有條款。

由2005年1月1日起，按照《香港財務報告準則》第2號「以股份償付」，本集團須將認股權的公平價值於損益賬內確認為支出，而在股東權益內的資本儲備作相應的增加。新會計政策之詳情已刊載於附註4(a)。

3. 黃頌顯為46,810股的實益擁有人。由於其配偶林美蓮擁有344,131股之權益，他亦被視為擁有該等股份。
4. 李兆基為647,985股的實益擁有人。

李兆基被視為擁有由Superfun Enterprises Limited(「Superfun」)持有之1,000,000股。Superfun由香港中華煤氣有限公司(「中華煤氣」)全資擁有。由 Kingslee S.A.持有73.48%股權的恒基兆業發展有限公司持有中華煤氣37.15%股權。而Kingslee S.A.是恒基兆業地產有限公司(「恒基地產」)的全資附屬公司。

恒基兆業有限公司(「恒基兆業」)持有恒基地產61.87%股權。Hopkins (Cayman) Limited(「Hopkins」)，作為一個單位信託(「該單位信託」)的受託人，擁有恒基兆業的全部已發行普通股股份。Rimmer (Cayman) Limited(「Rimmer」)及Riddick (Cayman) Limited(「Riddick」)，分別為不同全權信託的受託人，持有該單位信託的單位。李兆基擁有Hopkins、Rimmer及Riddick的全部已發行股份。

5. 李福善為894,000股的實益擁有人。由於其配偶楊延茵擁有3,152,800股之權益，他亦被視為擁有該等股份。餘下之12,146,333股由兩個酌情信託Settlement of Dr. Simon F.S. Li及The Longevity Trust持有，李福善為該兩個酌情信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該12,146,333股出於自願性質。
6. 由於其配偶郭志蕙擁有124股之權益，黃子欣被視為擁有該等股份。而由於黃子欣為一個酌情信託The Wong Chung Man 1984 Trust的成立人，他亦被視為擁有該酌情信託所持有的10,482,901股。
7. 李國星為23,391股的實益擁有人。由於其配偶吳伊莉擁有15,034股之權益，他亦被視為擁有該等股份。餘下之30,955,378股由一個酌情信託The Fook Wo Trust持有，李國星為該信託的其中一位酌情受益人。作為該酌情信託的成立人，李福和亦已就該等30,955,378股作出披露(請參閱上列附註2)。
8. 蒙民偉為836,057股的實益擁有人。餘下的5,242,661股當中：(i) 4,502,798股由信興電器貿易有限公司持有；(ii) 668,323股由信興科技有限公司持有；及(iii) 71,540股由信興廣告有限公司持有。蒙民偉為該等法團的主席。該等法團慣於按照蒙民偉的指令或指示行事。
9. 由於羅友禮為K.S. Lo Foundation的一位受託人，他被視為擁有K.S. Lo Foundation持有之258,390股。
10. 由於邱繼炳擁有Bonham Industries Limited 99.9%已發行股份，他被視為擁有Bonham Industries Limited持有之1,000,000股。

II. 本行相關股份(就股本衍生工具而言)的好倉

根據本行的認可僱員認股計劃，李國寶、彭玉榮及陳棋昌獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交割的期權。有關此等認股權在截至2005年6月30日止期間的資料，見於下列「認股權資料」項下。

III. 本行相關法國債權證權益

姓名	發行人	身分及性質	債權證數額	總數
李福善	East Asia Financial	實益擁有人	1,000,000美元	2,000,000美元
	Holding (BVI) Limited	酌情信託的成立人	1,000,000美元	

附註：李福善實益擁有為數1,000,000美元由 East Asia Financial Holding (BVI) Limited(「EAFH (BVI)」)發行的債權證，而他亦被視為擁有由一個酌情信託Settlement of Dr. Simon F.S. Li持有為數1,000,000美元由EAFH (BVI)發行的債權證。李福善為該酌情信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該等由酌情信託持有之1,000,000美元債權證出於自願性質。

除上述披露外，概無其他本行或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

董事及行政總裁權益

於2005年6月30日，根據《證券及期貨條例》第352條須予備存的登記冊所記錄，本行各董事及行政總裁於本行及其相聯法團的股份，相關股份及債權證中擁有的權益及淡倉如下：

I. 本行股份權益的好倉

姓名	身分及性質	股份數目	總數	佔已發行股本的百分率
李國寶	實益擁有人	20,693,919	21,341,519 ¹	1.42
	配偶的權益	647,600		
李福和	實益擁有人	1,235,804	32,191,182 ²	2.14
	酌情信託的成立人	30,955,378		
黃頌顯	實益擁有人	46,810	390,941 ³	0.03
	配偶的權益	344,131		
李兆基	實益擁有人	647,985	1,647,985 ⁴	0.11
	法團的權益	1,000,000		
李福善	實益擁有人	894,000	16,193,133 ⁵	1.08
	配偶的權益	3,152,800		
	酌情信託的成立人	12,146,333		
黃子欣	配偶的權益	124	10,483,025 ⁶	0.70
	酌情信託的成立人	10,482,901		
李國星	實益擁有人	23,391	30,993,803 ⁷	2.06
	配偶的權益	15,034		
	酌情信託的受益人	30,955,378		
彭玉榮	實益擁有人	479,718	479,718	0.03
蒙民偉	實益擁有人	836,057	6,078,718 ⁸	0.40
	法團的權益	5,242,661		
陳棋昌	實益擁有人	478,800	478,800	0.03
羅友禮	信託的受託人	258,390	258,390 ⁹	0.02
邱繼炳	法團的權益	1,000,000	1,000,000 ¹⁰	0.07
郭炳江	—	—	無	無
李澤楷	—	—	無	無
陳文裘	—	—	無	無
駱錦明	—	—	無	無

附註：

1. 李國寶為20,693,919股的實益擁有人。由於其配偶潘金翠擁有647,600股之權益，他亦被視為擁有該等股份。
2. 李福和為1,235,804股的實益擁有人。餘下之30,955,378股由The Fook Wo Trust持有，李福和為該信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該30,955,378股出於自願性質。李國星作為該信託其中一位酌情受益人，亦擁有該30,955,378股的權益（請參閱下列附註7）。

人力資源

東亞銀行集團於2005年6月30日的員工人數如下：

香港	4,367
大中華其他地區	1,269
海外	416
	<hr/>
合計	6,052

自去年第3季起，銀行和金融業的職位數目大增。本行已制定和推行多項政策，以保留優秀的員工。

為提升員工的專業才能，訓練發展部積極與培訓顧問和大學教授合作，為員工度身訂造培訓課程，特別是市場營銷和商業創造力方面的訓練。

在完成整個辦公室集中計劃後，本行已為員工增添了康樂設施，使員工康體會可藉此舉辦各種康樂活動，提高員工的團隊精神。

前景

2005年上半年，東亞銀行貫徹執行既定策略，繼續專注於業務增長和提升營運效率。

本行全力拓展收入來源，為此不斷擴充產品種類、提升產品特色和探索新的市場機遇。本行財富管理業務，尤其是深受客戶好評的顯卓理財服務，依然是本行的未來業務發展核心。此外，本行亦會進一步提升在市場具領先地位的企業服務和股份登記業務，為客戶提供更多優質理財方案。本行更會積極拓展藍十字(亞太)保險有限公司的保險業務，同時加強在本行和附屬公司客戶群中的交叉銷售機會。

期內，在香港以外，本行無論在中國、美國、加拿大和東南亞等地的海外業務，均取得理想增長和發展。中國市場，特別是珠三角地區，仍然是本行的發展重點。本行將會落力在內地提供創新產品，並擴大內地零售網絡，保持在內地市場的領導地位。

本行致力提高營運效率，隨著後勤業務現已集中於創紀之城五期，預期可於未來數年實現協同效益。同時，為進一步提升效率和市場競爭力，本行將會不斷探求搬遷支援運作至內地的適當機會。本行亦會著重投資於系統及風險管理和企業管治，從而為進一步提升本行的價值和市場優勢建立穩固基礎。

與去年同期比較，該公司的電子網絡股票買賣賬戶數目上升19%；於2005年6月30日已有逾47%的證券客戶登記使用此項服務。

為鼓勵客戶使用操作簡易的電子交易平台買賣股票，該公司提供各項優惠計劃。現時，透過電子網絡股票買賣系統完成的交易，分別佔本行錄得總成交宗數和總成交金額約54%及37%。

為進一步提升電子網絡股票買賣服務的素質，該公司現正部署於下半年內提升其「話音識別互動買賣系統」服務。

中國業務

東亞銀行於上半年內先後設立蘇州代表處和東莞代表處。本行現於內地設有20個網點，包括9間分行、4間支行和7個代表處，並正籌備於下半年在杭州和重慶各增設1間分行。

本行繼獲得中國銀行業監督管理委員會批核在內地推售衍生投資產品的申請後，於期內率先在內地推出兩項此類產品。本行將會繼續開發創新投資產品，切合當地市場需求。

本行廣州、廈門、大連和上海分行均取得保險兼業代理許可證，可在內地推售壽險產品，此舉使其保險產品範圍由一般保險擴大至人壽保險。本行其他內地分行亦預期可於短期內取得同類許可證。

海外分行業務

東亞銀行透過其在美國的全資附屬公司——美國東亞銀行，持續壯大在當地的銀行業務網絡。加州托倫斯分行已於6月28日開業，紐約布碌崙分行則預期於12月開幕；因此，美國東亞銀行於年底前將在加州和紐約分別設有4間和2間分行。

美國東亞銀行將會繼續物色適當地點開設分行，積極擴大業務版圖和客源，尤其是日益增加的華籍移民客戶。

至於加拿大東亞銀行第6間分行已於3月18日啟業，此分行設於英屬哥倫比亞省溫哥華市，將於8月正式開幕。

企業服務

東亞銀行集團成員——卓佳集團無論以業務範圍和規模而言，均在區內企業和投資者服務市場居於前列，服務範圍涵蓋會計、公司成立、企業法規監管及公司秘書、行政人員招聘、首次公開招股及股份登記、支薪外判，以及基金和信託行政管理等。

卓佳於本年上半年錄得可觀收益增長，其業務因香港營商環境持續改善而受惠，本港私營企業和上市公司對企業法規監管服務的需求甚殷。此外，卓佳海外業務的成績亦不俗，為其收入總額帶來顯著貢獻。

今年5月，卓佳收購安永在英屬處女群島的公司秘書服務，使其在該地優秀的企業服務業務更添實力。卓佳貫徹其致力擴展區內業務的策略，剛於7月收購了羅兵咸永道在泰國的客戶會計、支薪外判和行政人員招聘業務的重大股權。

東亞銀行(信託)有限公司

強制性公積金

鑒於港人對退休財務策劃日益關注，東亞銀行(信託)有限公司於2005年4月推出了強積金個人供款賬戶，為強積金計劃成員提供更具彈性的自願性供款安排。該公司亦是全港首間強積金核准受託人接納非本行強積金客戶在該公司開立個人供款賬戶。此外，該公司於2005年上半年在強積金集成信託計劃和行業計劃的成員人數及資產方面，均錄得穩定增長。

財富管理

期內，東亞銀行財富管理處致力擴充產品範圍。

本行財富管理處在期內所推出的產品數目增加逾倍，加強了整體業務的靈活性。本行還加推了多隻股票掛鉤產品，以配合目前提供的各項利率和貨幣掛鉤產品。2005年4月，本行開展了為期3個月的大型宣傳計劃，以進一步推動投資基金的銷量。

結構產品

本行於上半年為較保守的投資者推出了6個保本掛鉤存款產品；另外，又為促進業務增長和擴闊客源，將大部分產品的最低投資額要求調低至港幣50,000元。新產品推出後廣受客戶歡迎，為本行帶來理想收益。

為開拓香港以外的商機，本行經已申請取得內地相關牌照，可於內地組合和推售結構性投資產品。本行透過內地全線分行，於期內已成功推出兩項保本投資產品。

資產管理

市場對東亞銀行與Russell Investment Group於2004年年底合作推出創新的多元經理零售產品——「東亞尊享組合基金」反應熱烈。此基金的總資產值已由首次推售期內錄得的約港幣8億元，穩步增長至2005年6月底時所錄得的約港幣9億元。

本行兩項強積金計劃的投資表現繼續獲得市場認同。根據一項最新市場調查¹，本行提供的行業計劃內3個基金的1年期投資收益，均在其所屬產品類別中居於首6大之列。此超卓表現對東亞資產管理有限公司所管理的資產值有積極影響。

東亞資產管理有限公司的強積金、單位信託和全權委託組合管理業務所管理的資產值錄得強勁增長，使該公司於上半年的溢利比較去年同期增長逾20%。

銀行保險業務

東亞銀行保險業務於2005年上半年續有增長，人壽保險和非人壽保險的保費升幅達25%，令人鼓舞。

為迎合客戶對多元化儲蓄和保障的需求，本行於期內推出數項全新計劃，包括「盈康寶」、「盈富寶」、「創富儲蓄寶」和「寫意人生退休計劃」。

投資銀行業務

東亞證券有限公司 — 電子網絡股票買賣服務

本年首6個月，東亞證券有限公司受惠於本地市場氣氛好轉和投資信心恢復，業務持續增長。

¹資料來源：香港投資基金公會2005年5月31日

隨著客戶信貸資料庫的若干使用限制已於早前按既定實施時間表獲得放寬，加上本行持續推行審慎的風險管理措施，信貸素質可望不斷提升。

此外，本行對人民幣信用卡業務的前景保持樂觀。

由於服務支援運作逐步北移內地，本行信用卡業務的營運效率已進一步改善。

藍十字保險

2005年上半年，藍十字保險業務錄得穩健增長，保費收入上升35%。

與上年度同期相比，人壽保險業務的增長率達80%。本行將會繼續著力拓展保險業務。

企業銀行業務

企業貸款

2005年上半年，本地銀團和企業貸款市場非常活躍。在低息的環境下，大中型企業紛紛為擴展業務籌措資金或為現有債務再行融資；另外，亦續見不少內地大型企業借助本地銀團貸款市場，為其海外收購項目融資。

儘管2005年上半年銀團貸款市場轉趨活躍，但在激烈的競爭下，銀團貸款交易的息差持續收窄。因此，本行更積極爭取優質的中型企業客戶，藉以增加收益和擴大客戶基礎。

同時，本行通過包銷多項銀團貸款而穩保市場份額，其中包括中信泰富有限公司涉資港幣52億元的貸款、越秀投資有限公司涉資港幣38億元的貸款，以及華潤電力有限公司涉資2億美元的貸款。

雖然受到資金成本趨升和競爭熾烈的影響，貿易融資業務於2005年上半年依然錄得健康增長。由於本行已將各押匯服務中心整合於創紀之城五期，並起用全新電腦系統，整體押匯服務水平和效率得以進一步提升，令本行為客戶提供更全面的押匯服務。

受惠於本地營商環境在上半年持續改善，中小型企業為配合本身業務發展或新投資計劃，對貸款的需求亦見穩定增長。本行將繼續通過靈活和切合客戶需要的產品，增加本行在此等市場的滲透率。

本行亦為企業客戶舉辦了多個資訊性研討會，其中包括在1月舉行的「環球經濟前景與外匯市場2005」研討會，旨在從宏觀角度分析環球經濟，為與會客戶提供實用參考資訊，助其規劃來年業務發展。

資產融資

私家車和商用汽車貸款業務在首6個月期間均錄得雙位數字升幅，機器融資業務亦有增長。此等佳績，全賴本行決定在加強市場推廣隊伍的同時，亦致力改善與汽車和機器代理商的業務關係所致。展望未來，本行將會繼續著力擴大設備融資業務的市場佔有率和客戶基礎。

縱使的士貸款組合的息率差距仍然狹窄，本行在的士和公共小巴貸款市場依然保持領導地位。由於本行採取審慎的貸款政策，期內的士和公共小巴業務取得零撇賬的優秀紀錄。

證券貸款

東亞銀行繼續拓展新股認購貸款業務，除於上半年為多項新股上市項目提供融資服務外，亦積極參與若干公開招股項目，例如擔任交通銀行股份有限公司上市計劃的收票銀行。

個人銀行業務

分行業務

為加強分行業務網絡，東亞銀行繼續推行「分行優化計劃」，由年初至今已有兩間新分行開業，另有4間分行與鄰近分行合併，或遷至更顯著的地點。於2005年7月底，本行在香港合共設有93間分行。

本行的「顯卓理財」財富管理服務於2002年年底推出以來，客戶群穩步增長。繼沙田廣場分行顯卓理財中心於今年2月開幕後，筲箕灣分行顯卓理財中心已於7月開業。截至今年7月底，本行顯卓理財中心總數為25間。

此外，本行於2、3月期間進行了「理財小博士」的市場推廣項目，以吸納新會員和推廣本行的教育保險計劃和信用卡。

本行亦為推廣各項銀行產品，假多間商場舉辦一系列巡迴展銷，包括為進一步提高「東亞人壽保險系列」品牌的知名度，而在多個公共屋苑的商場舉行展覽和促銷活動；另外，又於多個樓盤地點進行實地推廣，以刺激東亞銀行按揭貸款和信用卡的銷量。

電子網絡銀行服務

電子網絡銀行服務於2005年上半年推出電子月結單和網上捐款服務。

為加強網上銀行交易的保安，電子網絡銀行服務於2005年6月份實施了雙重認證措施。於6月底，本行已有294,000名客戶登記使用電子網絡銀行服務，平均每日在網上進行逾136,000宗交易。

2005年5月，電子網絡銀行服務榮獲《亞洲銀行家》雜誌(The Asian Banker)頒發「2004年度零售金融服務卓越大獎」中的「網上銀行服務卓越獎」。

企業電子網絡銀行服務的客戶人數於上半年內錄得穩定增長，截至6月底，已有逾15,400名企業客戶登記使用此項服務，比較上年度同期上升32%。

樓宇按揭貸款

縱使按揭貸款市場受惠於上半年經濟穩步復蘇而轉旺，本行仍然面對激烈競爭。為增強產品和服務組合，本行於5月率先夥拍香港按揭證券有限公司，攜手推出「貸2按」定息二按計劃，在原已提供的「按揭保險計劃」之外，為需要9成半按揭貸款的客戶增添另一融資途徑。

為緩和利率上升對本港樓市的影響，本行積極與不同地產發展商合推按揭計劃，由發展商資助首次置業人士的利息支出，以收促銷之效。

受惠於本港經濟取得實質增長和個人財務狀況普遍轉好，本行按揭貸款的資產素質持續改善，此可以從拖欠比率下降反映得到。

信用卡業務

為配合強化本行信用卡品牌的策略，本行推出一系列市場推廣計劃，包括為客戶提供非常吸引的專享優惠、提升產品的市場定位，以及革新現有品牌，務求增加本行整體信用卡業務的市場滲透率。本行亦利用先進的客戶消費行為分析工具，制定各項市場推廣策略，切合不同類型客戶所需。

有賴此等推廣計劃的支援，本行信用卡品牌的知名度得以進一步提升，信用卡客戶的平均消費額亦錄得可觀增長。2005年上半年，本行信用卡的整體銷量取得優於市場的增長。

本行於期內與新鴻基地產攜手推出聯營信用卡——新地會VISA卡。

易組合的利率風險主要是由帶息資產、負債和承擔在再定息的時差，以及某些定息資產和負債的不同到期日所引致。此等非交易組合的利率風險亦由本集團的資產負債管理委員會負責監控。

2005年6月30日的債務證券和衍生工具交易(除外匯遠期合約和期權)風險數額為港幣1,570,000元(2004年12月31日：港幣1,760,000元)。此類交易活動於2005年上半年的每日平均虧損為港幣20,000元(2004年上半年每日平均虧損：港幣160,000元)。

(iii) 股票風險承擔

本集團的股票風險承擔主要包括股票交易持倉和作長線投資的股票持倉。本集團的投資委員會定期審閱和監控股票交易活動。2005年6月30日的股票交易持倉風險數額為港幣3,720,000元(2004年12月31日：港幣4,860,000元)。

(c) 營運風險管理

營運風險乃指因內部程序不完善或失效、人為過失、系統故障或外來事故而引致虧損的風險。董事會已授權營運和其他風險管理委員會專責監督本銀行集團的營運風險管理。

本集團採用一套以風險為本的營運風險管理方法，以便集中管理風險較高的範疇。集團已制定一套完善的營運風險管理政策。此外，本集團每年均執行一系列措施，務使集團的營運風險管理制度能與業界水平一致。此等措施包括自我評核營運風險、檢討營運審批權限、張力測試等。

本集團亦制定了一套緊急事故應變方案，訂定必要程序以確保遇事時業務仍能持續運作，並能迅速恢復正常營運。此外，集團亦有購買足夠保險，以減低因營運風險引致的潛在虧損。

(d) 資本管理

本集團的政策是要維持雄厚的資本，以支援集團的業務發展，並能達到法定的資本充足比率要求。本集團於2005年6月30日已計入市場風險的經調整資本充足比率為15.5%，未經調整資本充足比率則為15.6%，均遠超法定最低要求。

本集團按各業務部門所承受的風險來分配資本。一些附屬公司或分行若受其他監管機構直接監管，便必須遵守這些監管機構的規定以維持足夠的資本。

業務回顧

營運改善措施

辦公室集中計劃

本行多個部門已於2005年5月完成搬遷，陸續進駐位於觀塘創紀之城五期的東亞銀行新辦公大樓。此項計劃不但有助本行提升營運效率，亦能讓本行更有效運用辦公室空間，配合未來業務發展需要。同時，本行已出售數項因搬遷而騰空的物業。

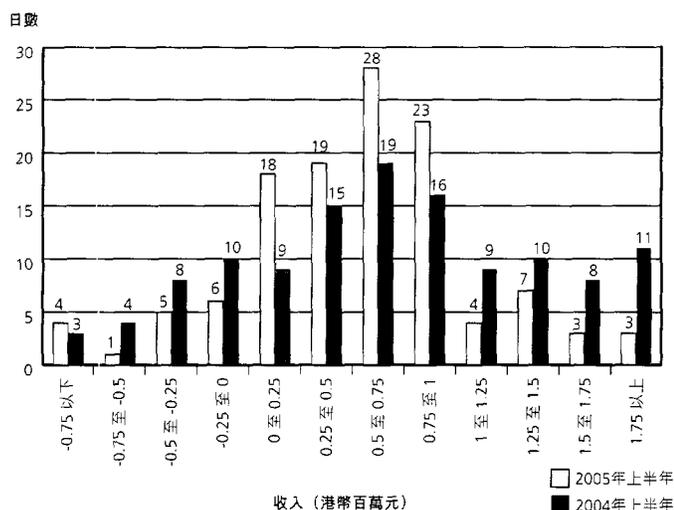
電腦系統提升 — 核心銀行系統

東亞銀行於2005年1月完成首階段的核心銀行系統計劃。首階段計劃除提升了客戶資料查詢和保存的便利程度外，還有助加強本行的銷售和市場推廣，支援有關計劃的推行和促進產品銷售的客戶聯繫活動。

本集團運用風險數額量化交易組合的市場風險。風險數額是統計學上的估計，用來量度於某一時段內，交易組合維持不變但因市場息率和價格的不利波動而引致市值上的潛在虧損。本集團於計算風險數額時，是依據過往市場息率與價格的波動、99%的置信水平和1日持倉期，並計入不同市場和息率的相關程度而推算。

於2005年6月30日，本集團與市場風險有關的財資交易組合的風險數額為港幣2,040,000元(2004年12月31日：港幣2,150,000元)。2005年上半年，本集團與市場風險有關的財資交易活動每日平均收入為港幣530,000元(2004年上半年：港幣580,000元)。每日收入的標準差為港幣770,000元(2004年上半年：港幣2,010,000元)。

與市場風險有關財資交易的收入每日分布圖
2005年上半年與2004年上半年



上圖為本集團於2005年上半年(對比2004年上半年)與市場風險有關的財資交易收入的每日分布情況。圖中顯示了121個交易日中有16日(2004年上半年：於122個交易日中有25日)出現虧損。而最普遍的單日收入，是介乎港幣500,000元至港幣750,000元之間，共有28日(2004年上半年：介乎港幣500,000元至港幣750,000元之間收入範圍共有19日)。最高的單日虧損為港幣2,700,000元(2004年上半年：港幣19,410,000元)，次高的單日虧損為港幣2,490,000元(2004年上半年：港幣1,310,000元)；而最高的單日收入為港幣3,570,000元(2004年上半年：港幣4,270,000元)。

(i) 外匯風險承擔

本集團的外匯風險承擔源自外匯買賣、商業銀行業務和結構性外幣資產或負債。所有外幣持倉均由集團的資金部管理，並維持在資產負債管理委員會所訂定的限額內。

2005年6月30日的外匯交易持倉的風險數額為港幣840,000元(2004年12月31日：港幣910,000元)。2005年上半年每日平均外匯交易盈利為港幣550,000元(2004年上半年每日平均盈利：港幣740,000元)。

本集團投資於分行、附屬公司和聯營公司的外幣投資，其有關的溢利和虧損因為已撥入儲備內，所以未計算在風險數額內。管理此類外幣投資的主要目的，是要保護本集團的儲備免受匯率波動的影響。

(ii) 利率風險承擔

本集團的利率風險承擔源自財資和商業銀行業務活動，而此等活動的利率風險來自交易組合和非交易組合。所有交易組合持倉均由集團的資金部管理，並維持在資產負債管理委員會所訂定的限額內；而非交

就此方面，本集團已將信貸風險管理指引詳列於信貸手冊內，對信貸權限授權、授信標準、信貸監控處理、10級貸款分類系統、信貸追收和撥備政策作出詳盡的規定。

信貸委員會會定期審閱本集團的信貸手冊，以確保本集團的信貸風險管理政策和制度健全有效。

(b) 流動資金風險和市場風險管理

董事會授權資產負債管理委員會管理本集團的資產和負債狀況。此委員會的職能是監控集團內有關利率風險、流動資金風險和市場風險的運作情況。

(1) 流動資金風險

流動資金風險是指本集團可能無法履行當前承擔的風險。本集團已制定流動資金風險管理政策，並得到董事會批核。本集團透過法定流動資金比率、貸款對存款比率和到期錯配組合，以量度集團的流動資金狀況。

資產負債管理委員會每日均緊密監察集團的流動資金狀況，確保集團的資產、負債和承擔的流動結構足以切合對資金的需求，並能經常符合法定的流動資金比率。本集團於2005年上半年度的平均流動資金比率為39.5%，遠超於法定的25%最低要求。

本集團維持充足的備用信貸，能提供策略性的流動資金，以應付日常業務中未能預計的大量資金需求。

(2) 市場風險管理

市場風險是指由市場上息率和價格的變化對銀行的資產、負債和承擔的影響，因而引起溢利或虧損的風險，本集團會監察利率、匯率、股票價格和商品價格等走勢，以監控市場風險。

本集團的市場風險一部分源自以公平價值入賬以作買賣交易的外匯、債務證券、股份和衍生工具；亦有源自投資和銀行活動中以攤銷成本入賬的財務資產和負債。

本集團已制定包括適當指引、程序和控制措施的市場風險管理政策，用以監控市場風險。

本集團在衍生工具上的交易活動，主要是為執行客戶的交易指令，以及為對其他交易項目所持倉盤而需要對沖。

金融衍生工具的價值是取決於其相關資產價格、利率、匯率或指數的表現。本集團對金融衍生工具的應用，主要在另類投資，或用以管理外匯、利率或股票風險，且僅會對此類工具作有限度使用。參與衍生工具交易活動的有關指引已載於本集團的市場風險管理政策內。本集團在衍生工具上的交易活動，主要包括在交易所買賣的港元同業拆息市場的期貨合約、場外交易的外匯期權和股票期權；而其他場外交易的外匯遠期、利率掉期和期權合約，主要被應用於對沖銀行業務賬冊上的利率和期權風險。

本集團在衡量和監察各交易活動的市場風險時，是根據本金(或名義)金額、未平倉盤、止蝕和期權限制所制定，亦規定各營業部門、營業類別和整體風險均受控於資產負債管理委員會已審閱和核准的限制內。交易活動中的風險，每日均由獨立的中、後勤部門監察。本集團的市場風險報表會由資產負債管理委員會定期檢查，並向董事會匯報，而超過已批核的限額，則於發生時作即時報告。

已發行債務證券的年期

於2005年6月30日

(以百萬元位列示)

	貨幣	總面值	到期年份			
			2005	2006	2007	2008
浮息存款證						
2004年發行	港幣	1,500	1,500			
2005年發行	港幣	1,500				1,500
定息存款證						
2004年發行	港幣	500	500			
2005年發行	港幣	500				500
2005年發行	台幣	2,825	2,825			
貼現存款證						
2002年發行	港幣	314		314		
2002年發行	美元	87			87	
2003年發行	澳元	51		51		
2003年發行	紐元	44		44		
步陞存款證						
2003年發行	美元	49				49
所有已發行債務證券(相等於港幣)		6,602	2,696	852	676	2,378

風險管理

風險管理為銀行業務的重要一環。本集團已建立一套完善的風險管理系統，以識別、衡量、監察和控制本集團所承受的各類風險，並於適當情況下分配資本以抵禦該等風險。本集團的風險管理政策均由管理層和有關專責委員會定期檢討，並由風險管理委員會作出適當建議，最後經董事會批核。內部稽核員亦會對業務部門進行定期稽核，以確保該等政策和程序得以遵從。本集團並已設立投資委員會以制定投資策略，以及監察投資活動的表現和法規遵從情況。

(a) 信貸風險管理

信貸風險源於客戶或交易對手未能履行其承擔，可來自本集團的貸款和財資業務。為了監控本集團的信貸風險管理，董事會已授權本行信貸委員會執行此職能；而此信貸風險管理乃獨立於借貸業務部門。信貸委員會經風險管理委員會向董事會匯報有關信貸風險事宜，而風險管理委員會則負責處理本集團一切與風險管理相關的事項。

信貸委員會負責處理所有與本集團信貸風險有關的事務，包括信貸政策制定、信貸審批，以及監控資產素質。

本集團在評估個別客戶或交易對手的信貸風險時，主要考慮因素為其財政實力和還款能力。本行可藉著客戶或交易對手提供的抵押品以減低信貸風險。此外，本行亦採取適當的控制措施，以監控信貸集中的潛在風險，例如釐定大額風險限額。

經計及稅項支出後，除稅後溢利為港幣1,203,000,000元，相較2004年同期溢利港幣998,000,000元上升20.5%。而本集團股東應佔溢利為港幣1,183,000,000元，增加20.0%。

財務狀況

於2005年6月30日，東亞銀行集團綜合資產總額為港幣212,291,000,000元，相較2004年12月31日總額港幣210,370,000,000元，上升0.9%。持有至到期日的投資下跌28.3%，至港幣11,533,000,000元，此乃由於本集團採用《香港會計準則》第39號後更改了金融資產的分類方法。客戶貸款達港幣128,418,000,000元，上升9.5%。

存款總額下跌0.6%，至港幣166,981,000,000元；客戶存款則為港幣160,462,000,000元，減少港幣3,276,000,000元，跌幅為2.0%。活期和往來賬戶存款合計港幣11,884,000,000元，比對2004年年底結餘減少港幣35,000,000元，即0.3%。於2005年6月30日，儲蓄存款下跌19.9%至港幣39,043,000,000元；定期存款於同日則為港幣109,535,000,000元，比較去年年底結餘增加6.3%。

本集團借貸資本為港幣4,361,000,000元，與去年年底比較，增加2.1%。股東權益總額由2004年12月底的港幣21,859,000,000元，增至2005年6月底的港幣22,706,000,000元，即3.9%。

本行在2005年上半年發行面值港幣1,500,000,000元的浮息存款證，以及面值港幣500,000,000元和台幣7,525,000,000元的定息存款證，並於到期時贖回台幣6,020,000,000元的存款證，和購回其等值港幣45,000,000元的各類存款證。

於2005年6月30日，本行的存款證組合總額面值為港幣6,602,000,000元，其賬面值則為港幣6,519,000,000元。

經計入所有已發行的債務證券後，本行貸款對存款比率為76.9%，較2004年年底的69.8%上升7.1%。

中期股息

本行董事會欣然宣布派發截至2005年6月30日止6個月的中期股息每股港幣3角3仙(2004年：港幣2角8仙)，此中期股息將以現金派發予於2005年8月24日星期三辦公時間結束時在股東名冊上已登記的股東，股東亦可選擇收取已繳足股款的新股以代替現金。是項以股代息的詳情將連同有關選擇表格約於2005年8月24日星期三寄予各股東。因以股代息而發行的新股有待香港聯合交易所有限公司上市委員會批准後方可派發及作買賣。而有關的股息單及以股代息的股票將約於2005年9月16日星期五以平郵寄予股東。

過戶日期

由2005年8月22日星期一起至2005年8月24日星期三止，本行將暫停辦理股票過戶登記。如欲享有上述中期股息，股東須於2005年8月19日星期五下午4時前，將過戶文件送達香港灣仔告士打道56號東亞銀行港灣中心地下標準証券登記有限公司辦理登記手續。

財務回顧

財務表現

香港經濟於2005年上半年持續改善，本地生產總值錄得實質增長。期內本地消費保持穩定，失業率續見下降。經濟前景向好，負資產個案隨之大幅減少。然而，儘管本港經濟已有好轉，銀行業的激烈競爭卻未見紓緩。期內接連多次加息，事實上已令息差進一步收窄，為業界增添不少壓力。

香港會計師公會去年公布了數項新增或經修訂的《香港會計準則》和《香港財務報告準則》，東亞銀行集團的2005年上半年盈利報告已反映若干新近實施的會計準則修訂。本集團已採用所有適用準則編製期內的財務報表，並已按照有關準則的規定，重新編列2004年度財務報表。採用此等準則對編製本集團財務報表的影響，已簡述於附註3。

本集團於2005年上半年錄得除稅後溢利港幣1,203,000,000元，比較2004年同期溢利港幣998,000,000元，增加港幣205,000,000元，即20.5%。每股基本盈利為港幣0.79元。採用《香港會計準則》第39號對計算利息收入和支出的影響輕微。期內經營收入總額上升4.9%，達港幣2,753,000,000元。

經營支出總額為港幣1,410,000,000元，相比2004年同期上升7.3%，原因是本集團業務續有擴展。成本對收入比率由2004年的50.1%，升至2005年的51.2%。

2005年首6個月的未計減值準備(即以往所指的「壞賬和呆賬支出」)前經營溢利為港幣1,343,000,000元，相較2004年同期增加港幣34,000,000元，即2.6%。

由於資產素質改善，加上本集團因應《香港會計準則》第39號的規定而使用新的借貸減值評估方法，貸款減值準備(即以往所指的「壞賬和呆賬支出」)因此減少港幣167,000,000元。

貸款減值準備下降，令已扣除減值準備的經營溢利上升17.2%，至港幣1,367,000,000元。

隨著多個部門遷入觀塘創紀之城五期，本行於期內完成出售一項空置物業，因而錄得出售固定資產溢利港幣35,000,000元，比對2004年同期增加港幣28,000,000元。

2005年上半年，本行應佔聯營公司的稅前虧損經減除溢利後為港幣4,000,000元。



致東亞銀行有限公司董事會

引言

我們已審閱貴集團刊於第1頁至第26頁的中期財務報告表。

董事的責任

根據《香港聯合交易所有限公司證券上市規則》（「上市規則」），上市公司必須以符合上市規則中相關的規定及香港會計師公會頒布的《香港會計準則》第34號—「中期財務報告」的規定編製中期財務報告表。中期財務報告表由董事負責，並由董事核准通過。

我們的責任是根據我們審閱工作的結果，對這份中期財務報告表提出結論，並按照聘請書的規定，僅向整體股東報告。除此以外，我們的審閱報告不可用作其他用途。我們概不就本審閱報告的內容，對任何其他人士負責或承擔法律責任。

審閱工作

我們是按照香港會計師公會所頒布的《核數準則》第700號—「中期財務報告表的審閱」進行審閱。審閱工作主要包括向集團管理層作出查詢及分析中期財務報告表，評估財務報告表中會計政策是否貫徹運用，賬項編列是否一致；賬項中另有說明的特別情況除外。審閱不包括控制測試及資產、負債和交易驗證等審核程序。由於審閱的範圍遠較審核小，所給予的保證程度也較審核低，因此，我們不會對中期財務報告表發表審核意見。

審閱結論

根據這項不構成審核的審閱工作，我們並沒有察覺截至2005年6月30日止六個月的中期財務報告表需要作出任何重大的修訂。

畢馬威會計師事務所
執業會計師

香港，2005年8月3日

5. 貨幣風險

如個別外幣的持倉淨額或結構性持倉淨額佔所持有外幣淨持倉總額或結構性淨持倉總額的10%或以上，便須予以披露。

30/6/2005 港幣百萬元								
	美元	加元	英鎊	人民幣	日圓*	新加坡幣	其他	總額
現貨資產	56,256	4,333	4,646	10,305	859	5,184	12,321	93,904
現貨負債	(55,290)	(4,433)	(6,527)	(9,427)	(806)	(4,510)	(17,395)	(98,388)
遠期買入	31,644	623	2,757	—	603	473	9,286	45,386
遠期賣出	(33,446)	(436)	(817)	—	(655)	(899)	(4,085)	(40,338)
期權倉淨額	83	(23)	5	—	—	—	(125)	(60)
長/(短)盤淨額	(753)	64	64	878	1	248	2	504

30/6/2004 港幣百萬元								
	美元	加元	英鎊*	人民幣	日圓	新加坡幣*	其他	總額
現貨資產	55,938	2,751	4,241	4,834	1,158	4,841	8,347	82,110
現貨負債	(49,898)	(4,748)	(6,119)	(4,618)	(560)	(4,688)	(17,477)	(88,108)
遠期買入	31,773	2,411	2,253	—	1,448	572	23,711	62,168
遠期賣出	(38,409)	(314)	(364)	—	(2,001)	(717)	(14,570)	(56,375)
期權倉淨額	5	11	(6)	—	1	—	(9)	2
長/(短)盤淨額	(591)	111	5	216	46	8	2	(203)

31/12/2004 港幣百萬元								
	美元	加元	英鎊	人民幣	日圓*	新加坡幣*	其他	總額
現貨資產	49,928	4,375	4,270	7,581	926	5,194	15,466	87,740
現貨負債	(52,103)	(4,458)	(6,690)	(7,364)	(920)	(4,815)	(16,857)	(93,207)
遠期買入	18,257	484	2,727	—	821	706	4,275	27,270
遠期賣出	(15,863)	(289)	(370)	—	(816)	(1,116)	(2,880)	(21,334)
期權倉淨額	16	(1)	(1)	—	—	—	3	17
長/(短)盤淨額	235	111	(64)	217	11	(31)	7	486

* 此等外幣是少於外幣淨持倉總額的10%。該數額只列作比較用途。

30/6/2005 港幣百萬元					
	美元	加元*	人民幣	其他	總額
結構性持倉淨額	1,607	240	751	387	2,985

30/6/2004 港幣百萬元					
	美元	加元	人民幣	其他	總額
結構性持倉淨額	1,457	220	—	377	2,054

31/12/2004 港幣百萬元					
	美元	加元*	人民幣	其他	總額
結構性持倉淨額	1,452	245	564	394	2,655

* 此等外幣是少於外幣結構性淨持倉總額的10%。該數額只列作比較用途。

(b) 其他逾期及經重組資產

	30/06/2005	
	累計利息	其他資產*
	港幣千元	港幣千元
其他逾期資產		
— 3個月以上至6個月	1,582	—
— 6個月以上至1年	1,220	477
— 1年以上	154	19,292
	<u>2,956</u>	<u>19,769</u>
經重組資產	<u>—</u>	<u>—</u>
其他逾期及經重組資產總額	<u>2,956</u>	<u>19,769</u>
	30/6/2004	
	累計利息	其他資產*
	港幣千元	港幣千元
其他逾期資產		
— 3個月以上至6個月	1,469	41
— 6個月以上至1年	979	408
— 1年以上	254	17,626
	<u>2,702</u>	<u>18,075</u>
經重組資產	<u>—</u>	<u>—</u>
其他逾期及經重組資產總額	<u>2,702</u>	<u>18,075</u>
	31/12/2004	
	累計利息	其他資產*
	港幣千元	港幣千元
其他逾期資產		
— 3個月以上至6個月	1,653	305
— 6個月以上至1年	1,065	614
— 1年以上	407	19,462
	<u>3,125</u>	<u>20,381</u>
經重組資產	<u>—</u>	<u>—</u>
其他逾期及經重組資產總額	<u>3,125</u>	<u>20,381</u>

* 其他資產是指貿易票據及應收款項。

(c) 收回資產

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	港幣千元	港幣千元
收回物業	81,279	189,338	107,745
收回汽車及機器	935	1,215	340
收回資產總額	<u>82,214</u>	<u>190,553</u>	<u>108,085</u>

此等數額指於2005年6月30日、2004年6月30日及2004年12月31日收回資產的估計市值。

4. 逾期、經重組及收回資產

(a) 逾期及經重組貸款

	30/6/2005		30/6/2004		31/12/2004	
	港幣千元	佔客戶 貸款總額 的百分比	港幣千元	佔客戶 貸款總額 的百分比	港幣千元	佔客戶 貸款總額 的百分比
逾期客戶貸款						
— 3個月以上至6個月	293,895	0.2	350,991	0.4	242,893	0.2
— 6個月以上至1年	124,510	0.1	236,118	0.2	194,645	0.2
— 1年以上	324,093	0.3	641,165	0.6	402,847	0.3
	742,498	0.6	1,228,274	1.2	840,385	0.7
經重組客戶貸款	426,652	0.3	897,890	0.8	472,335	0.4
逾期及經重組客戶 貸款總額	<u>1,169,150</u>	<u>0.9</u>	<u>2,126,164</u>	<u>2.0</u>	<u>1,312,720</u>	<u>1.1</u>
有抵押逾期貸款	<u>496,880</u>	<u>0.4</u>	<u>1,077,170</u>	<u>1.0</u>	<u>660,700</u>	<u>0.6</u>
無抵押逾期貸款	<u>245,618</u>	<u>0.2</u>	<u>151,104</u>	<u>0.2</u>	<u>179,685</u>	<u>0.1</u>
有抵押逾期貸款 抵押品市值	<u>695,523</u>		<u>1,650,331</u>		<u>1,122,161</u>	

於2005年6月30日、2004年6月30日及2004年12月31日，本集團貸予銀行及其他金融機構的款項中，並無逾期3個月以上或經重組的貸款。

(b) 跨國債權

跨國債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。當某一地區的風險額佔風險總額的10%或以上，該地區的風險額便須予以披露。

	30/6/2005			
	銀行及 其他金融機構	公營機構	其他	總額
	港幣千元	港幣千元	港幣千元	港幣千元
中華人民共和國	11,073,787	1,048,312	11,425,950	23,548,049
亞洲國家 (不包括中華人民共和國)	9,213,301	1,282,925	8,010,298	18,506,524
北美洲	4,450,453	7,796,515	5,346,038	17,593,006
西歐	15,632,976	—	2,618,197	18,251,173
	30/6/2004			
	銀行及 其他金融機構	公營機構	其他	總額
	港幣千元	港幣千元	港幣千元	港幣千元
中華人民共和國	7,852,881	1,222,989	5,695,548	14,771,418
亞洲國家 (不包括中華人民共和國)	11,153,832	1,269,974	6,827,439	19,251,245
北美洲	3,842,104	7,945,136	5,196,675	16,983,915
西歐	27,346,735	255	1,962,213	29,309,203
	31/12/2004			
	銀行及 其他金融機構	公營機構	其他	總額
	港幣千元	港幣千元	港幣千元	港幣千元
中華人民共和國	9,413,577	1,458,707	7,962,500	18,834,784
亞洲國家 (不包括中華人民共和國)	10,764,517	1,413,490	7,519,486	19,697,493
北美洲	5,129,033	7,886,401	5,182,553	18,197,987
西歐	26,577,806	255	2,016,679	28,594,740

(ii) 按區域分類

客戶貸款總額按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。

	30/6/2005	
	客戶貸款總額	逾期3個月以上的客戶貸款
	港幣千元	港幣千元
香港	93,820,480	466,632
中華人民共和國	15,253,965	120,557
其他亞洲國家	7,129,398	115,168
其他	12,214,423	40,141
總額	<u>128,418,266</u>	<u>742,498</u>

	30/6/2004	
	客戶貸款總額	逾期3個月以上的客戶貸款
	港幣千元	港幣千元
香港	82,589,385	749,347
中華人民共和國	7,287,547	250,078
其他亞洲國家	5,465,585	151,034
其他	10,350,409	77,815
總額	<u>105,692,926</u>	<u>1,228,274</u>

	31/12/2004	
	客戶貸款總額	逾期3個月以上的客戶貸款
	港幣千元	港幣千元
香港	88,598,608	575,894
中華人民共和國	10,911,094	77,426
其他亞洲國家	6,354,111	103,688
其他	11,394,940	83,377
總額	<u>117,258,753</u>	<u>840,385</u>

2. 流動資金比率

	截至30/6/2005 止6個月	截至30/6/2004 止6個月	截至31/12/2004 止年度
	百分率	百分率	百分率
期內平均流動資金比率	39.5	43.9	44.4

期內平均流動資金比率是每月平均比率的簡單平均數，其計算是根據香港金融管理局訂定用作規管用途的綜合基準及香港《銀行條例》附表4。

3. 分部資料

(a) 客戶貸款

(i) 按行業分類

客戶貸款總額的行業分類是按照香港金融管理局所採用的類別和定義。

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	港幣千元	港幣千元
在香港使用的貸款			
工商金融			
— 物業發展	4,779,394	3,899,140	4,398,093
— 物業投資	16,433,678	13,169,065	14,536,729
— 金融企業	1,485,892	1,263,813	1,507,153
— 股票經紀	176,836	236,667	277,903
— 批發與零售業	1,683,867	1,628,150	1,569,771
— 製造業	1,859,708	1,296,981	1,822,971
— 運輸與運輸設備	4,198,215	4,771,187	4,507,233
— 其他	5,742,204	4,833,360	6,032,368
— 小計	36,359,794	31,098,363	34,652,221
個人			
— 購買「居者有其屋計劃」、 「私人參建居屋計劃」及 「租者置其屋計劃」樓宇的貸款	1,422,812	1,678,114	1,522,173
— 購買其他住宅物業的貸款	37,991,408	33,444,295	34,928,247
— 信用卡貸款	1,371,012	1,254,594	1,649,200
— 其他	3,600,915	3,061,263	3,230,750
— 小計	44,386,147	39,438,266	41,330,370
在香港使用的貸款總額	80,745,941	70,536,629	75,982,591
貿易融資	4,175,030	3,688,881	4,092,162
在香港以外使用的貸款	43,497,295	31,467,416	37,184,000
客戶貸款總額	128,418,266	105,692,926	117,258,753

附加財務資料

1. 資本充足比率及資本基礎

(a) 資本充足比率

	30/6/2005	30/6/2004	31/12/2004
	百分率	百分率	百分率
未經調整資本充足比率	15.6	17.7	16.2
調整後資本充足比率	15.5	17.5	16.1

未經調整資本充足比率之計算，是根據香港金融管理局訂定用作規管用途的綜合基準及香港《銀行條例》附表3。綜合基準包括了本銀行及其附屬公司。

調整後資本充足比率的計算，是根據香港金融管理局頒布的指引《就市場風險維持充足資本》，計入在結算日的市場風險。所根據的綜合基準與未經調整資本充足比率所根據的相同。

(b) 扣減後的資本基礎

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	重報 港幣千元	重報 港幣千元
核心資本			
繳足股款的普通股股本	3,757,553	3,698,675	3,729,996
股份溢價	653,049	572,304	631,188
儲備	15,874,701	14,748,225	14,963,036
少數股東權益	188,913	34,206	165,655
減：商譽	(2,455,056)	(2,298,113)	(2,448,156)
核心資本總額	18,019,160	16,755,297	17,041,719
可計算的附加資本			
土地及土地權益價值重估儲備(以70%計算)	782,615	689,675	822,725
一般呆賬準備	—	1,308,520	1,336,044
減值資產的組合減值準備與規定儲備	828,250	—	—
有期後償債項	4,360,609	4,282,700	4,271,124
可計算的附加資本總額	5,971,474	6,280,895	6,429,893
扣減前的資本基礎總額	23,990,634	23,036,192	23,471,612
資本基礎總額扣減項目	(874,050)	(934,071)	(969,261)
扣減後的資本基礎總額	23,116,584	22,102,121	22,502,351

(b) 已售按揭貸款承擔

標題包括以下根據出售按揭貸款合約條文規定成立用作按揭貸款購買者的儲備金結餘。儲備金是用作賠償購買者因已售貸款引起的信用及利率風險而蒙受任何損失或現金流量之差額及保障購買者須另行委派替補償付人。

該等儲備金是以本行名義成立及押予購買者為本行之承擔作抵押品，或根據出售按揭貸款合約條文規定以購買者名義成立而購買者可保留絕對擁有權、所有權、權利及儲備金利益。

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	港幣千元	港幣千元
持至到期債務證券	—	28,356	23,473
應收利息及其他賬項	17,789	70,933	74,663
	<u>17,789</u>	<u>99,289</u>	<u>98,136</u>

R. 符合指引

此中期報告經已完全符合香港金融管理局所頒布的監管政策手冊《本地註冊認可機構披露中期財務資料》的標準，以及香港會計師公會於2004年10月頒布的《香港會計準則》第34號「中期財務報告」的準則。

(ii) 與綜合資產負債表的對賬

	30/6/2005	30/6/2004
	港幣千元	港幣千元
現金及短期資金	33,020,537	36,749,106
在銀行及其他金融機構於1到12個月內到期的存款 持有的存款證	5,768,067 2,615,056	12,198,154 2,410,042
在綜合負債表出現的金額	41,403,660	51,357,302
減：原本期限為3個月以上的數額	(7,604,158)	(13,838,847)
	<u>33,799,502</u>	<u>37,518,455</u>

Q. 資產負債表以外的項目

(a) 或然負債及承擔

每項資產負債表以外項目的主要類別摘要如下：

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	港幣千元	港幣千元
或然負債及承擔的合約金額			
— 直接信貸代替品	5,104,542	4,600,597	5,375,979
— 與交易有關的或然項目	621,610	433,008	486,028
— 與貿易有關的或然項目	2,207,948	2,590,214	2,501,087
— 其他承擔：			
原到期日少於1年或可無條件取消	28,340,478	26,458,527	27,786,426
原到期日在1年及以上	9,842,342	6,639,302	8,136,611
— 其他	—	250,447	—
總額	<u>46,116,920</u>	<u>40,972,095</u>	<u>44,286,131</u>
— 信貸風險加權數總額	<u>9,388,216</u>	<u>7,636,483</u>	<u>8,822,965</u>
衍生工具的名義金額			
— 匯率合約	26,602,854	51,839,401	16,381,808
— 利率合約	26,428,854	16,354,705	16,327,689
— 股份合約	243,139	801,426	933,975
總額	<u>53,274,847</u>	<u>68,995,532</u>	<u>33,643,472</u>
— 重置成本總額	<u>595,099</u>	<u>1,616,771</u>	<u>1,264,313</u>
— 信貸風險加權數總額	<u>257,749</u>	<u>570,110</u>	<u>399,317</u>

資產負債表以外項目的重置成本及信貸風險加權金額，並未計及雙邊淨額結算安排的影響。

O. 儲備

	30/6/2005	30/6/2004 重報	31/12/2004 重報
	港幣千元	港幣千元	港幣千元
股份溢價	653,049	572,304	631,188
一般儲備	12,286,962	11,898,218	12,045,266
行址重估儲備	948,099	985,249	1,007,505
投資儲備	255,914	—	—
匯兌重估儲備	29,852	7,103	49,813
其他儲備	167,282	103,775	129,595
留存溢利*	4,418,314	3,153,381	4,099,776
總額	18,759,472	16,720,030	17,963,143
未入賬擬派股息	495,997	414,252	1,193,599

* 本集團已按照香港金融管理局之要求須維持超過香港會計準則所規定的減值準備。於2005年6月30日，留存溢利中包括可派發予集團股東之金額港幣362,000,000元，但派發前須諮詢香港金融管理局。

P. 綜合現金流量表

(a) 購入附屬公司

	30/6/2005	30/6/2004
	港幣千元	港幣千元
已扣除準備之貸款及其他賬項	1,196	—
固定資產	1,626	—
其他賬項及準備	(879)	—
	1,943	—
賬項綜合時產生的商譽	13,600	—
總收購價	15,543	—
減：購入的現金及等同現金項目	—	—
收購非現金項目的現金流出	15,543	—

(b) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

	30/6/2005	30/6/2004
	港幣千元	港幣千元
現金及在銀行及其他金融機構的結存	4,335,388	3,460,662
通知及短期存款	22,289,986	26,819,337
原本期限為3個月以內在銀行及其他金融機構的存款	2,925,801	4,125,288
原本期限為3個月內的國庫債券	3,664,690	2,459,839
原本期限為3個月內之持有的存款證	583,637	653,329
	33,799,502	37,518,455

N. 遞延稅項資產及負債確認

確認於綜合資產負債表中遞延稅項(資產)/負債的組成部份及期內之變動如下：

遞延稅項源自：	超過有關	合夥	物業重估	準備	稅損	其他	總額
	折舊的折舊	租賃交易					
	免稅額						
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
於2005年1月1日							
— 如前匯報	280,869	382,210	192,217	(184,504)	(72,640)	1,653	599,805
— 會計政策變更之調整	34,342	—	—	106,110	(637)	—	139,815
— 已重報	315,211	382,210	192,217	(78,394)	(73,277)	1,653	739,620
投資撇銷額	—	(105,060)	—	—	—	—	(105,060)
綜合損益賬內撇銷/(存入)	(60,550)	(2,653)	—	11,083	21,281	(3,702)	(34,541)
存入儲備	—	—	(2,530)	—	—	—	(2,530)
匯兌及其他調整	(20)	—	—	50	3,177	3,734	6,941
於2005年6月30日	254,641	274,497	189,687	(67,261)	(48,819)	1,685	604,430
於2004年1月1日							
— 如前匯報	281,859	555,523	184,346	(171,480)	(67,324)	1,787	784,711
— 會計政策變更之調整	—	—	5,997	—	—	—	5,997
— 已重報	281,859	555,523	190,343	(171,480)	(67,324)	1,787	790,708
投資撇銷額	—	(243,308)	—	—	—	—	(243,308)
綜合損益賬內撇銷/(存入)	33,235	69,995	—	(12,957)	(6,347)	3,808	87,734
存入儲備	—	—	1,874	—	—	—	1,874
購入附屬公司的增置	117	—	—	—	—	—	117
匯兌及其他調整	—	—	—	(67)	1,031	(3,942)	(2,978)
於2004年12月31日	315,211	382,210	192,217	(184,504)	(72,640)	1,653	634,147

31/12/2004

	即時還款	3個月 或以下	3個月以 上至1年	1年以上 至5年	5年以上	無註明日期	總額
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
資產							
— 國庫債券	—	3,784,702	186,295	—	—	—	3,970,997
— 在銀行及其他 金融機構的存款	—	7,238,759	2,593,499	—	—	—	9,832,258
— 持有的存款證	—	1,038,530	258,799	988,323	161,295	—	2,446,947
— 客戶貸款	4,964,737	15,193,618	15,172,290	42,237,184	38,372,449	1,318,475	117,258,753
— 銀行及其他金融機構貸款	—	229,948	98,845	218,144	2,519	1,565,199	2,114,655
— 債務證券包括：							
— 持至到期債務證券	—	175,500	1,179,776	12,891,652	1,849,156	—	16,096,084
— 投資證券	—	—	71,410	—	4,000	18,678	94,088
— 其他證券投資	—	666,131	1,550,987	3,982,813	1,192,379	258,387	7,650,697
	<u>4,964,737</u>	<u>28,327,188</u>	<u>21,111,901</u>	<u>60,318,116</u>	<u>41,581,798</u>	<u>3,160,739</u>	<u>159,464,479</u>
負債							
— 銀行及其他金融機構 的存款及結餘	454,443	5,676,399	3,400,778	40,037	—	—	9,571,657
— 客戶存款	62,612,821	91,293,158	5,912,264	3,919,422	—	—	163,737,665
— 活期存款及往來賬戶	11,919,118	—	—	—	—	—	11,919,118
— 儲蓄存款	48,729,729	—	—	—	—	—	48,729,729
— 定期及通知存款	1,963,974	91,293,158	5,912,264	3,919,422	—	—	103,088,818
— 已發行之存款證	—	323,334	2,000,000	1,855,289	—	—	4,178,623
	<u>63,067,264</u>	<u>97,292,891</u>	<u>11,313,042</u>	<u>5,814,748</u>	<u>—</u>	<u>—</u>	<u>177,487,945</u>

M. 期限分析

30/6/2005

	即時還款	3個月 或以下	3個月以 上至1年	1年以上 至5年	5年以上	無註明日期	總額
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
資產							
— 國庫債券	—	3,722,328	—	—	—	—	3,722,328
— 在銀行及其他金融機構的存款	—	3,924,738	1,843,329	—	—	—	5,768,067
— 持有的存款證	—	696,084	875,086	883,350	160,536	—	2,615,056
— 客戶貸款	4,501,170	17,273,371	15,464,169	43,716,769	46,263,387	1,199,400	128,418,266
— 銀行及其他金融機構貸款	—	62,782	114,286	652,673	—	1,489,553	2,319,294
— 債務證券包括：							
— 持至到期債務證券	—	20,388	974,539	9,182,023	1,344,325	12,040	11,533,315
— 通過損益以反映公平價值的證券	—	157,145	2,045,571	7,476,408	673,217	245,736	10,598,077
— 備供銷售證券	—	116,557	663,219	1,228,048	861,801	17,700	2,887,325
— 分類為貸款和應收賬款的證券	—	26,548	46,152	207,222	—	4,507	284,429
	<u>4,501,170</u>	<u>25,999,941</u>	<u>22,026,351</u>	<u>63,346,493</u>	<u>49,303,266</u>	<u>2,968,936</u>	<u>168,146,157</u>
負債							
— 銀行及其他金融機構的存款及結餘	1,086,571	5,393,981	4,892,514	188,133	—	—	11,561,199
— 客戶存款	51,909,525	97,322,844	6,905,232	4,324,239	—	—	160,461,840
— 活期存款及往來賬戶	11,883,561	—	—	—	—	—	11,883,561
— 儲蓄存款	39,043,427	—	—	—	—	—	39,043,427
— 定期及通知存款	982,537	97,322,844	6,905,232	4,324,239	—	—	109,534,852
— 已發行之存款證	—	594,694	2,946,147	2,978,295	—	—	6,519,136
	<u>52,996,096</u>	<u>103,311,519</u>	<u>14,743,893</u>	<u>7,490,667</u>	<u>—</u>	<u>—</u>	<u>178,542,175</u>

截至30/6/2004止6個月(重報)

	個人銀行	企業銀行	投資銀行	企業服務	其他	未分類	分部間之 交易抵銷	綜合總額
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
淨利息收入	915,921	615,169	269,194	(70)	25,747	(23,199)	—	1,802,762
源自外界客戶的其他								
經營收入	228,462	133,102	172,776	183,298	56,237	47,063	—	820,938
分部間之交易收入	—	—	—	—	—	54,678	(54,678)	—
經營收入總額	<u>1,144,383</u>	<u>748,271</u>	<u>441,970</u>	<u>183,228</u>	<u>81,984</u>	<u>78,542</u>	<u>(54,678)</u>	<u>2,623,700</u>
未扣除準備的經營								
溢利/(虧損)	601,305	476,241	327,938	68,162	11,016	(175,171)	—	1,309,491
分部間之交易	46,303	4,080	1,995	—	—	(52,378)	—	—
壞賬及呆賬(支出)/回撥	(72,655)	(70,466)	(612)	(2,683)	(131)	3,451	—	(143,096)
經營利潤	574,953	409,855	329,321	65,479	10,885	(224,098)	—	1,166,395
應佔聯營公司溢利減虧損	415	1,914	11,765	—	(5,760)	(162)	—	8,172
其他收入及支出	—	(15,643)	11,652	—	—	(1,826)	—	(5,817)
除稅前溢利/(虧損)	575,368	396,126	352,738	65,479	5,125	(226,086)	—	1,168,750
所得稅	—	—	—	—	—	(170,761)	—	(170,761)
期內除稅後溢利	<u>575,368</u>	<u>396,126</u>	<u>352,738</u>	<u>65,479</u>	<u>5,125</u>	<u>(396,847)</u>	<u>—</u>	<u>997,989</u>
可歸屬於：								
本集團股東	575,368	396,126	352,738	53,773	5,125	(397,021)	—	986,109
少數股東權益	—	—	—	11,706	—	174	—	11,880
股東應佔溢利/(虧損)								
已扣除：								
期內折舊	(44,906)	(23,744)	(8,353)	(3,512)	(3,559)	(38,409)	—	(122,483)
商譽攤銷	(15,439)	(14,469)	(21,232)	(18,456)	(882)	—	—	(70,478)

截至30/6/2005止6個月

	個人銀行	企業銀行	投資銀行	企業服務	其他	未分類	分部間之 交易抵銷	綜合總額
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
淨利息收入	696,433	818,748	315,981	50	3,112	(118,680)	—	1,715,644
源自外界客戶的其他 經營收入	240,275	154,014	280,433	227,740	90,232	45,097	—	1,037,791
分部間之交易收入	—	—	—	—	—	61,329	(61,329)	—
經營收入總額	<u>936,708</u>	<u>972,762</u>	<u>596,414</u>	<u>227,790</u>	<u>93,344</u>	<u>(12,254)</u>	<u>(61,329)</u>	<u>2,753,435</u>
未扣除減值準備之 經營溢利/(虧損)	362,261	685,145	476,675	104,893	5,586	(291,614)	—	1,342,946
分部間之交易 資產的減值損失及 減值準備	49,569	5,725	2,174	—	626	(58,094)	—	—
	<u>37,982</u>	<u>(20,593)</u>	<u>1,380</u>	<u>(2,790)</u>	<u>2,268</u>	<u>6,067</u>	<u>—</u>	<u>24,314</u>
經營利潤	449,812	670,277	480,229	102,103	8,480	(343,641)	—	1,367,260
期內物業減值損失調撥	—	—	—	—	—	(953)	—	(953)
應佔聯營公司溢利減虧損	359	11,313	(5,870)	—	(11,584)	1,583	—	(4,199)
其他收入及支出	—	3,934	(6,254)	—	592	35,244	—	33,516
除稅前溢利/(虧損)	450,171	685,524	468,105	102,103	(2,512)	(307,767)	—	1,395,624
所得稅	—	—	—	—	—	(192,792)	—	(192,792)
期內除稅後溢利/(虧損)	<u>450,171</u>	<u>685,524</u>	<u>468,105</u>	<u>102,103</u>	<u>(2,512)</u>	<u>(500,559)</u>	<u>—</u>	<u>1,202,832</u>
可歸屬於：								
本集團股東	450,171	685,524	468,105	82,142	(2,418)	(500,559)	—	1,182,965
少數股東權益	—	—	—	19,961	(94)	—	—	19,867
股東應佔溢利/(虧損)								
已扣除：								
期內折舊	<u>(41,169)</u>	<u>(22,149)</u>	<u>(9,149)</u>	<u>(3,767)</u>	<u>(2,664)</u>	<u>(40,897)</u>	<u>—</u>	<u>(119,795)</u>

L. 分部報告

本集團就其業務及地區的分部編製分部資料。由於業務分部較切合本集團內部財務資料匯報形式，故此採用此業務分部資料為基本報告形式。

個人銀行業務包括分行營運、個人電子網絡銀行服務、消費性貸款、按揭貸款及信用卡業務。

企業銀行業務包括企業借貸及銀團貸款、資產融資、商業貸款、中小型企業貸款、證券業務貸款、信託服務、強制性公積金業務及企業電子網絡銀行服務。

投資銀行業務包括財資運作、股票經紀及買賣服務、及提供網上證券買賣服務。

企業服務包括公司秘書服務、證券登記及商業服務、及離岸企業及信託服務。

其他業務包括銀行保險、保險業務、與地產有關的業務及財富管理服務。

未分類的業務項目主要包括中央管理層、銀行行址、以及其他未能合理分配予特定業務分部的業務活動。

K. 貸款及其他資產

(a) 貸款及其他賬項

	30/6/2005	30/6/2004	31/12/2004
	港幣千元	港幣千元	港幣千元
客戶貸款	128,418,266	105,692,926	117,258,753
銀行及其他金融機構貸款	2,319,294	1,776,263	2,114,655
票據及債券	284,429	—	—
應計利息	710,704	987,758	1,054,632
減：懸欠利息	—	(330,752)	(319,779)
其他賬項	3,301,415	3,062,782	4,523,708
在建工程	—	602,598	—
	<u>135,034,108</u>	<u>111,791,575</u>	<u>124,631,969</u>
減：減值準備			
— 個別	362,778	—	—
— 組合	467,637	—	—
減：壞賬及呆賬準備			
— 特殊	—	392,321	342,320
— 一般	—	1,309,852	1,339,996
	<u>134,203,693</u>	<u>110,089,402</u>	<u>122,949,653</u>

(b) 減值／不履行客戶貸款

減值客戶貸款即根據本行貸款素質的類別分類為「次級」、「呆滯」及「虧損」之貸款。

不履行客戶貸款即其利息撥入利息懸欠賬目或已停止累計利息的貸款。

	30/6/2005		30/6/2004		31/12/2004	
	港幣千元	佔客戶 貸款總額 的百分比	港幣千元	佔客戶 貸款總額 的百分比	港幣千元	佔客戶 貸款總額 的百分比
減值客戶貸款總額	1,506,108	1.17	—	—	—	—
不履行客戶貸款總額	—	—	1,876,091	1.78	1,365,432	1.16
個別減值準備	238,645		—		—	
特殊準備	—		226,239		206,624	
懸欠利息*	—		387,495		380,129	

* 包括已資本化的利息

於2005年6月30日、2004年6月30日及2004年12月31日，本集團貸予銀行及其他金融機構的款項中，並無減值貸款，或利息撥入利息懸欠賬目或已停止累計利息的貸款，亦無就該等貸款提撥減值準備及特殊準備。

(c) 持至到期的債務證券

	31/12/2004
	港幣千元
上市	
— 在香港上市	518,281
— 在香港以外地區上市	2,919,372
	<hr/>
	3,437,653
非上市	12,658,431
	<hr/>
	16,096,084
	<hr/> <hr/>
上市證券市值	3,450,682
	<hr/> <hr/>
發行機構：	
— 中央政府和中央銀行	7,843,778
— 公營機構	1,196,216
— 銀行及其他金融機構	2,181,169
— 企業	4,874,921
	<hr/>
	16,096,084
	<hr/> <hr/>

(d) 投資證券

上市	
— 在香港以外地區上市 債務證券	71,410
	<hr/>
	71,410
	<hr/>
非上市	
— 股份證券	142,285
— 債務證券	22,678
	<hr/>
	164,963
	<hr/>
	236,373
	<hr/> <hr/>
股份證券	142,285
債務證券	94,088
	<hr/>
	236,373
	<hr/> <hr/>
上市證券市值	
— 債務證券	81,943
	<hr/>
	81,943
	<hr/> <hr/>
發行機構：	
— 企業	154,414
— 中央政府和中央銀行	14,577
— 銀行及其他金融機構	3,910
— 其他	63,472
	<hr/>
	236,373
	<hr/> <hr/>

(e) 分類為貸款和應收賬款的證券

	30/6/2005
	港幣千元
非上市	
債務證券	284,429
發行機構：	
— 中央政府和中央銀行	4,507
— 銀行及其他金融機構	38,858
— 企業	241,064
	284,429

2004年度證券投資

(a) 持有的存款證 — 非上市

	31/12/2004
	港幣千元
— 非交易用途(公平值)	1,028,179
— 持至到期(原值減攤銷額)	1,418,768
	2,446,947

(b) 其他證券投資

上市	
— 在香港上市	
股份證券	410,594
債務證券	752,502
— 在香港以外地區上市	
股份證券	186,195
債務證券	2,947,608
	4,296,899
非上市	
— 股份證券	315,881
— 債務證券	3,950,587
	4,266,468
	8,563,367
股份證券	912,670
債務證券	7,650,697
	8,563,367
上市證券市值	
— 股份證券	596,789
— 債務證券	3,700,110
	4,296,899
發行機構：	
— 中央政府和中央銀行	286,836
— 公營機構	704,100
— 銀行及其他金融機構	3,291,265
— 企業	4,217,514
— 其他	63,652
	8,563,367

(c) 持至到期的債務證券

	30/6/2005
	港幣千元
上市	
— 在香港上市	45,188
— 在香港以外地區上市	1,617,090
	<u>1,662,278</u>
非上市	9,871,037
	<u>11,533,315</u>
上市證券市值	<u>1,688,503</u>
發行機構：	
— 中央政府和中央銀行	7,745,253
— 公營機構	871,459
— 銀行及其他金融機構	1,805,515
— 企業	1,111,088
	<u>11,533,315</u>

(d) 備供銷售證券

上市	
— 在香港上市	
股份證券	255,833
債務證券	7,814
— 在香港以外地區上市	
股份證券	313,888
債務證券	993,991
	<u>1,571,526</u>
非上市	
— 股份證券	186,502
— 債務證券	1,885,520
	<u>2,072,022</u>
	<u>3,643,548</u>
股份證券	756,223
債務證券	2,887,325
	<u>3,643,548</u>
上市證券市值	
— 股份證券	569,721
— 債務證券	1,001,805
	<u>1,571,526</u>
發行機構：	
— 中央政府和中央銀行	235,889
— 公營機構	463,469
— 銀行及其他金融機構	1,590,869
— 企業	1,180,381
— 其他	172,940
	<u>3,643,548</u>

J. 證券投資

2005年度證券投資

(a) 持有的存款證 — 非上市

	30/6/2005
	港幣千元
— 通過損益以反映公平價值	48,725
— 分類為貸款和應收賬款(原值減攤銷額)	977,201
— 持至到期(原值減攤銷額)	446,156
— 備供銷售(公平價值)	1,142,974
	<u>2,615,056</u>

(b) 通過損益以反映公平價值的證券

上市

— 在香港上市	
股份證券	258,774
債務證券	2,451,299
— 在香港以外地區上市	
股份證券	107,084
債務證券	2,712,863
	<u>5,530,020</u>

非上市

— 債務證券	5,433,915
	<u>10,963,935</u>

股份證券

債務證券	365,858
	10,598,077
	<u>10,963,935</u>

上市證券市值

— 股份證券	365,858
— 債務證券	5,164,162
	<u>5,530,020</u>

發行機構：

— 中央政府和中央銀行	55,854
— 公營機構	351,378
— 銀行及其他金融機構	1,904,130
— 企業	8,645,674
— 其他	6,899
	<u>10,963,935</u>

H. 經營支出

	截至30/6/2005 止6個月	截至30/6/2004 止6個月 重報	截至31/12/2004 止6個月 重報
	港幣千元	港幣千元	港幣千元
定額供款公積金供款	52,808	51,115	52,363
薪金及其他員工成本	722,479	657,014	714,446
員工成本總額	775,287	708,129	766,809
不包括折舊的物業及設備支出			
— 物業租金	78,912	67,847	74,695
— 保養、維修及其他	119,255	102,268	102,900
不包括折舊的物業及設備支出總額	198,167	170,115	177,595
固定資產折舊	119,795	122,483	121,478
商譽攤銷	—	70,478	73,397
其他經營支出			
— 通訊、文具及印刷	85,784	75,604	83,443
— 法律及專業服務費用	57,405	39,177	49,950
— 廣告費用	37,461	31,400	56,420
— 有關信用卡支出	35,556	20,253	20,851
— 業務推廣及商務旅遊	23,313	22,508	27,611
— 印花稅、海外及中華人民共和國 營業稅、及增值稅	22,493	4,790	16,650
— 保險費	6,597	6,373	7,662
— 秘書業務的行政費用	5,396	3,021	4,138
— 發行債務證券費用	3,680	4,267	3,533
— 會員費用	2,805	3,089	2,037
— 捐款	2,471	1,063	980
— 銀行收費	2,135	5,085	2,211
— 銀行牌照費	776	2,313	2,342
— 其他	31,368	24,061	30,864
其他經營支出總額	317,240	243,004	308,692
經營支出總額	1,410,489	1,314,209	1,447,971

I. 現金及短期資金

	30/6/2005	31/12/2004
	港幣千元	港幣千元
現金及在銀行和其他金融機構的結存	4,335,387	3,655,593
通知及短期存款	24,962,822	32,251,148
國庫債券	3,722,328	3,970,997
	33,020,537	39,877,738

- (6) (a) 截至2005年6月30日止6個月的每股基本盈利乃按照溢利港幣1,182,965,000元(截至2004年6月30日止6個月：港幣986,109,000元)及已發行普通股份的加權平均數1,497,491,867股(截至2004年6月30日止6個月：1,472,942,693股)計算。
- (b) 截至2005年6月30日止6個月的每股攤薄盈利乃按照溢利港幣1,182,965,000元(截至2004年6月30日止6個月：港幣986,109,000元)及就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數1,501,798,518股(截至2004年6月30日止6個月：1,481,210,800股)計算。

E. 服務費及佣金收入

源自下列服務的服務費及佣金收入：

	截至30/6/2005 止6個月 港幣千元	截至30/6/2004 止6個月 港幣千元	截至31/12/2004 止6個月 港幣千元
企業服務	225,474	183,554	207,708
貸款、透支及擔保	150,579	221,158	137,680
信用卡	107,246	98,476	106,192
其他零售銀行服務	78,051	56,522	55,092
貿易融資	51,414	53,415	63,550
證券及資產管理	88,900	101,928	91,046
其他	69,311	60,206	70,077
服務費及佣金收入總額	<u>770,975</u>	<u>775,259</u>	<u>731,345</u>

F. 交易溢利淨額

	截至30/6/2005 止6個月 港幣千元	截至30/6/2004 止6個月 港幣千元	截至31/12/2004 止6個月 港幣千元
外幣買賣溢利	152,553	100,817	59,819
證券投資溢利	43,352	(21,013)	173,063
其他買賣活動溢利	14,344	22,980	24,705
淨交易溢利總額	<u>210,249</u>	<u>102,784</u>	<u>257,587</u>

G. 其他經營收入

	截至30/6/2005 止6個月 港幣千元	截至30/6/2004 止6個月 港幣千元	截至31/12/2004 止6個月 港幣千元
上市證券股息收入	10,377	17,852	10,481
非上市證券股息收入	15,178	8,006	6,621
物業租金收入	23,096	22,953	23,045
保險箱租金收入	42,830	42,522	42,824
保險業務收入	47,598	30,597	57,059
其他	25,436	14,728	22,990
其他經營收入總額	<u>164,515</u>	<u>136,658</u>	<u>163,020</u>

(d) 衍生金融工具

本集團利用衍生金融工具以對沖由運作、融資及投資活動產生的外匯及利率風險。但不符合對沖會計法的衍生工具視作交易用途工具。

衍生金融工具按公平價值確認。經重新計量公平價值產生的盈利和虧損立即在損益賬確認。

(e) 對沖

(i) 現金流量對沖

當衍生金融工具被指定對沖確認資產或負債的不既定現金流量，或是甚有可能發生及有法律約束力的預計交易，衍生金融工具產生的盈利和虧損與已對沖風險有關者在股東權益確認。

(ii) 公平價值對沖

公平價值對沖用作抵銷現行資產或負債因價格變動產生須確認在損益賬或股東權益的盈利和虧損。

對沖工具按公平值入賬，而公平值的變動確認在損益賬或儲備。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整確認在損益賬或儲備以抵銷對沖工具產生的盈利和虧損。

(f) 商譽攤銷

在往年，在2001年1月1日或以後產生的正商譽按其可用期以直線法攤銷，但當有顯示可能減值時須接受減值測試。

由2005年1月1日起，按照《香港財務報告準則》第3號「業務合併」及《香港會計準則》第36號「資產減值」，本集團毋須攤銷正商譽。連同在初始確認的年度，以及當有顯示可能減值時，此商譽須每年接受減值測試。當分配為該商譽之現金生產單位的賬面值超過其可收回數額時需確認減值損失。

亦由2005年1月1日起及按照《香港財務報告準則》第3號，如在企業合併中購入資產淨額的公平價值超過購入價（即按照以往會計政策稱為負商譽），超出的金額於產生時立即在損益賬確認。

有關正商譽之新會計政策已按照《香港財務報告準則》第3號的過渡安排並不追溯應用。因此，沒有重報比較數字，於2005年1月1日的累計攤銷額已與商譽成本抵減，而截至2005年6月30日止6個月並無商譽攤銷在損益賬確認。本集團截至2005年6月30日止6個月之除稅後溢利因而增加港幣76,105,000元。

(g) 少數股東權益

在往年，於結算日之少數股東權益在綜合資產負債表內與負債分別呈報及從資產淨額減除。在計算股東應佔溢利，少數股東權益與集團期內溢利亦在損益賬內分別呈報及減除。

由2005年1月1日起，為符合《香港會計準則》第1號「財務報表披露」及《香港會計準則》第27號「綜合與個別財務報表」的要求，於結算日之少數股東權益在綜合資產負債表內於股東權益內列示，但與股東應佔權益分開，少數股東權益佔集團期內溢利總額在綜合損益賬賬面以分配為少數股東權益及股東應佔權益形式呈報。

在綜合資產負債表、綜合損益賬和綜合權益變動表概要內披露少數股東權益的期內比較數字已作重報。

(5) 香港利得稅稅款是以截至2005年6月30日止6個月預計應課稅溢利按稅率17.5%計算。海外附屬公司的稅款按其經營所在國家現行稅率計算。

非交易所買賣的衍生工具之公平價值按本集團在結算日終止合約後可取回或須支付的估計金額，並已考慮當時市場情況及合約的另一方之信貸狀況。

特別地，遠期合約的公平價值是取決於估計將來現金流的現值，以估值日之適當市場利率折讓；而期權合約的公平價值是採用柏力克－舒爾斯期權價格模式。

投資於其他非上市的開放式投資基金按照基金經理所匯報的每股資產淨值入賬。

(v) 信貸損失減值及準備

在結算日須審閱按成本或攤銷成本列賬的金融資產以決定是否出現客觀的減值證據。如證據出現，該金融資產之賬面值與按金融資產最初之有效利率折讓估計將來現金流為現值的差額於損益賬確認為減值損失。

如較後期間，按攤銷成本入賬的金融資產或備供銷售債務工具類別的已確認減值損失的金額減少，並可客觀地與撤銷後發生的事件有關連，撤銷會轉回損益賬。

信貸損失準備總額包括兩個組成部分：個別減值準備，及組合減值準備。個別減值準備適用於個別評估減值的貸款和應收賬款及根據管理層的最佳估計將可能收回現金流的現值。在估計現金流時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值。每宗減值資產須評估其真正價值。組合減值準備涵蓋隱含在貸款和應收賬款的信貸損失，而貸款和應收賬款內有類同經濟特性及有客觀證據推想組合包含不能被個別辨別出來已減值的貸款和應收賬款。組合減值準備中一部分是針對國家風險。當評估所需的組合減值準備時，管理層須考慮的因素包括信貸素質、組合規模、信貸集中、及經濟因素。為求估計所需的準備，本集團根據過往之經驗和現時之經濟情況去釐定潛在風險及輸入變數。

撥備的準確性須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在釐定組合減值準備時所採用的推測模式及變數。雖然視乎判斷而定，本集團相信貸款損失準備是合理和足夠的。

所有已減值金融資產須定期作檢討及分析。在較後期間，任何因估計未來現金流的金額及時間上與先前估計的有所轉變，而該轉變是可客觀地與撤銷後發生的事件有關連，從而導致減值損失準備亦需改變，該轉變會支銷或存入損益賬。

(vi) 不確認

當從金融資產獲得現金流的法定權利屆滿或本集團轉移該金融資產而該轉移符合《香港會計準則》第39號之不確認情況，本集團不確認金融資產。

本集團採用加權平均數來釐定在不確認時的已實現盈利和虧損。

當合約的義務已被履行、取消或期滿，本集團不確認金融負債。

(vii) 收入確認

假設經濟利益有可能流向本集團及收入和支出(如適用)屬可靠計量的，在損益賬內確認收入如下：

利息收入按有效利率方法確認。

因本集團創造或購入金融資產而產生之創造或承擔服務費收入須遞延及確認為有效利率之調整。如承擔期滿而本集團毋須貸款，該服務費於期滿時確認為收入。

就已減值貸款而言，根據貸款原本條款計算的應計利息收入停止，但因隨時間過去令致索償金額現值增加則視作利息收入。

(ii) 初始確認及計量

當本集團成為衍生合約其中一方時確認為金融資產和金融負債。

以有規律方式購買金融資產按交易日會計法予以確認。該等金融資產及金融負債的公平價值變動產生的盈利和虧損由該日起計算。

除非其中一方履行合約或該合約是衍生合約及屬於《香港會計準則》第39號的範疇，否則不被確認為金融負債。

金融工具於初始期按公平價值計量，而公平價值大致與交易價相同，另包括，如金融資產或金融負債不屬於通過損益以反映公平價值，直接歸屬於購入或發行之金融資產或金融負債的交易成本。通過損益以反映公平價值的金融資產或金融負債的交易成本立即支銷。

(iii) 續後計量

金融工具的續後計量是按其類別的。

通過損益以反映公平價值的金融資產

屬於此類別的金融資產按公平價值入賬。因公平價值變動產生之未實現盈利和虧損計入在期內發生的損益賬。於出售時，出售所得款項與賬面值的差額計入損益賬。

貸款和應收賬款

貸款和應收賬款及分類為貸款和應收賬款的證券採用有效利率方法計算攤銷成本，並減除任何須計入損益賬的減值準備。

備供銷售金融資產

備供銷售金融資產按公平價值入賬。因公平價值變動產生之未實現盈利和虧損在重估投資儲備內確認。

就貨幣性證券而言，因攤銷成本變動產生之匯兌差額在損益賬確認。當出售證券時，出售所得款項與賬面值的差額，及在重估投資儲備內的累計公平價值調整在出售時視作盈利或虧損並計入損益賬。

持至到期投資

持至到期投資採用有效利率方法計算攤銷成本並減除減值準備(如適用)入賬。

通過損益以反映公平價值的金融負債

屬於此類別的金融負債按公平價值入賬。因公平價值變動產生之未實現盈利和虧損計入期內發生的損益賬。償付淨額與賬面值的差額於回購時計入損益賬。

其他金融負債

不包括通過損益以反映公平價值的金融負債，其他金融負債採用有效利率方法計算攤銷成本入賬。

(iv) 計量公平價值之原則

金融工具的公平價值是於結算日根據其市場報價但未減除將來的估計出售成本。金融資產按買入價作價而金融負債則按賣出價作價。

如未能從認可交易所獲得市場報價，或從經紀／交易員獲得屬於非通過交易所買賣的金融工具市場報價，此工具的公平價值按估值模式估值，而該估值模式可根據市場實際交易提供可靠的估計價格。

當採用現金流折讓價格模式，估計將來現金流按管理層的最佳估計及採用的貼現率是在結算日適用於相同條款工具的市場利率。當採用其他價格模式時，輸入資料是在結算日的市場價格資料。

(i) 分類

由2005年1月1日起，本集團已採納《香港會計準則》第32號「金融工具：披露與呈報」及《香港會計準則》第39號「金融工具：確認與計量」分類下列類別的金融工具：

通過損益以反映公平價值的金融資產

此類別包括持有作交易用途和初始被指定為通過損益以反映公平價值的金融資產。購買主要用作短期出售或是可辨別金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有短期出售以賺取利潤的模式，或非指定和不具有有效對沖作用的衍生工具，區別為通過損益以反映公平價值的金融資產。

此類別包括股份投資、具正公平價值的衍生工具、債務證券及投資基金投資，但不包括沒有市價的金融工具及其公平價值是不能夠可靠計量的。

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(1)本集團有計劃於短期內出售而被區分為持有作交易用途；(2)於初始期已被本集團指定為通過損益以反映公平價值或備供銷售；或(3)有可能本集團不能收回大部分初始投資，但不包括因信貸變壞的原因，將會分類為備供銷售。

此類別包括在資產負債表內列作現金及短期資金、在銀行及其他金融機構的存款、貿易票據和貸款及其他賬項。

分類為貸款和應收賬款的證券

分類為貸款和應收賬款的證券中，較具代表性的包括由客戶發行的證券，而該客戶是本集團在其批發銀行業務中有借貸關係的相同客戶。作出信貸代替品證券的投資決定與貸款的信貸審批程序相同，尤如本集團須承擔等同借款予同一客戶的風險。另外，回報及到期日條款普遍是透過本集團與客戶直接磋商。

此類證券包括商業票據、短期債券及由借款人發行的優先股份。

備供銷售金融資產

此類別包括被指定為備供銷售的非衍生金融資產或並非分類為貸款和應收賬款、持至到期投資或通過損益以反映公平價值的金融資產。

此類別包括股份投資、債務證券和投資基金單位。

持至到期投資

此類別包括有固定或可確定付款金額及有固定期限的非衍生金融資產而本集團有明確意向和能力持至到期日，但不包括(1)本集團於初始已指定為通過損益以反映公平價值或備供銷售，及(2)符合貸款和應收賬款之定義。

通過損益以反映公平價值的金融負債

通過損益以反映公平價值的金融負債指持有作交易用途和初始被指定為通過損益以反映公平價值的金融負債。如負債的發生主要用作回購或是可辨別金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有賺取短期利潤的模式，或非指定和不具有有效對沖作用的衍生工具，以上負債分類為通過損益以反映公平價值的金融負債。

此類別包括非用作對沖工具用途並具負公平價值的衍生負債、有義務支付金融資產予借入短倉賣家、及金融負債發生後有意向在短期內購回。

其他金融負債

除了分類為通過損益以反映公平價值的金融負債，此類別包括所有其他金融負債。

此類別包括所有在資產負債表內列作銀行及其他金融機構的存款及結餘、客戶存款、已發行存款證及已發行債務的負債。

(4) 會計政策變更

(a) 僱員認股計劃

在往年，沒有任何金額在僱員(包括董事)獲派發本銀行認股權時被確認。如僱員選擇行使認股權，分別將面值存入股本及股份溢價賬項的金額只限於認股權行使價的應收金額。

由2005年1月1日起，按照《香港財務報告準則》第2號「以股份償付」，本集團須將認股權的公平價值於損益賬內確認為支出，而在股東權益內的資本儲備作相應的增加。

因僱員須符合有效期的條件規定以享有此認股權，本集團於認股權有效期內確認其公平價值。否則，本集團於派發認股權時確認其公平價值。

當僱員選擇行使認股權，相關的資本儲備連同行使價轉入股本及股份溢價賬項。如認股權失效而未被行使，相關的資本儲備直接轉入留存溢利。

此新會計政策是追溯應用的，除本集團按照《香港財務報告準則》第2號第53段的過渡性條文並未對下列認股權採用新的確認及計量政策外，比較數字已按照《香港財務報告準則》第2號的要求重報。

- (i) 所有在2002年11月7日或以前已派予僱員的認股權；及
- (ii) 所有在2002年11月7日後已派予僱員的認股權但於2005年1月1日尚未有效。

由於在2005年1月1日並沒有認股權具有有效性，因此，並未對2004年1月1日的期初結餘作任何調整。

截至2005年6月30日止6個月，由於會計政策變更而須從損益賬支銷的員工成本增加港幣17,361,000元(截至2004年6月30日止6個月：港幣14,222,000元)，而相同的金額存入資本儲備內。

有關僱員認股計劃的詳情，請參閱本行2004年年報。

(b) 投資物業

在往年，本集團須按適用於出售投資物業的稅率釐定於重估投資物業時須確認的遞延稅項。由於出售本集團投資物業毋須繳交任何稅款，在往年沒有撥備遞延稅項。

由2005年1月1日起，按照《香港會計準則》詮釋第21號「所得稅 — 收回重估非折舊資產」，如本集團並無計劃出售，及假設本集團沒有採用公平價值模式入賬引致該等物業需要折舊，本集團須採用適用於該物業用途的稅率以確認該等投資物業在價格變動時所產生的遞延稅項。

《香港會計準則》詮釋第21號是追溯應用的。於2005年1月1日留存溢利的期初結餘減少港幣34,342,000元(2004年1月1日：無)，及遞延稅項負債增加相等金額。

(c) 金融工具

在往年，適用於部分金融工具的會計政策如下：

- 預算持續持有作長期持有用途的證券列作投資證券，並以成本減除準備入賬；
- 其他證券投資是不被列作持至到期債務證券或投資證券的其他證券並按公平價值入賬，公平價值的變動在損益賬確認；及
- 管理層參與的衍生金融工具交易以用作對沖潛在資產、負債(或淨持倉額)或已承諾的未來交易所產生之風險，以等同被對沖的持倉額或交易之基準確認。

(b) 對截至2005年6月30日止6個月除稅後溢利的影響(估計)

在實際可作估計之情況下，下表列示假設以往的會計政策仍被沿用計算截至2005年6月30日止6個月期內的溢利將會增加或減少的估計金額。

	截至2005年6月30日 止6個月 集團股東權益 <hr/> 港幣千元
新政策的影響(增加/(減少))	
《香港財務報告準則》第2號 以股份結算的交易	<hr/> (17,361)
《香港財務報告準則》第3號 商譽攤銷	<hr/> 76,105
《香港會計準則》詮釋第21號 投資物業價值變動產生的遞延稅項	<hr/> 17,573
《香港會計準則》第39號 備供銷售證券	9,153
通過損益以反映公平價值的證券	(27,171)
衍生工具	668
已發行債務	83,088
個別減值準備	36,047
組合減值準備	153,947
減值貸款利息	28,713
組合減值準備產生的遞延稅項	(14,620)
其他	<hr/> (196)
	<hr/> 269,629
期內的影響總額	<hr/> <hr/> 345,946
對每股盈利的影響	
— 基本	港幣0.23
— 攤薄	港幣0.23

(c) 對截至2005年6月30日止6個月直接在股東權益內確認之淨虧損的影響(估計)

在實際可作估計之情況下，下表列示假設以往的會計政策仍被沿用計算截至2005年6月30日止6個月直接在股東權益內確認的支出將會減少的估計金額。

	截至2005年6月30日 止6個月 集團股東權益 <hr/> 港幣千元
新政策的影響(減少)	
《香港會計準則》第39號 備供銷售證券	<hr/> (9,548)
期內的影響總額	<hr/> <hr/> (9,548)

D. 濃縮綜合現金流量表

	截至30/6/2005 止6個月	截至30/6/2004 止6個月
	港幣千元	港幣千元
(用於)／源自經營業務之現金	(8,739,522)	7,853,158
支付稅項	(100,749)	(25,769)
(用於)／源自經營業務活動之現金淨額	(8,840,271)	7,827,389
源自／(用於)投資活動之現金淨額	321,057	(136,282)
源自／(用於)融資活動之現金淨額	1,114,381	(4,063,190)
現金及等同現金項目淨(減)／增額	(7,404,833)	3,627,917
於1月1日之現金及等同現金項目	41,204,335	33,890,538
於6月30日之現金及等同現金項目	33,799,502	37,518,455
源自經營業務活動的現金流量包括：		
利息收入	3,784,245	2,682,846
利息支出	1,425,819	878,235

附註：

- (1) 此中期報告所載的財務資料，並不構成本集團截至2004年12月31日止年度及截至2005年6月30日止6個月的法定賬項，除因會計政策變更所產生的前期調整外，跟該等法定賬項比較亦有重大改變。截至2004年12月31日止年度的法定賬項，可於本銀行註冊行址取得。於2005年2月3日的核數師報告書中，已對該等賬項表示並無保留意見。
- (2) 編製此中期財務報表所採納的會計政策及方法跟2004年度賬項是一致的，但不包括因採納香港會計師公會頒布數項新增及經修訂的《香港財務報告準則》及《香港會計準則》所產生的會計政策轉變，此轉變將於2005年度的財務報表中反映。會計政策轉變之詳情已詳載於附註4。
- (3) 會計政策變更所產生的影響概要
 - (a) 對於2005年1月1日股東權益總額的期初結餘之影響(已調整)

下表表示對於2005年1月1日的期初結餘所作的調整。此等有累計影響的調整對於2004年12月31日的資產淨額及2005年1月1日的期初結餘具追溯性。

	留存溢利	股本及其他儲備	總額
	港幣千元	港幣千元	港幣千元
新政策的影響(增加／(減少))			
前期調整			
《香港財務報告準則》第2號 以股份結算的交易	(41,749)	41,749	—
《香港會計準則》詮釋第21號 投資物業價值變動產生的遞延稅項	(34,342)	—	(34,342)
	(76,091)	41,749	(34,342)
期初結餘調整			
《香港會計準則》第39號 備供銷售證券	(265,398)	265,398	—
通過損益以反映公平價值的證券	100,054	—	100,054
衍生工具	(10,131)	—	(10,131)
已發行債務	(179,381)	—	(179,381)
個別減值準備	20,677	—	20,677
組合減值準備	723,500	—	723,500
減值貸款利息	46,542	—	46,542
組合減值準備產生的遞延稅項	(105,473)	—	(105,473)
	330,390	265,398	595,788
於2005年1月1日的影響總額	254,299	307,147	561,446

C. 綜合權益變動表概要

	截至30/6/2005 止6個月	截至30/6/2004 止6個月 重報
	港幣千元	港幣千元
於1月1日結餘		
— 如前匯報	21,727,481	20,111,256
— 少數股東權益 (以往於12月31日在股東權益及負債分別呈報)	165,655	24,418
— 會計政策轉變引致的前期調整	(34,342)	—
— 已重報(不包括期初結餘調整)	21,858,794	20,135,674
— 因會計政策轉變引起的期初結餘調整	595,788	—
— 已重報(包括前期及期初結餘調整)	22,454,582	20,135,674
銀行行址重估儲備內之遞延稅項負債淨額回撥	2,530	2,497
購入/(增加權益)一間附屬公司的少數股東權益	3,409	(2,092)
以股份作交易產生的資本儲備	17,361	14,222
備供銷售證券之公平價值變動	(9,548)	—
匯兌及其他調整	895	(17,833)
在損益賬未確認的淨溢利/(虧損)	14,647	(3,206)
期內淨溢利	1,202,832	
— 歸屬於集團股東權益(如前匯報)		1,000,331
— 少數股東權益(以往在綜合損益賬內分別呈報)		11,880
— 會計政策轉變引致的前期調整		(14,222)
— 已重報		997,989
期內已派發股息	(1,195,300)	(910,707)
與集團股東進行資本交易所產生的股東權益變動：		
根據僱員認股計劃發行的股份	49,459	82,108
以股代息發行的股份	179,760	151,122
資本費用	(42)	(69)
	229,177	233,161
於6月30日結餘	22,705,938	20,452,911

	截至30/6/2005 止6個月	截至30/6/2004 止6個月 重報	截至31/12/2004 止6個月 重報
	港幣	港幣	港幣
每股			
— 基本盈利 ⁶	0.79	0.67	0.92
— 攤薄盈利 ⁶	0.79	0.67	0.91
— 股息	0.33	0.28	0.80

B. 綜合資產負債表

	30/6/2005	30/6/2004 重報	31/12/2004 重報
	港幣千元	港幣千元	港幣千元
資產			
現金及短期資金	33,020,537	36,749,106	39,877,738
在銀行及其他金融機構於1至12個月內到期的存款	5,768,067	12,198,154	9,832,258
貿易票據	1,597,825	751,361	1,400,138
持有的存款證	2,615,056	2,410,042	2,446,947
其他證券投資	—	9,277,648	8,563,367
通過損益以反映公平價值的證券	10,963,935	—	—
— 交易	783,951	—	—
— 初始指定	10,179,984	—	—
貸款及其他賬項	134,203,693	110,089,402	122,949,653
重估衍生工具盈利	387,046	—	—
持至到期債務證券	11,533,315	15,360,498	16,096,084
投資證券	—	242,858	236,373
備供銷售證券	3,643,548	—	—
聯營公司投資	753,998	692,086	725,963
商譽	2,455,056	2,298,113	2,448,156
遞延稅項資產	73,811	73,173	95,119
固定資產	5,275,474	4,104,426	5,697,750
資產總額	212,291,361	194,246,867	210,369,546
股東權益及負債			
銀行及其他金融機構的存款及結餘	11,561,199	7,621,135	9,571,657
客戶存款	160,461,840	153,727,601	163,737,665
— 活期存款及往來賬戶	11,883,561	10,905,376	11,919,118
— 儲蓄存款	39,043,427	44,535,957	48,729,729
— 定期及通知存款	109,534,852	98,286,268	103,088,818
已發行存款證	6,519,136	2,350,228	4,178,623
— 通過損益以反映公平價值	2,823,480	—	—
— 以攤銷成本	3,695,656	2,350,228	4,178,623
本期稅項	303,372	312,748	179,369
其他賬項及準備	5,311,478	4,894,307	5,843,048
重估衍生工具虧損	389,548	—	—
遞延稅項負債	678,241	605,237	729,266
負債總額	185,224,814	169,511,256	184,239,628
通過損益以反映公平價值的借貸資本	4,360,609	4,282,700	4,271,124
股本	3,757,553	3,698,675	3,729,996
儲備	18,759,472	16,720,030	17,963,143
歸屬於集團股東權益	22,517,025	20,418,705	21,693,139
少數股東權益	188,913	34,206	165,655
股東權益總額	22,705,938	20,452,911	21,858,794
股東權益及負債總額	212,291,361	194,246,867	210,369,546

東亞銀行有限公司

(1918年在香港註冊成立之有限公司)

(股份代號：23)

2005年度中期報告

中期業績

東亞銀行有限公司(「本行」)董事會欣然宣布本集團截至2005年6月30日止6個月未經審核的業績¹。此中期財務報表是未經審核的。畢馬威會計師事務所，已按照香港會計師公會頒布之《核數準則》第700號「中期財務報表的審閱」，審閱此中期財務報表。畢馬威會計師事務所致本行董事會之獨立審閱報告刊載於第34頁。

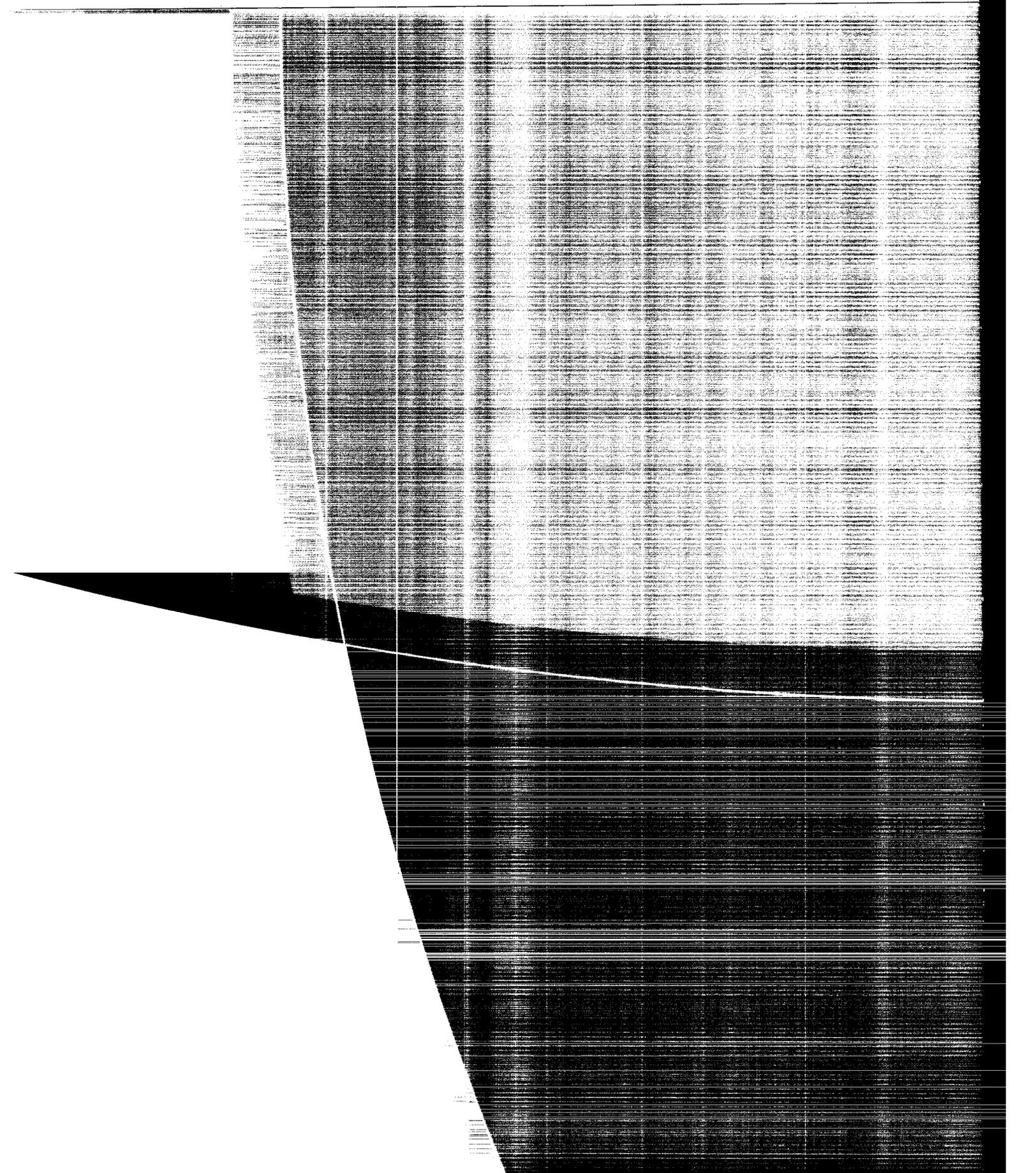
A. 綜合損益賬

	截至30/6/2005 止6個月	截至30/6/2004 止6個月 重報	截至31/12/2004 止6個月 重報
	港幣千元	港幣千元	港幣千元
利息收入	3,440,317	2,708,187	2,973,893
利息支出	(1,724,673)	(905,425)	(1,149,080)
淨利息收入	1,715,644	1,802,762	1,824,813
服務費及佣金收入	770,975	775,259	731,345
服務費及佣金支出	(107,948)	(193,763)	(104,600)
交易溢利淨額	210,249	102,784	257,587
其他經營收入	164,515	136,658	163,020
經營收入	2,753,435	2,623,700	2,872,165
經營支出	(1,410,489)	(1,314,209)	(1,447,971)
未扣除減值準備／準備之經營溢利	1,342,946	1,309,491	1,424,194
壞賬及呆賬支出	—	(143,096)	(129,711)
資產的減值損失及減值準備回撥(不包括持至 到期證券及備供銷售證券的減值準備)	24,314	—	—
已扣除減值準備／準備之經營溢利	1,367,260	1,166,395	1,294,483
出售固定資產之淨溢利	35,260	6,575	8,664
重估投資物業盈餘	—	—	227,941
(支銷)／回撥銀行行址減值損失	(953)	—	18,538
出售持至到期債務證券、投資證券和聯營 公司淨(虧損)／溢利	(23)	46	13,712
出售備供銷售證券之淨溢利	6,604	—	—
持至到期債務證券、投資證券和聯營公司 的準備金調撥	—	(12,438)	(6,144)
持至到期債務證券、備供銷售證券和聯營公司 的減值準備	(8,325)	—	—
應佔聯營公司溢利減虧損	(4,199)	8,172	56,204
期內除稅前溢利	1,395,624	1,168,750	1,613,398
所得稅			
本期稅項 ⁵			
— 香港	(169,393)	(166,567)	(130,805)
— 海外	(59,377)	(27,380)	(1,805)
遞延稅項	34,541	12,026	(99,760)
聯營公司	1,437	11,160	(6,541)
期內除稅後溢利	1,202,832	997,989	1,374,487
可歸屬於：			
本集團股東	1,182,965	986,109	1,361,601
少數股東權益	19,867	11,880	12,886
除稅後溢利	1,202,832	997,989	1,374,487
銀行本身的溢利	1,117,827	833,110	1,207,575
擬派股息	495,997	414,252	1,193,599

中期業績	1
附加財務資料	27
獨立審閱報告	34
中期股息	35
過戶日期	35
財務回顧	35
業務回顧	40
董事及行政總裁權益	46
認股權資料	48
大股東及其他人士的權益	49
買賣本行上市證券	49
企業管治常規守則	50
董事進行證券交易的標準守則	50

東亞銀行有限公司

2005年度中期報告



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This Letter is important and requires your immediate attention.

If you are in any doubt about the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.



BEA 東亞銀行

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

Executive Directors:

Dr. The Hon. Sir David LI Kwok-po (*Chairman and Chief Executive*)

Mr. Joseph PANG Yuk-wing (*Deputy Chief Executive*)

Mr. CHAN Kay-cheung (*Deputy Chief Executive*)

Registered Office:

10 Des Voeux Road Central
Hong Kong.

Non-executive Directors:

Dr. LI Fook-wo

Dr. The Hon. Simon LI Fook-sean

Mr. Aubrey LI Kwok-sing

Dr. William MONG Man-wai

Tan Sri Dr. KHOO Kay-peng

Mr. Richard LI Tzar-kai

Independent Non-executive Directors:

Mr. WONG Chung-hin

Dr. LEE Shau-kee

Dr. Allan WONG Chi-yun

Mr. Winston LO Yau-lai

Mr. Thomas KWOK Ping-kwong

Mr. TAN Man-kou

Mr. Kenneth LO Chin-ming

Dear Shareholder,

24th August, 2005

2005 INTERIM SCRIP DIVIDEND SCHEME

1. Particulars of the Scrip Dividend Scheme

On 3rd August, 2005 your Directors declared an interim dividend of HK\$0.33 per share for the six months ended 30th June, 2005 in cash and that any shareholder entitled to receive such dividend would be given the option to elect to receive new, fully paid shares in lieu of cash ("Scrip Dividend Scheme"). The dividend will be paid on or about Friday, 16th September, 2005 to shareholders whose names were on the Register of Members at the close of business on Wednesday, 24th August, 2005. The last date on which transfers were accepted for registration for participation in the Scrip Dividend Scheme was 19th August, 2005.

Shareholders thus have the choice of receiving:

- (a) cash of HK\$0.33 in respect of each share; or
- (b) an allotment of shares of HK\$2.50 each credited as fully paid ("New Shares") having a market value (as set out below) equal to the amount of dividend which shareholders could elect to receive in cash; or
- (c) partly cash and partly New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of the New Shares means the average closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the existing shares of the Bank from Monday, 29th August, 2005 to Friday, 2nd September, 2005. The exact number of New Shares to which a shareholder electing to receive New Shares in lieu of cash will be entitled may only be determined after the close of business on 2nd September, 2005. The basis of allotment of the New Shares will be published in the press on Monday, 5th September, 2005.

香港聯合交易所有限公司對本函的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本函全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

此乃要件 請即處理

如閣下對應採取的行動有任何疑問，應立即請教閣下的股票經紀或其他註冊證券商、銀行經理、律師、會計師或其他專業顧問。



BEA 東亞銀行

東亞銀行有限公司

(1918年在香港註冊成立之有限公司)

(股份代號:23)

執行董事：

李國寶爵士 (主席兼行政總裁)

彭玉榮先生 (副行政總裁)

陳棋昌先生 (副行政總裁)

註冊辦事處：

香港

德輔道中10號

非執行董事：

李福和博士

李福善博士

李國星先生

蒙民偉博士

丹斯里邱繼炳博士

李澤楷先生

獨立非執行董事：

黃頌顯先生

李兆基博士

黃子欣博士

羅友禮先生

郭炳江先生

陳文裘先生

駱錦明先生

敬啟者：

2005年度中期以股代息計劃

一、股息派發詳情

本銀行董事會於2005年8月3日宣布派發截至2005年6月30日止6個月的中期股息每股港幣3角3仙，惟股東可選擇收取已繳足股款的新發行股份以代替現金股息(「以股代息計劃」)。是項股息將約於2005年9月16日星期五派發予2005年8月24日星期三辦公時間結束時已登記在股東名冊上的股東。參與是次以股代息計劃的最後接受辦理股份過戶登記日期為2005年8月19日。

股東因此可選擇收取下列任何一項：

(甲) 每股港幣3角3仙現金；或

(乙) 每股面值港幣2.50元的已繳足股份(「新股」)。新股的市值(見下文)相等於股東所能選擇收取的現金股息；或

(丙) 部分現金及部分新股。

在計算股東所應獲發給的新股數目時，新股的市值將按本銀行現有股份在香港聯合交易所有限公司(「聯交所」)於2005年8月29日星期一至9月2日星期五的平均收市價計算。因此，凡選擇收取新股以代替現金的股東所應獲發給的新股數目須待2005年9月2日聯交所收市後方能確定。發給新股的計算基準將於2005年9月5日星期一在報章公布。



THE BANK OF EAST ASIA, LIMITED 東亞銀行有限公司 (Stock Code: 23)
2005 INTERIM SCRIP DIVIDEND SCHEME - FORM OF ELECTION
 2005 年度中期以股代息計劃 - 選擇表格

IF YOU WISH TO RECEIVE SHARES IN LIEU OF THE CASH DIVIDEND EITHER IN WHOLE OR IN PART YOU MUST COMPLETE THIS FORM AND RETURN IT TO REACH THE SHARE REGISTRAR OF THE BANK, STANDARD REGISTRARS LIMITED, G/F BANK OF EAST ASIA HARBOUR VIEW CENTRE, 56 GLOUCESTER ROAD, WANCHAI, HONG KONG BEFORE THE DEADLINE AS SPECIFIED IN BOX A BELOW.

如擬就派發之現金股息選擇全部或部分收取股份，則最遲須於下列甲欄內所示之截止日期前將表格填妥交回並送達本銀行之股份登記處，標準證券登記有限公司，地址為香港灣仔告士打道 56 號東亞銀行港灣中心地下。

IF YOU WISH TO RECEIVE CASH DIVIDEND IN WHOLE FOR THE CURRENT DIVIDEND, YOU NEED NOT COMPLETE THIS FORM. HOWEVER, IF YOU WISH TO RECEIVE ONLY CASH IN RESPECT OF ALL FUTURE DIVIDENDS, PLEASE SIGN THE NOTICE ON THE REVERSE OF THIS FORM.

如欲以全部現金收取是期股息，無須填寫本表格。不過，如有意就日後獲派發之股息全部收取現金，請填寫及簽署本表格背後之通知。

BOX A 甲欄	DEADLINE TO RETURN THIS FORM (RECEIVED BY THE REGISTRAR) 交回此表格截止日期 (以送達股份登記處為準)	4:00 P.M., THURSDAY, 8TH SEPTEMBER, 2005 2005 年 9 月 8 日星期四下午 4 時
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BOX B 乙欄	NAME(S) AND ADDRESS OF SHAREHOLDER(S) 股東姓名及地址
--------------------	--

SPECIMEN

BOX C 丙欄	NUMBER OF REGISTERED SHARES AS AT 24TH AUGUST, 2005 於 2005 年 8 月 24 日登記持有之股數
--------------------	---

ELECTION FOR SHARES (ONLY FOR THE 2005 INTERIM DIVIDEND OF HK\$0.33 PER SHARE)
 選擇收取股份 (只就每股港幣 3 角 3 仙之 2005 年度中期股息作出選擇)

IF YOU ELECT TO RECEIVE SHARES IN LIEU OF THE CASH DIVIDEND IN WHOLE OR IN PART OF YOUR REGISTERED SHARES, INSERT IN BOX D THE NUMBER OF YOUR REGISTERED SHARES IN RESPECT OF WHICH YOU ELECT TO RECEIVE SHARES. 如擬就名下登記持有股數之全部或部分選擇收取股份以代替現金股息，請在丁欄內填上該已登記之股數。

BOX D 丁欄	NUMBER OF REGISTERED SHARES FOR WHICH DIVIDEND TO BE PAID IN SHARES 選擇以股代息之已登記股數
--------------------	---

NOTE : IF YOU SIGN THIS FORM BUT DO NOT SPECIFY THE NUMBER OF SHARES IN RESPECT OF WHICH YOU WISH TO RECEIVE SHARES IN LIEU OF CASH OR IF YOU ELECT TO RECEIVE SHARES IN LIEU OF CASH IN RESPECT OF A GREATER NUMBER OF SHARES THAN YOUR REGISTERED HOLDING THEN IN EITHER CASE YOU WILL BE DEEMED TO HAVE EXERCISED YOUR ELECTION IN RESPECT OF ALL THE SHARES REGISTERED IN YOUR NAME.

附註：如閣下簽署此表格，但未註明意欲收取股份以代替現金股息之股數，或選擇收取股份以代替現金股息之股數，比登記在下者為多，在此任何一種情況下，閣下將被視作已選擇名下全部股份收取股份代替現金股息。

PERMANENT ELECTION TO RECEIVE SHARES IN LIEU OF CASH DIVIDEND (FROM 2005 INTERIM DIVIDEND ONWARDS)
 選擇長期收取股份代替現金股息 (由 2005 年度中期息開始)

ENTER A TICK (✓) IN BOX E IF YOU WISH TO RECEIVE, IN RESPECT OF ALL REGISTERED SHARES, SHARES INSTEAD OF CASH IN RESPECT OF THE CURRENT AND FUTURE DIVIDENDS WHICH ARE DECLARED IN CASH WITH AN OPTION TO ELECT FOR SHARES. A PERMANENT ELECTION CANNOT BE MADE IN RESPECT OF PART OF YOUR REGISTERED SHARES.

COMPLETION OF BOX E BELOW WILL AUTOMATICALLY INVALIDATE ANY ENTRY IN BOX D.
 一旦填寫戊欄後，丁欄所填一切即告失效。

閣下如擬就是期股息及日後獲派發之股息，在可選擇收取股份以代替現金股息時，就名下所有股份全部收取以股代息，即請在戊欄內加上 (✓) 號。
 閣下不得將名下部分股份選擇長期收取股份代替現金。

BOX E 戊欄	PERMANENT ELECTION FOR SHARES 選擇長期收取股份
--------------------	---

TO THE BANK OF EAST ASIA, LIMITED 致東亞銀行有限公司：

I/WE, THE UNDERSIGNED AND ABOVE-NAMED SHAREHOLDER(S), GIVE NOTICE OF ELECTION TO RECEIVE SHARES IN LIEU OF CASH IN RESPECT OF THE DIVIDENDS PAYABLE ON THE SHARES REGISTERED IN MY/OUR NAME(S) IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ABOVE.

本人/吾人為下面簽署及上列之股東，茲通知本人/吾人名下之股份所應獲派發之股息，將根據以上所作指示，收取股份以代替現金股息。

(1) _____ (2) _____ (3) _____ (4) _____

SIGNATURE(S) OF SHAREHOLDER(S) 股東簽署

DATE 日期 _____

TEL. NO 電話號碼	_____
-----------------	-------

NOTE : (i) IN THE CASE OF JOINT HOLDERS, ALL MUST SIGN. (ii) IN THE CASE OF A CORPORATION, THIS FORM SHOULD BE SIGNED BY AN AUTHORISED PERSON.

附註：(一) 所有聯名持有人均須簽署。(二) 股東如屬有限公司，則表格須由正式授權人簽署。

NO ACKNOWLEDGEMENT OF RECEIPT OF THIS FORM WILL BE ISSUED.

本銀行不會就收到本表格一事發給收據。

CERTIFICATE(S) AND/OR DIVIDEND WARRANT FOR THE ENTITLEMENT WILL BE SENT BY ORDINARY MAIL TO THE SHAREHOLDER(S) AT HIS/THEIR RISK TO THE ADDRESS AS SHOWN ABOVE. CASH DIVIDEND WILL BE PAID IN ACCORDANCE WITH STANDING INSTRUCTIONS (IF ANY).

應得之股票及/或股息單將以平郵按上列地址寄予股東，如有郵誤，由收件股東自行負責。倘股東已於事前發出股息處理指示，則現金股息將會遵照辦理。

DATE ON WHICH THE CERTIFICATE(S) AND/OR DIVIDEND WARRANT WILL BE SENT 股票及/或股息單寄發日期	FRIDAY, 16TH SEPTEMBER, 2005 2005 年 9 月 16 日星期五
---	--

PERMANENT RECEIPT OF CASH DIVIDEND
長期收取現金股息

I/WE, THE UNDERSIGNED AND ABOVE-NAMED SHAREHOLDER(S), HEREBY GIVE NOTICE THAT I/WE WISH TO RECEIVE ALL FUTURE DIVIDENDS IN CASH IN RESPECT OF ALL MY/OUR REGISTERED SHARES. I/WE DO NOT INTEND TO ELECT TO RECEIVE SHARES IN LIEU OF CASH IN RESPECT OF ALL FUTURE DIVIDENDS WHICH ARE DECLARED IN CASH WITH AN OPTION TO ELECT FOR SHARES FOR ALL MY/OUR REGISTERED SHARES. I/WE REQUEST THE BANK NOT TO SEND ANY FORM OF ELECTION UNTIL MY/OUR FURTHER NOTICE IN WRITING AND ACCORDINGLY WAIVE ANY RIGHTS IN THAT RESPECT UNDER THE ARTICLES OF ASSOCIATION OF THE BANK.

本人／吾人為下面簽署及上列之股東，茲通知 貴銀行，本人／吾人欲就名下登記之股份日後所獲派發之股息，全部收取現金。本人／吾人無意就名下登記之股份選擇收取股份以代替現金股息。同時要求 貴銀行無須再寄予有關之選擇表格，直至本人／吾人之書面通知為止，亦即放棄根據公司組織章程細則股東應獲寄予選擇表格之權利。

NOTE : THIS REQUEST CAN BE REVOKED AT ANY TIME BY NOTICE IN WRITING TO THE SHARE REGISTRAR OF THE BANK, SUCH REVOCATION NOTICE IS ONLY APPLICABLE TO THOSE DIVIDENDS DECLARED OR PAID AFTER SUCH NOTICE IS RECEIVED BY THE REGISTRAR.

附註 : 本指示可隨時由股東向本銀行股份登記處發出書面通知予以撤消，撤消通知僅適用於自股份登記處收到該通知以後所宣布派發或支付之股息。

(1) _____ (2) _____ (3) _____ (4) _____

SIGNATURE(S) OF SHAREHOLDER(S) 股東簽署

DATE 日期 -----

TEL. NO. 電話號碼	
------------------	--

NOTE : (i) IN THE CASE OF JOINT HOLDERS, ALL MUST SIGN.

(ii) IN THE CASE OF A CORPORATION, THIS FORM SHOULD BE SIGNED BY AN AUTHORISED PERSON.

附註 : (一) 所有聯名持有人均須簽署。

(二) 股東如屬有限公司，則表格須由正式授權人簽署。



Return of Allotments

公司註冊處
Companies Registry

(公司條例第 45(1)條)
(Companies Ordinance s. 45(1))

表格
Form **SC1**

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

255

1 公司名稱 Company Name

The Bank of East Asia, Limited 東亞銀行有限公司

(註 Note 7) 2 分配股份的日期或始末日期 Date or Period during which Shares were Allotted

由 From

03 08 2005

日 DD 月 MM 年 YYYY

至 To

29 08 2005

日 DD 月 MM 年 YYYY

3 本次股份分配的總款額 Totals of this Allotment

(註 Note 8)

已繳及應繳的總面額
Total Nominal Amount Paid and Payable

已繳及應繳的溢價總額 [第5A(a) + 5B(a)項]
Total Premium Amount Paid and Payable [Sections 5A(a) + 5B(a)]

貨幣單位
Currency

款額
Amount

HK\$	912,500.00
HK\$	5,222,550.00

4 公司自成立為法團當日起計，累積的已繳股款總額(包括本次分配但不包括溢價)

Cumulative Total of Paid-up Share Capital of the Company since Incorporation (Including this Allotment but Excluding Premium)

貨幣單位
Currency

款額
Amount

HK\$	3,758,777,797.50

(註 Note 3) 提交人的資料 Presentor's Reference

姓名 Name: Secretarial Department

地址 Address: 20/F., The Bank of East Asia Building,
10 Des Voeux Road Central, Hong Kong

電話 Tel: 3608 5066 傳真 Fax: 3608 6173

電郵地址 E-mail Address: bea_sec@hkbea.com

檔號 Reference: (IGSA)

指明編號 2/2004 (修訂) (2004年2月)
Specification No. 2/2004 (Revision) (Feb. 2004)

請勿填寫本欄 For Official Use

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5 本次股份分配的詳情 Details of this Allotment

A. 現金支付的分配股份 Shares Allotted for Cash

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股已繳及應繳的款額 (包括溢價) Amount Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	已繳及應繳 的溢價總款額 <i>Total Premium Paid and Payable</i> (a)
			已繳付 Paid	應繳付 Payable		
Ordinary	-35,000-	HK\$2.50	HK\$15.80	Nil	HK\$13.30	HK\$465,500.00
Ordinary	-205,000-	HK\$2.50	HK\$14.90	Nil	HK\$12.40	HK\$2,542,000.00
Ordinary	-65,000-	HK\$2.50	HK\$23.23	Nil	HK\$20.73	HK\$1,347,450.00
Ordinary	-60,000-	HK\$2.50	HK\$16.96	Nil	HK\$14.46	HK\$867,600.00

(註 Note 9) B. 非現金支付的分配股份 Shares Allotted otherwise than in Cash

股份類別 Class of Shares	獲分配的 股份數目 Number of Shares Allotted	每股的面值 Nominal Value of <i>Each Share</i>	每股被視作已繳 及應繳的款額 (包括溢價) Amount Treated as Paid and Payable on <i>Each Share</i> (Including Premium)		每股的溢價 款額 Premium on <i>Each Share</i>	被視作已繳及應繳 的溢價總款額 <i>Total Premium Treated as Paid and Payable</i> (a)
			已繳付 Paid	應繳付 Payable		

(註 Note 10)

分配上述(B)項股份的代價

Consideration for which the Shares in (B) have been Allotted

N/A

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BEA 東亞銀行

The Bank of East Asia, Limited

(Incorporated in Hong Kong with limited liability in 1918)

(Stock Code: 23)

2005 INTERIM SCRIP DIVIDEND SCHEME

The scrip entitlements under the 2005 Interim Scrip Dividend would be calculated by reference to the average of the closing prices on The Stock Exchange of Hong Kong Limited of the existing shares of the Bank from Monday, 29th August, 2005 to Friday, 2nd September, 2005 (both days inclusive) which was HK\$22.80.

In our circular letter to shareholders of The Bank of East Asia, Limited (the "Bank") dated 24th August, 2005, it was announced that the Directors had declared an interim dividend for the six months ended 30th June, 2005 in cash at HK\$0.33 per share; and that any shareholder entitled to receive such dividend would be given the option to elect to receive new, fully paid ordinary shares in lieu of cash. The scrip entitlements would be calculated by reference to the average of the closing prices on The Stock Exchange of Hong Kong Limited of the existing shares of the Bank from Monday, 29th August, 2005 to Friday, 2nd September, 2005 (both days inclusive) which was HK\$22.80. Accordingly, the number of new shares which shareholders will receive in respect of their existing shares for which forms containing an election to receive shares in lieu of cash will have been lodged with the share registrar of the Bank by 4:00 p.m. on Thursday, 8th September, 2005 will be calculated as follows:

$$\begin{array}{r} \text{Number of new shares} \\ \text{to be received} \end{array} = \begin{array}{r} \text{Number of shares} \\ \text{elected for scrip} \end{array} \times \frac{0.33}{22.80}$$

The number of new shares to be received will be rounded down to the nearest whole number of new shares. Fractional entitlements to new shares will be disregarded and the benefit thereof will accrue to the Bank. The new shares will, on issue, not be entitled to the interim dividend in respect of the six months ended 30th June, 2005, but will rank pari passu in all other respects with the existing shares of the Bank.

Certificates for the new shares and dividend warrants in respect of the interim dividend will be despatched to shareholders by ordinary mail at their own risk on Friday, 16th September, 2005.

For and on behalf of
The Bank of East Asia, Limited
Molly HO Kam-lan
Company Secretary

Hong Kong, 2nd September, 2005.

As at the date of this announcement, the Executive Directors of the Bank are Dr. The Hon. Sir David LI Kwok-po (Chairman and Chief Executive), Mr. Joseph PANG Yuk-wing (Deputy Chief Executive) and Mr. CHAN Kay-cheung (Deputy Chief Executive); Non-executive Directors of the Bank are Dr. LI Fook-wo; Dr. The Hon. Simon LI Fook-sean, Mr. Aubrey LI Kwok-sing, Dr. William MONG Man-wai, Tan Sri Dr. KHOO Kay-peng and Mr. Richard LI Tzar-kai; and Independent Non-executive Directors are Mr. WONG Chung-hin, Dr. LEE Shau-kee, Dr. Allan WONG Chi-yun, Mr. Winston LO Yau-lai, Mr. Thomas KWOK Ping-kwong, Mr. TAN Man-kou and Mr. Kenneth LO Chin-ming.



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The Bank of East Asia, Limited
(Incorporated in Hong Kong with limited liability in 1918)
(Stock Code: 23)

ANNOUNCEMENT OF 2005 INTERIM RESULTS

INTERIM RESULTS

The Directors of The Bank of East Asia, Limited ("BEA") are pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the six months ended 30th June, 2005. The interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Statement of Auditing Standards 700. Engagements to review interim financial reports, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

A. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated	6 months ended 31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
Interest income	3,440,317	2,708,187	2,973,893
Interest expense	(1,724,673)	(905,425)	(1,149,080)
Net interest income	1,715,644	1,802,762	1,824,813
Fee and commission income	770,975	775,259	731,345
Fee and commission expense	(107,948)	(193,763)	(164,600)
Net trading profit	210,249	107,784	257,587
Other operating income	164,515	136,658	163,020
Operating income	2,753,435	2,623,700	2,872,165
Operating expenses	(1,410,489)	(1,314,209)	(1,447,971)
Operating profit before impairment allowances/provisions	1,342,945	1,309,491	1,424,194
Charge for bad and doubtful debts	-	-	(129,711)
Release of impairment losses and impairment allowances for impaired assets (other than the impairment allowances on held-to-maturity securities and available-for-sale securities)	24,314	-	-
Operating profit after impairment allowances/provisions	1,367,260	1,166,395	1,294,483
Net profit on disposal of fixed assets	35,260	6,575	8,694
Revaluation surplus on investment properties	-	-	227,941
(Charge)/write back of impairment loss on bank premises	(953)	-	18,538
Net (loss)/profit on disposal of held-to-maturity debt securities, investment securities and associates	(23)	46	13,712
Net profit on disposal of available-for-sale securities	6,504	-	-
Provision on held-to-maturity debt securities, investment securities and associates	-	(12,438)	(6,144)
Impairment allowances on held-to-maturity securities, available-for-sale securities and associates	(8,325)	-	-
Share of profits less losses of associates	(4,199)	8,172	55,204
Profit for the period before taxation	1,395,624	1,168,750	1,613,398
Income tax	-	-	-
Current tax	-	-	-
- Hong Kong	(169,393)	(166,567)	(130,805)
- Overseas	(59,377)	(27,380)	(1,805)
Deferred tax	34,541	12,026	(99,790)
Associates	1,437	11,160	(6,541)
Profit for the period after taxation	1,202,832	997,989	1,374,487
Attributable to			
- Equity holders of the Group	1,182,965	986,109	1,361,601
- Minority interests	19,867	11,880	12,886
Profit after taxation	1,202,832	997,989	1,374,487
Profit for the Bank	1,117,827	833,110	1,207,525
Proposed dividends	495,997	414,252	1,193,399
Per share			
- Basic earnings	HK\$0.79	HK\$0.67	HK\$0.92
- Diluted earnings*	HK\$0.79	HK\$0.67	HK\$0.91
- Dividends	HK\$0.33	HK\$0.28	HK\$0.80

B. CONSOLIDATED BALANCE SHEET

	30/6/2005	30/6/2004 Restated	31/12/2004 Restated
	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Cash and short-term funds	33,020,537	36,749,106	39,877,738
Placements with banks and other financial institutions maturing between one and twelve months	5,768,067	12,198,154	9,832,258
Trade bills	1,597,825	751,361	1,400,138
Certificates of deposit held	2,615,050	2,410,242	2,446,947
Other investments in securities	-	9,277,648	8,563,367
Securities measured at fair value through profit or loss	10,953,925	-	-
- Trading	753,951	-	-
- Designated at inception	10,179,984	-	-
Advances and other accounts	134,203,693	110,089,402	122,949,653
Revaluation gain on derivatives	387,046	-	-
Held-to-maturity debt securities	114,533,315	15,360,498	16,096,084
Investment securities	-	-	236,373
Available-for-sale securities	3,643,548	-	725,963
Investments in associates	753,998	692,085	2,448,156
Goodwill	2,455,056	2,298,113	2,448,156
Deferred tax assets	73,811	73,173	95,119
Fixed assets	5,275,474	4,104,426	5,697,750
Total Assets	212,791,361	194,246,867	210,385,546
EQUITY AND LIABILITIES			
Deposits and balances of banks and other financial institutions	11,561,196	7,621,135	9,571,657
Deposits from customers	160,461,840	153,727,601	163,737,605
- Demand deposits and current accounts	11,883,561	10,905,376	11,919,118
- Saving deposits	39,043,421	44,535,957	48,739,729
- Time, call and notice deposits	109,534,858	98,286,268	103,088,818
Certificates of deposit issued	6,519,136	2,350,228	4,178,623
- At fair value through profit or loss	2,823,481	2,350,228	4,178,623
- At amortised cost	3,695,655	-	-
Current taxation	303,377	312,748	179,369
Other accounts and provisions	5,311,479	4,894,307	5,843,048
Revaluation loss on derivatives	389,548	-	-
Deferred tax liabilities	678,241	605,237	729,296
Total Liabilities	185,224,814	169,511,256	184,239,626
Loan capital measured at fair value through profit or loss	4,360,609	4,282,700	4,271,124
Share capital	3,757,553	3,698,675	3,729,996
Reserves	18,759,472	16,720,030	17,965,143
Total equity attributable to equity holders of the Group	22,517,025	20,418,705	21,693,139
Minority interests	188,913	34,206	165,555
Total Equity	22,705,938	20,452,911	21,858,794
Total Equity and Liabilities	212,791,361	194,246,867	210,385,546

C. CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	6 months ended 30/6/2005	6 months ended 30/6/2004 Restated
	HK\$'000	HK\$'000
Balance as at 1st January	-	-
- As previously reported	21,727,481	20,111,256
- Minority interests (as previously presented separately from liabilities and equity as at 31st December)	165,655	24,418
- Prior period adjustments arising from change in accounting policies	(34,342)	-
- As restated, before opening balance adjustments	21,858,794	20,135,674
- Opening balance adjustments arising from change in accounting policies	595,788	-
- As restated, after prior period and opening balance adjustments	22,454,582	20,135,674
Release of net deferred tax liabilities in revaluation reserve on bank premises	2,530	2,497
Acquisition/increase in shareholding of a subsidiary with minority interests	3,409	(2,092)
Capital reserve on share-based transactions	17,361	14,222
Changes in fair value of available-for-sale securities	(9,548)	-
Exchange and other adjustments	895	(17,833)
Net profit/(loss) not recognised in the profit and loss account	14,647	(3,206)
Net profit for the period	1,202,832	1,000,371
- Attributable to equity holders of the Group (as previously reported)	-	-
- Minority interests (as previously presented separately in the consolidated profit and loss account)	-	11,880
- Prior period adjustments arising from change in accounting policies	-	(14,222)
- As restated	-	997,989
Dividends paid during the period	(1,195,300)	(910,707)
Movements in shareholders' equity arising from capital transactions with equity holders of the Group:		
Shares issued under Staff Share Option Schemes	49,459	32,108
Shares issued in lieu of dividends	179,700	151,122
Capital fee	(42)	(69)
	229,117	233,161
Balance as at 30th June	22,705,938	20,452,911

D. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30/6/2005	6 months ended 30/6/2004
	HK\$'000	HK\$'000
Cash used in/generated from operations	(8,735,522)	7,853,158
Tax paid	(100,749)	(25,169)
Net cash (used in)/generated from operating activities	(8,840,271)	7,827,989
Net cash generated from/used in investing activities	321,057	(136,282)
Net cash generated from/used in financing activities	1,114,381	(4,065,190)
Net (decrease)/increase in cash and cash equivalents	(7,404,833)	3,627,917
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	41,204,335	33,890,538
CASH AND CASH EQUIVALENTS AT 30TH JUNE	33,799,502	37,518,455
Cash flows from operating activities included:		
Interest received	3,784,245	2,682,846
Interest paid	1,425,819	878,235

Notes:

- The financial information set out in this interim report does not constitute the Group's statutory accounts for the year ended 31st December, 2004 but there is no material change as compared to those accounts, except for prior period adjustments made due to changes in accounting policies, for the six months ended 30th June, 2005. The statutory accounts for the year ended 31st December, 2004 are available from the Bank's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 3rd February, 2005.
- The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2004 annual accounts except for the changes in accounting policies made (hereafter in adopting certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") issued by the HKICPA which are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in Note 4.
- Summary of the effect of changes in the accounting policies:
 - Effect on opening balance of total equity at 1st January, 2005 (as adjusted)
The following table sets out the adjustments that have been made to the opening balances as at 1st January, 2005. These are the aggregate effect of retrospective adjustments to the net assets as at 31st December, 2004 and the opening balance adjustments made as at 1st January, 2005.

	Retained profits	Capital and other reserves	Total
	HK\$'000	HK\$'000	HK\$'000
Effect of new policy (increase/decrease)			
Prior period adjustments:			
HKFRS 2			
Equity settled share-based transactions	(41,749)	41,749	-
HK(SIC) interpretation 2			
Deferred tax on movements in the value of investment properties	(34,342)	-	(34,342)
	(76,091)	41,749	(34,342)
Opening balance adjustments:			
HKAS 39			
Available-for-sale securities	(265,398)	265,398	-
Securities measured at fair value through profit and loss	100,054	-	100,054
Derivatives	(10,131)	-	(10,131)
Issued debts	(179,381)	-	(179,381)
Impairment allowance - individual	20,617	-	20,617
Impairment allowance - collective	723,500	-	723,500
Impaired loan interest	46,542	-	46,542
Deferred tax on impairment allowance - collective	(105,473)	-	(105,473)
	330,390	265,398	595,788
Total effect as at 1st January, 2005	254,299	307,147	561,446

BEA 東亞銀行

P.2

(b) Effect on profit after taxation for the six months ended 30th June, 2005 (estimated) in respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in the period, where it is practicable to make such estimates.

	6 months ended 30/6/2005
Effect of new policy (increase/decrease):	
HKFRS 2	
Equity settled share-based transactions	(17,361)
HKFRS 3	
Amortisation of goodwill	76,105
HK(SIC) Interpretation 21	
Deferred tax on movements in the value of investment properties	17,573
HKAS 39	
Available-for-sale securities	9,153
Securities measured at fair value through profit or loss	(27,171)
Derivatives	569
Issued debts	83,088
Impairment allowance - individual	36,047
Impairment allowance - collective	152,947
Impaired loan interest	28,713
Deferred tax on impairment allowance - collective	(14,620)
Others	(1962)
	269,619
Total effect for the period	345,946
Effect on earnings per share:	
- Basic	HK\$0.23
- Diluted	HK\$0.23

(c) Effect on net fees recognised directly in equity for the six months ended 30th June, 2005 (estimated) in respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the expenses recognised directly in equity are lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

	6 months ended 30/6/2005
Effect of new policy (decrease):	
HKAS 39	
Available-for-sale securities	(9,548)
Total effect for the period	(9,548)

(4) Changes in accounting policies

(a) Staff share option scheme

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the bank. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1st January, 2005, in order to comply with HKFRS 2 "Share-based Payment", the Group recognises the fair value of such share options as an expense in the profit and loss account. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to retained earnings.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

(i) all options granted to employees on or before 7th November, 2002; and

(ii) all options granted to employees after 7th November, 2002 but which had vested before 1st January, 2005.

No adjustments to the opening balances as at 1st January, 2004 are required as no options existed at that time which were unvested at 1st January, 2005.

The amount charged to the profit and loss account as a result of the change of policy increased staff costs for the six months ended 30th June, 2005 by HK\$17,361,000 (six months ended 30th June, 2004: HK\$14,222,000), with the corresponding amounts credited to the capital reserve.

Details of the employee share option scheme can be found in the Group's annual report for the year ended 31st December, 2004.

(b) Investment properties

In prior years the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amount of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1st January, 2005, in accordance with HK(SIC) Interpretation 21 "Income Taxes - Recovery of Realised Nondepreciable Assets", the Group recognises deferred tax on movements in the value of investment properties using tax rates that are applicable to the properties' use, if the Group has no intention to sell them and the properties would have been depreciable had the Group not adopted the fair value model.

HK(SIC) Interpretation 21 has been adopted retrospectively by reducing the opening balance of retained earnings as at 1st January, 2005 by 134,142,000 (1st January, 2004: Nil) and increasing deferred tax liabilities by the same amount.

(c) Financial instruments

In prior years, the accounting policies for certain financial instruments were as follows:

- securities which are intended to be held on a continuing basis, and which are held for a identified long-term purpose were classified as investment securities and stated at cost less provisions for diminution in value;
- other investments in securities are securities which are not classified as held-to-maturity debt securities nor as investment securities, and are stated at fair value with changes in fair value recognised in the profit and loss account; and
- derivative financial instruments entered into by management to hedge risks arising from an underlying asset, liability (or a net position) or a committed future transaction were recognised on equivalent basis to the position on transaction being hedged.

(d) Classification

From 1st January, 2005, the Group has adopted HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" and classified financial instruments under the following categories:

Financial assets measured at fair value through profit or loss

This category comprises financial assets held for trading and those that are designated as fair value through profit or loss at inception. A financial asset is classified as held for trading if it is either acquired principally for the purpose of selling it in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or is a derivative that is not a designated and effective hedging instrument.

This category includes equity investments, derivative instruments with a positive fair value, debt securities and investments in investment funds that excludes those financial assets that do not have a quoted market price and whose fair value cannot be reliably measured.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (i) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading, (2) those that the Group, upon initial recognition, designates as available for sale, or (3) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available for sale.

This category includes assets which are shown on the balance sheet within cash and short-term funds, placements with banks and other financial institutions, trade bills and advances to customers and other accounts.

Securities classified as loans and receivables

Securities classified as loans and receivables typically comprise securities issued by the same customers with whom the Group has a lending relationship to its wholesale banking business. Investment derivatives for credit substitutes are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. Additionally, the yield and maturity terms are generally directly negotiated by the Group with the issuer.

These securities include commercial papers, short term debentures and preference shares issued by the borrower.

Available-for-sale financial assets

This category comprises non-derivative financial assets that are designated at available-for-sale financial assets through profit or loss.

This category includes equity investments, debt securities and investment funds units.

Held-to-maturity investments

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than (1) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available for sale, and (2) those that meet the definition of loans and receivables.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or those designated at fair value through profit or loss at inception. A financial liability is classified in this category if it is incurred principally for the purpose of being repurchased or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-making, or is a derivative that is not a designated and effective hedging instrument.

This category includes derivative liabilities with negative fair values not accounted for as hedging instruments, obligations to deliver financial assets borrowed by a short seller, and financial liabilities that are incurred with an intention to repurchase them in the near term.

Other financial liabilities measured at amortised cost

This category comprises all financial liabilities other than those classified as financial liabilities measured at fair value through profit or loss.

This category includes liabilities presented on the balance sheet within deposits and balances of banks and other financial institutions, deposits from customers, certificate of deposits issued and issued debt.

Initial recognition and measurement

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting, from this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of HKAS 39.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities measured at fair value through profit or loss are expensed immediately.

Subsequent measurement

The subsequent measurement of financial instruments depends upon their classification.

Financial assets measured at fair value through profit or loss

Financial assets under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in the profit and loss account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is included in the profit and loss account.

Loans and receivables

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less provisions for impairment, if any, and are accounted for in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in the investment revaluation reserve.

For monetary securities, exchange differences resulting from changes in amortised cost are recognised in profit and loss account. When the securities are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal and are accounted for in the profit and loss account.

Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less provision for impairment, if any.

Financial liabilities measured at fair value through profit or loss

Financial liabilities under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in the profit and loss account in the period in which they arise. Upon disposal, the difference between the net payments and the carrying value is included in the profit and loss account.

Other financial liabilities

Financial liabilities, other than those measured at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques that provides a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate of the future cash flows and the discount rate used is a market rate of return for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions, receive or pay to terminate the contract at the balance sheet date taking into account current market conditions, determined at the present value of estimated future cash flows, discounted at appropriate market rates on the valuation date, and the fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in other unlisted open-ended investment funds are recorded at the net asset value per share as reported by the managers of such funds.

(b) Impairment and allowances for credit losses

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised in the profit and loss account as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost or a debt instrument classified as available-for-sale decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit and loss account.

The total allowance and provision for credit losses consists of two components: individual impairment allowances and collective impairment allowances. The individual impairment allowance component applies to loans and receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating these cash flows, management makes judgments about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees held by the Group. Each impaired asset is classified on its merits. Collective impairment allowances cover credit losses inherent in portfolios of loans and receivables with similar economic characteristics where there is objective evidence to suggest that collective impairment allowances is not the individual impaired items cannot yet be identified. A composite of loans and receivables and receivables for country risks. In assessing the need for collective impairment allowances, management considers factors such as credit quality, industry and economic condition. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances and provisions the Group makes depends on how well the Group can estimate future cash flows for individually assessed counterparties and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, the Group believes that the loan loss allowances are reasonable and supportable.

All impaired financial assets are reviewed and analysed periodically. Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the allowance for impairment losses and will be charged or credited to the profit and loss account.

(c) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39.

The Group uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(d) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

Interest income is recognised using the effective interest method.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recorded as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

For impaired loans, the actual of interest income based on the original terms of the loan is discontinued, but any increase of the present value of impaired cash due to the passage of time is reported as interest income.

(e) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit and loss account.

(f) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or of a highly probable forecast transaction and the hedge is effective, the gain or loss on the derivative financial instrument in relation to the hedged risk is recognised directly in equity.

(ii) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of an existing asset or liability that will give rise to a gain or loss being recognised in the profit and loss account or reserves.

The hedging instrument is measured at fair value, with fair value changes recognised in the profit and loss account. The carrying amount of the hedged item is adjusted to the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the profit and loss account to offset the effect of the gain or loss on the hedging instrument.

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(f) Amortisation of goodwill in prior periods, positive goodwill which arose on or after 1st January, 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment.

With effect from 1st January, 2005, in accordance with HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1st January, 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the profit and loss account as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated. The cumulative amount of amortisation at 31st January, 2005 has been offset against the cost of the goodwill and its amortisation charge for goodwill has been recognised in the profit and loss account for the six months ended 30th June, 2005. This has increased the Group's profit after tax for the six months ended 30th June, 2005 by HK\$76,105,000.

(g) Minority interests In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the profit and loss account as a deduction before arriving at the profit attributable to shareholders.

With effect from 1st January, 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Group, and minority interests in the results of the Group for the period are presented on the face of the consolidated profit and loss account as an allocation of the total profit for the period between the minority interests and the equity holders of the Group.

The presentation of minority interests in the consolidated balance sheet, profit and loss account and summary statement of changes in equity for the comparative period has been restated accordingly.

(5) The provision for Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the six months ended 30th June, 2005. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(6) (a) The calculation of basic earnings per share is based on earnings of HK\$1,132,965,000 (six months ended 30th June, 2004: HK\$986,109,000) and on the weighted average of 1,497,491,867 (six months ended 30th June, 2004: 1,472,742,693) ordinary shares outstanding during the six months ended 30th June, 2005.

(b) The calculation of diluted earnings per share is based on earnings of HK\$1,132,965,000 (six months ended 30th June, 2004: HK\$986,109,000) and on 1,501,758,918 (six months ended 30th June, 2004: 1,481,210,800) ordinary shares, being weighted average number of ordinary shares outstanding during the six months ended 30th June, 2005, adjusted for the effects of all dilutive potential shares.

E. FEE AND COMMISSION INCOME

Fee and commission income arises from the following services:

	6 months ended 30/6/2005	6 months ended 30/6/2004	6 months ended 31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Corporate services	225,474	183,554	207,708
Loans, overdrafts and guarantees	150,579	221,158	137,680
Credit cards	107,246	98,476	106,192
Other retail banking services	78,051	56,522	55,052
Trade finance	51,414	53,415	63,550
Securities and asset management	88,900	101,928	91,046
Others	69,311	60,206	70,077
Total fee and commission income	770,975	775,259	733,345

F. OPERATING EXPENSES

	6 months ended 30/6/2005	6 months ended 30/6/2004	6 months ended 31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Contributions to defined contribution plan	52,808	51,115	53,363
Salary and other staff costs	722,479	657,014	714,446
Total staff costs	775,287	708,129	766,809
Premises and equipment expenses excluding depreciation			
- Rental of premises	78,912	67,847	74,695
- Maintenance, repairs and others	119,255	102,268	102,900
Total premises and equipment expenses excluding depreciation	198,167	170,115	177,595
Depreciation on fixed assets	119,795	122,483	121,478
Amortisation of goodwill	-	70,478	73,397
Other operating expenses			
- Communications, stationery and printing	85,784	75,604	83,443
- Legal and professional fees	57,405	39,177	49,950
- Advertising expenses	37,451	31,400	56,420
- Card related expenses	35,556	20,253	20,851
- Business promotions and business travel	23,313	22,508	27,611
- Stamp duty, overseas and PRC* business taxes, and value added taxes	22,493	4,790	16,650
- Insurance expenses	6,597	6,373	7,662
- Administration expenses of secretarial business	5,396	3,021	4,138
- Debt securities issue expenses	3,680	4,267	3,533
- Membership fees	2,805	3,058	2,037
- Donations	2,471	1,063	980
- Bank charges	2,135	5,085	2,211
- Bank licence	776	2,313	2,342
- Others	31,368	24,061	30,854
Total other operating expenses	317,240	243,004	308,692
Total operating expenses	1,410,489	1,314,209	1,447,971

* PRC denotes the People's Republic of China.

G. ADVANCES AND OTHER ASSETS

(a) Advances and other accounts	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Advances to customers	128,418,265	105,692,926	117,258,753
Advances to banks and other financial institutions	2,319,294	1,776,263	2,114,655
Notes and bonds	284,429	-	-
Accrued interest	710,704	987,758	1,054,632
Less: Suspended interest	-	(330,752)	(319,779)
Other accounts	3,301,415	3,051,782	4,523,708
Construction in progress	-	602,598	-
	135,034,108	111,791,575	124,631,969
Less: Impairment loss allowances			
- Individual	362,778	-	-
- Collective	467,637	-	-
Less: Provisions for bad and doubtful debts			
- Specific	-	392,321	342,320
- General	-	1,309,852	1,339,996
	134,203,693	110,089,402	122,949,653

(b) Impaired/Non-performing advances to customers Impaired advances to customers are advances which have been classified as "substandard", "doubtful" and "loss" under the Bank's classification of loan quality.

Non-performing advances to customers were advances on which interest was being placed in suspense or on which interest accrual had ceased.

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Gross impaired advances to customers	1,506,108	1,111	-
Gross non-performing advances to customers	-	1,376,091	1,781,365,432
Individual impairment loss allowances	738,045	-	-
Specific provision	-	225,239	206,624
Suspended interest*	-	337,455	380,129

* Inclusive of interest capitalized

There were no impaired advances to banks and other financial institutions as at 30th June, 2005 nor advances on which interest is being placed in suspense or on which interest accrual has ceased as at 30th June, 2004 and 31st December, 2004; nor were there any individual impairment loss allowances and specific provisions made for them on these three respective dates.

H. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Personal banking business includes branch operations, personal Internet banking, consumer finance, property loans and credit card business.

Corporate banking business includes corporate lending and loan syndication, asset based lending, commercial lending, community lending, securities lending, trust services, mandatory provident fund business and corporate internet banking.

Investment banking business includes treasury operations, securities broking and dealing, provision of internet security trading services.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include bancassurance, insurance business, property-related business and wealth management business.

Unallocated items mainly comprise the central management unit, bank premises, and any items which cannot be reasonably allocated to specific business segments.

	6 months ended 30/6/2005						
	Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	696,473	818,748	315,981	50	3,112	(118,680)	-
Other operating income from external customers	240,275	154,014	280,433	227,740	90,232	45,957	-
Inter-segment income	-	-	-	-	-	61,279	(61,319)
Total operating income	936,748	972,762	596,414	227,790	93,344	(12,254)	(61,319)
Operating profit/loss before impairment allowances	382,261	685,145	476,675	104,893	5,586	(291,614)	-
Inter-segment transactions	49,569	5,725	2,174	-	626	(58,994)	-
Impairment losses and impairment allowances for impaired assets	37,982	(20,557)	1,380	(2,750)	2,268	6,067	-
Contribution from operations	448,812	670,277	480,279	122,103	8,480	(343,641)	-
Share of profits less losses of associates	259	11,313	(5,870)	-	(11,584)	1,283	-
Other income and expenses	-	3,934	(6,254)	-	592	35,244	-
Profit/loss before taxation	450,171	685,524	468,105	102,103	(2,512)	(307,767)	-
Income tax	-	-	-	-	-	(192,792)	-
Profit/loss for the period after taxation	450,171	685,524	468,105	102,103	(2,512)	(500,559)	-
Attributable to:							
Equity holders of the Group	450,171	685,524	468,105	82,142	(2,418)	(500,559)	-
Minority interests	-	-	-	19,961	(94)	-	-
Profit/loss attributable to equity holders after charging:							
Depreciation for the period	(41,159)	(22,149)	(9,149)	(2,267)	(2,561)	(40,877)	-

	6 months ended 30/6/2004 (Restated)						
	Personal Banking	Corporate Banking	Investment Banking	Corporate Services	Others	Unallocated	Inter-segment elimination
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net interest income	915,911	615,165	268,194	(10)	25,747	(21,199)	-
Other operating income from external customers	228,462	133,102	172,736	188,298	56,217	47,052	-
Inter-segment income	-	-	-	-	-	54,678	(54,678)
Total operating income	1,144,373	748,267	441,930	182,278	81,964	78,547	(54,678)
Operating profit/loss before provisions	603,305	476,241	233,928	68,162	11,016	(175,171)	-
Inter-segment transactions	46,303	4,080	1,995	-	-	(52,378)	-
(Charge for) write back of bad and doubtful debts	(72,655)	(10,466)	(612)	(2,683)	(121)	3,451	-
Contribution from operations	576,953	469,855	233,221	65,479	10,895	(224,098)	-
Share of profits less losses of associates	415	1,914	11,265	-	(5,260)	(162)	-
Other income and expenses	-	(15,643)	11,552	-	-	(1,826)	-
Profit/loss before taxation	577,368	456,126	255,738	65,479	5,125	(226,086)	-
Income tax	-	-	-	-	-	(170,761)	-
Profit for the period after taxation	577,368	456,126	255,738	65,479	5,125	(226,086)	-
Attributable to:							
Equity holders of the Group	577,368	456,126	255,738	53,773	5,125	(226,086)	-
Minority interests	-	-	-	11,706	-	114	-
Profit/loss attributable to equity holders after charging:							
Depreciation for the period	(44,506)	(23,744)	(8,352)	(3,512)	(3,559)	(38,408)	-
Amortisation of goodwill	(15,429)	(14,462)	(21,232)	(18,456)	(82)	-	-



DEFERRED TAX ASSETS AND LIABILITIES RECOGNISED

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the period are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Leasing partnership transactions	Revaluation of properties	Provisions	Tax losses	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 January, 2005							
- As previously reported	262,859	382,210	192,217	(184,504)	(72,640)	1,653	598,805
- Adjustments arising from change in accounting policies	34,342	-	-	106,110	(537)	-	139,815
- As related	315,211	382,210	192,217	(78,394)	(73,277)	1,653	739,620
Write off against investment	-	(105,960)	-	-	-	-	(105,960)
Charge/(credited) to consolidated profit and loss account	(66,550)	(2,653)	-	11,081	21,281	(3,762)	(34,541)
Credited to reserves	-	-	(2,510)	-	-	-	(2,510)
Exchange and other adjustments	(10)	-	-	50	3,177	3,734	6,941
At 30th June, 2005	254,641	274,497	189,687	(67,261)	(48,815)	1,685	604,434
At 31 January, 2004							
- As previously reported	281,859	555,523	184,346	(171,480)	(67,374)	1,787	784,711
- Adjustments arising from change in accounting policies	-	5,937	-	-	-	-	5,937
- As related	281,859	555,523	184,346	(171,480)	(67,374)	1,787	790,708
Write off against investment	-	(241,208)	-	-	-	-	(241,208)
Charge/(credited) to consolidated profit and loss account	33,235	89,995	-	(12,351)	(5,347)	3,808	87,334
Credited to reserves	-	-	1,241	-	-	-	1,241
Actions through acquisition of subsidiary	117	-	-	-	-	-	117
Exchange and other adjustments	-	-	-	(87)	1,031	(3,942)	(3,978)
At 31st December, 2004	315,211	382,210	192,217	(184,504)	(72,640)	1,653	634,147

RESERVES

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	Restated HK\$'000	Restated HK\$'000
Share premium	653,049	572,304	631,188
General reserve	12,286,962	11,898,218	12,045,266
Revaluation reserve on bank premises	948,095	985,219	1,007,505
Investment reserve	255,914	-	-
Exchange revaluation reserve	29,852	7,103	49,813
Other reserves	157,282	103,775	129,595
Retained profits*	4,418,314	3,153,311	4,059,776
Total	18,259,422	16,720,020	17,963,143
Proposed dividends, not provided for	495,997	414,212	193,599

* The Group complies with Hong Kong Monetary Authority's requirement to maintain minimum impairment allowances in excess of those required under Hong Kong Accounting Standards. As at 30th June, 2005, HK\$362,000,000 was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the Hong Kong Monetary Authority.

CONSOLIDATED CASH FLOW STATEMENT

(a) Purchase of subsidiaries	30/6/2005	30/6/2004
	HK\$'000	HK\$'000
Advances and other accounts less provisions	1,116	-
Fixed assets	1,676	-
Other accounts and provisions	(879)	-
Goodwill arising on consolidation	13,600	-
Total purchase price	15,513	-
Less: Cash and cash equivalents acquired	-	-
Cash flow on acquisition net of cash acquired	15,513	-
(b) Cash and cash equivalents		
	30/6/2005	30/6/2004
	HK\$'000	HK\$'000
(i) Components of cash and cash equivalents in the consolidated cash flow statement		
Cash and balances with banks and other financial institutions	4,335,318	3,460,662
Money at call and short notice	22,289,816	26,819,337
Placements with banks and other financial institutions with original maturity within three months	2,925,811	4,125,288
Treasury bills with original maturity within three months	3,664,650	2,459,839
Certificates of deposit held with original maturity within three months	583,657	653,329
Total	33,799,512	37,518,455
(ii) Reconciliation with the consolidated balance sheet		
Cash and short-term funds	33,020,517	36,749,106
Placements with banks and other financial institutions maturing between one and twelve months	5,768,017	12,198,154
Certificates of deposit held	2,610,516	2,410,042
Amount shown in the consolidated balance sheet	41,401,601	51,357,302
Less: Amounts with an original maturity of beyond three months	(7,604,118)	(13,838,847)
Total	33,799,512	37,518,455

OFF-BALANCE SHEET EXPOSURES

The following is a summary of each significant class of off-balance sheet exposures:

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Contractual amounts of contingent liabilities and commitments			
- Direct credit substitutes	5,104,542	4,600,557	5,375,979
- Transaction-related contingencies	621,610	433,068	486,028
- Trade-related contingencies	2,207,948	2,590,214	2,501,087
- Other commitments with an original maturity of:			
Under 1 year or which are unconditionally cancellable	26,340,478	26,458,577	27,786,425
1 year and over	9,842,342	6,639,362	8,136,611
Others	-	250,447	-
Total	46,116,920	40,972,055	44,286,131
- Aggregate credit risk weighted amount	9,388,216	7,626,483	8,822,955
Notional amounts of derivatives			
- Exchange rate contracts	26,602,854	51,839,411	16,381,808
- Interest rate contracts	26,428,854	16,354,715	16,327,689
- Equity contracts	243,139	801,426	933,975
Total	53,274,847	68,995,552	33,643,472
- Aggregate replacement costs	595,099	1,616,771	1,264,213
- Aggregate credit risk weighted amount	257,749	570,110	399,317

The replacement costs and credit risk weighted amounts of the off-balance sheet exposures do not take into account the effects of bilateral netting arrangements.

STATEMENT OF COMPLIANCE

The Interim Report has fully complied with the guideline set out in the Supervisory Policy Manual "Interim Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority and the revised HKAS 34 "Interim Financial Reporting" issued by the HKICPA in October, 2004.

SUPPLEMENTARY FINANCIAL INFORMATION

CAPITAL ADEQUACY RATIO AND CAPITAL BASE

(a) Capital adequacy ratio	30/6/2005	30/6/2004	31/12/2004
	%	%	%
Unadjusted capital adequacy ratio	15.6	17.7	16.2
Adjusted capital adequacy ratio	15.5	17.5	16.1

The unadjusted capital adequacy ratio is computed on the consolidated basis which comprises the positions of the Bank and its subsidiaries as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance.

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

(b) Capital base after deductions	30/6/2005	30/6/2004	31/12/2004
	Restated HK\$'000	Restated HK\$'000	Restated HK\$'000
Core capital			
Paid up ordinary share capital	3,757,553	3,698,675	3,729,996
Share premium	653,049	572,304	631,188
Reserves	15,874,701	14,748,225	14,961,036
Minority interests	1,198,913	1,346,206	1,165,655
Deduct: Goodwill	(2,455,055)	(2,298,113)	(2,448,156)
Total core capital	18,019,160	16,755,297	17,041,719
Eligible supplementary capital			
Reserves on revaluation of land and interests in land (at 70%)	782,615	689,675	822,725
General provisions for doubtful debts	-	1,308,250	1,336,044
Collective impairment allowances for impaired assets and regulatory reserve	828,250	-	-
Term subordinated debt	4,360,609	4,282,700	4,271,124
Total eligible supplementary capital	5,971,474	6,280,625	6,429,893
Total capital base before deductions	23,990,634	23,035,922	23,471,612
Deductions from total capital base	(874,050)	-	(969,261)
Total capital base after deductions	23,116,584	22,102,121	22,502,351

LIQUIDITY RATIO

	6 months ended 30/6/2005	6 months ended 30/6/2004	The year ended 31/12/2004
	%	%	%
Average liquidity ratio for the period	39.5	43.9	44.4

The average liquidity ratio for the period is the simple average of each calendar month's average liquidity ratio, which is computed on the consolidated basis as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

SEGMENTAL INFORMATION

(a) Advances to customers

(i) By industry sectors

The analysis of gross advances to customers by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority.

	30/6/2005	30/6/2004	31/12/2004
	HK\$'000	HK\$'000	HK\$'000
Loans for use in Hong Kong			
Industrial, commercial and financial			
- Property development	4,779,394	3,899,140	4,398,093
- Property investment	16,433,578	13,167,855	14,536,739
- Financial concerns	1,485,892	1,263,813	1,507,153
- Stockbrokers	176,836	236,667	277,903
- Wholesale and retail trade	1,683,867	1,628,150	1,565,771
- Manufacturing	1,859,708	1,398,981	1,822,971
- Transport and transport equipment	4,198,215	4,771,187	4,507,233
- Others	5,742,204	4,833,360	6,032,366
Sub-total	36,359,794	31,098,363	34,652,221
Individuals			
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,422,812	1,678,114	1,522,173
- Loans for the purchase of other residential properties	37,991,408	33,444,295	34,928,247
- Credit card advances	1,371,012	1,254,594	1,649,200
- Others	3,600,915	3,201,263	3,206,750
Sub-total	44,386,147	39,438,266	41,330,370
Total loans for use in Hong Kong	80,745,941	70,536,629	75,982,591
Trade finance	4,175,030	3,688,881	4,092,162
Loans for use outside Hong Kong	43,497,295	31,467,416	37,184,000
Total advances to customers	128,418,266	105,692,926	117,258,753

(ii) By geographical areas

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30/6/2005	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	93,820,480	456,632
People's Republic of China	15,253,965	120,557
Other Asian Countries	7,129,398	115,168
Others	12,214,423	40,141
Total	128,418,266	742,498

	30/6/2004	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	82,589,385	749,347
People's Republic of China	7,287,547	250,078
Other Asian Countries	5,465,585	15,034
Others	10,150,409	77,815
Total	105,692,926	1,228,274

	31/12/2004	Advances overdue for over three months
	HK\$'000	HK\$'000
Hong Kong	88,598,608	575,894
People's Republic of China	10,911,094	77,426
Other Asian Countries	6,354,111	102,688
Others	11,394,940	83,377
Total	117,258,753	840,385

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(b) Cross-border claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

	30/6/2005			
	Banks and other financial institutions	Public sector entities	Others	Total
People's Republic of China	11,073,787	1,048,312	11,425,950	23,548,049
Asian countries, excluding People's Republic of China	9,213,301	1,282,325	8,010,298	18,506,524
North America	4,450,453	7,796,515	5,348,038	17,593,006
Western Europe	15,532,936	-	2,618,197	18,251,133

	30/6/2004			
	Banks and other financial institutions	Public sector entities	Others	Total
People's Republic of China	7,852,881	1,222,089	5,695,548	14,771,418
Asian countries, excluding People's Republic of China	11,153,832	1,269,974	6,827,439	19,251,245
North America	3,842,104	7,945,36	5,196,675	16,983,915
Western Europe	27,346,735	-	1,962,213	29,309,203

	31/12/2004			
	Banks and other financial institutions	Public sector entities	Others	Total
People's Republic of China	9,413,577	1,458,707	7,962,500	18,834,784
Asian countries, excluding People's Republic of China	10,764,517	1,413,490	7,519,486	19,697,493
North America	5,129,033	7,886,401	5,182,553	18,197,987
Western Europe	26,577,806	-	2,016,679	28,594,740

4. OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS

(a) Overdue and rescheduled advances

	30/6/2005		30/6/2004		31/12/2004	
	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers	HK\$'000	% of total advances to customers
Advances to customer overdue for - 6 months or less but over 3 months	293,895	0.2	350,991	0.4	242,893	0.2
- 1 year or less but over 6 months	124,510	0.1	235,118	0.2	194,645	0.2
- Over 1 year	324,093	0.3	641,165	0.6	402,847	0.3
Rescheduled advances to customers	742,498	0.6	1,229,274	1.2	840,385	0.7
Total overdue and rescheduled advances	1,465,004	1.2	2,456,548	2.4	1,580,560	1.4
Secured overdue advances	496,880	0.4	1,077,170	1.0	660,700	0.6
Unsecured overdue advances	245,618	0.2	151,104	0.2	179,685	0.1
Market value of securities held against secured overdue advances	695,523	-	1,650,331	-	1,122,161	-

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 30th June, 2005, 30th June, 2004 and 31st December, 2004, nor were there any rescheduled advances to banks and other financial institutions on these three dates.

(b) Other overdue and rescheduled assets

	30/06/2005		30/06/2004	
	Accrued interest	Other assets*	Accrued interest	Other assets*
Other assets overdue for - 6 months or less but over 3 months	1,582	-	1,469	41
- 1 year or less but over 6 months	1,220	-	979	408
- Over 1 year	154	-	254	17,626
Rescheduled assets	2,956	-	2,702	18,075
Total other overdue and rescheduled assets	5,912	-	5,405	18,140

	31/12/2004	
	Accrued interest	Other assets*
Other assets overdue for - 6 months or less but over 3 months	1,653	305
- 1 year or less but over 6 months	1,055	614
- Over 1 year	407	19,462
Rescheduled assets	3,125	20,381
Total other overdue and rescheduled assets	6,240	20,762

* Other assets refer to trade bills and receivables.

The amount represents the estimated market value of the repossessed assets as at 30th June, 2005, 30th June, 2004 and 31st December, 2004.

5. CURRENCY CONCENTRATIONS

The net positions or net structural positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies.

	30/6/2005							Total
	USD	CAD	GBP	CNY	JPY*	SGD	Others	
Spot assets	56,256	4,331	4,646	10,305	859	5,184	12,371	93,904
Spot liabilities	(55,290)	(4,431)	(6,527)	(9,427)	(886)	(4,510)	(17,395)	(96,386)
Forward purchases	31,844	623	2,757	-	602	473	5,286	45,385
Forward sales	(23,446)	(436)	(817)	-	(655)	(891)	(4,365)	(40,330)
Net options position	83	(23)	5	-	-	-	(125)	(62)
Net long/short position	(752)	64	54	878	1	248	2	504

	30/6/2004							Total
	USD	CAD	GBP	CNY	JPY*	SGD	Others	
Spot assets	55,838	2,751	4,241	4,834	1,152	4,841	8,247	82,110
Spot liabilities	(49,898)	(4,748)	(6,119)	(4,518)	(502)	(4,583)	(17,477)	(88,108)
Forward purchases	31,773	2,411	2,753	-	1,448	572	23,711	62,168
Forward sales	(38,499)	(314)	(364)	-	(2,001)	(717)	(14,570)	(56,375)
Net options position	5	11	(63)	-	1	-	(91)	2
Net long/short position	(551)	111	5	216	46	8	2	(203)

	31/12/2004							Total
	USD	CAD	GBP	CNY	JPY*	SGD	Others	
Spot assets	45,928	4,375	4,270	7,581	936	5,194	15,466	87,740
Spot liabilities	(52,103)	(4,458)	(6,692)	(7,364)	(820)	(4,583)	(16,957)	(93,207)
Forward purchases	18,257	484	2,727	-	821	706	4,275	27,370
Forward sales	(15,861)	(289)	(370)	-	(816)	(1,116)	(2,880)	(21,334)
Net options position	16	(1)	(1)	-	-	-	3	17
Net long/short position	235	(11)	(64)	217	11	(11)	7	486

* The currency constitutes less than 10% of the total net position in all foreign currencies and is presented for comparative purpose only.

	30/6/2005					Total
	USD	CAD*	CNY	Others	Total	
Net structural position	1,607	240	751	387	2,985	

	30/6/2004					Total
	USD	CAD	CNY	Others	Total	
Net structural position	1,457	220	-	377	2,054	

	31/12/2004					Total
	USD	CAD*	CNY	Others	Total	
Net structural position	1,452	245	564	394	2,655	

* The currency constitutes less than 10% of the total net structural position in all foreign currencies and is presented for comparative purpose only.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.33 (2004: HK\$0.28) per share for the six months ended 30th June, 2005. The interim dividend will be paid in cash with an option to receive new, fully paid shares in lieu of cash, to shareholders whose names appear on the Register of Members at the close of business on Wednesday, 24th August, 2005. Details of the scrip dividend and the election form will be sent to shareholders on or about Wednesday, 24th August, 2005. The scrip dividend scheme is conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the scrip dividend scheme. The dividend warrants and the share certificates for the scrip dividend will be sent to shareholders by ordinary mail on or about Friday, 16th September, 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 22nd August, 2005 to Wednesday, 24th August, 2005. In order to qualify for the above interim dividend, all transfer documents should be lodged for registration with Standard Registrars Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by 4:00 p.m. on Friday, 19th August, 2005.

FINANCIAL REVIEW

Financial Performance
The Hong Kong economy continued to improve in the first half of 2005. GDP grew solidly; domestic consumption held firm; and the unemployment rate fell. One important consequence of the upturn in economic prospects was a sharp decline in the number of negative equity cases. However, the improving economy did little to mute the fierce competition in the Hong Kong banking industry. In fact, the industry was subject to additional pressures as interest rate movements further squeezed net interest margins during the period.

The BEA Group's reported earnings, for the first half of 2005 reflect certain accounting standard changes that have been implemented recently. The Hong Kong Institute of Certified Public Accountants ("HKICPA") announced a number of new or revised Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRS") last year, in preparing the financial statements for the first half of 2005, all applicable HKAS and HKFRS have been adopted. Prior period adjustments have been made to the financial statements for 2004, depending on the individual requirements of the HKAS and HKFRS concerned. The effects of adopting these HKAS and HKFRS on the preparation and presentation of financial statements are summarised in Note 3.

In the first six months of 2005, the BEA Group achieved a profit after tax of HK\$1,203 million, representing an increase of HK\$205 million, or 20.5%, over earnings of HK\$998 million for the corresponding period in 2004. Basic earnings per share were HK\$0.79. The adoption of HKAS 39 had a mild impact on the recognition of interest income and expense. Total operating income increased by 4.9% to HK\$2,753 million.

Total operating expenses increased by 7.3% over the corresponding figure in 2004 to HK\$1,410 million, due to continuing expansion of the Group's activities. The cost to income ratio rose from 50.1% in 2004 to 51.2% in 2005. Operating profit before impairment allowances (previously referred to as the charge for bad and doubtful debts) for the first six months was HK\$1,343 million, an increase of HK\$34 million, or 2.6%, compared to the corresponding period in 2004.

As a result of an improvement in asset quality and the new approaches to assessing loan impairment due to the adoption of HKAS 39, the loan impairment allowance (previously referred to as the charge for bad and doubtful debts) fell by HK\$167 million.

The decrease in loan impairment allowance resulted in an increase in operating profit after impairment allowances of 17.2% to HK\$1,367 million.

During the period, BEA closed one transaction of disposal of a vacant bank premise upon the relocation of operations departments to Millennium City 5 in Kwan Tong. As a result, BEA recorded a profit on disposal of fixed assets of HK\$25 million, an increase of HK\$28 million as compared to the same period in 2004.

In the first six months of 2005, BEA shared pre-tax losses less profits from associates of HK\$4 million.

After taking into account income taxes, profit after taxation was HK\$1,203 million, an increase of 20.5% over the HK\$998 million recorded in the corresponding period in 2004, while profit attributable to equity holders of the Group was HK\$1,183 million, an increase of 20.0%.

Financial Position

As at 30th June, 2005, total consolidated assets of the BEA Group were HK\$212,291 million, representing an increase of 0.9% from HK\$210,370 million at the end of 2004. The held-to-maturity investments decreased by 28.3% to HK\$11,533 million, an increase of HK\$28 million as compared to the same period in 2004. Advances to customers increased by 9.5% to HK\$128,418 million.

Total deposits decreased by 0.6% to HK\$166,981 million, while customer deposits decreased by HK\$3,276 million, or 2.0%, to HK\$160,462 million. Demand deposits and current accounts decreased by a combined HK\$35 million, or 0.3%, to HK\$11,884 million when compared with the balance at year-end 2004. Saving accounts decreased to HK\$39,043 million as at 30th June, 2005, a decrease of 19.9%. Time deposits as at 30th June, 2005 stood at HK\$109,535 million, an increase of 6.3%, when compared with the balance at year-end 2004.



Loan capital as at 30th June, 2005 stood at HK\$4,361 million, an increase of 2.1% when compared with the balance at year-end 2004. Total equity increased by 3.9% from HK\$21,859 million at the end of December 2004, to HK\$22,706 million at the end of June 2005.

In the first half of 2005, BEA issued floating rate certificates of deposit with a face value of HK\$1,500 million, and fixed rate certificates of deposit with a face value totalling HK\$500 million and TW\$525 million. The Bank redeemed certificates of deposit amounting to TW\$6,020 million upon maturity, and repurchased a quantity of its own certificates of deposit amounting to HK\$145 million equivalent.

At the end of June 2005, the face value of the outstanding portfolio of certificates of deposit was HK\$6,602 million, with the carrying amount equal to HK\$6,519 million.

After taking into account all debt instruments issued, the loan-to-deposit ratio was 76.9%, being 7.1% higher than the 69.8% reported at the end of 2004.

Maturity Profile of Debt Issued

As at 30th June, 2005
(All expressed in millions of dollars)

	Currency	Total Face Value	Year of Maturity			
			2005	2006	2007	2008
Floating Rate						
Certificates of Deposit						
Issued in 2004	HKD	1,500	1,500			
Issued in 2005	HKD	1,500				1,500
Fixed Rate						
Certificates of Deposit						
Issued in 2004	HKD	500	500			
Issued in 2005	HKD	500				
Issued in 2005	TWD	2,825	2,825			500
Discounted						
Certificates of Deposit						
Issued in 2002	HKD	314		314		
Issued in 2002	USD	87			87	
Issued in 2003	AUD	51		51		
Issued in 2003	NZD	44		44		
Step Up						
Certificates of Deposit						
Issued in 2003	USD	49				49
Total Debts issued in HKD equivalent		6,602	2,696	352	676	2,378

Risk Management

Risk management is an essential element of banking. The Group has in place a comprehensive risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to allocate capital against those risks. The risk management policies of the Group are reviewed regularly by the Management, and related specialised committees, and recommendations are made by the Risk Management Committee for the approval of the Board of Directors. The internal auditors also perform regular audits on business units to check compliance with policies and procedures. The Group has also established an Investment Committee to plan the Group's investment strategies, and monitor the performance and compliance of investment activities.

(a) **Credit Risk Management**

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from both lending and treasury activities. The Board of Directors has delegated authority to the Credit Committee to oversee management of the Group's credit risk, independent of the business units. The Credit Committee reports to the Board of Directors via the Risk Management Committee, which deals with all risk management related issues of the Bank Group.

The Credit Committee is responsible for all credit risk related issues for the Bank Group, including formulation of credit policies, credit approval and monitoring of asset quality.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty. Concentration risk is monitored by adopting appropriate risk control measures, such as setting limits on large exposures.

In this connection, comprehensive guidelines for management of credit risk have been laid down in the Group's Credit Manual. These guidelines stipulate delegated lending authorities, credit extension criteria, credit monitoring process, 10-grade loan classification system, credit recovery and provisioning policy.

The Group's Credit Manual is regularly reviewed by the Credit Committee to ensure the adequacy of credit risk management policies and systems.

(b) **Liquidity Risk and Market Risk Management**

The Asset and Liability Management Committee is authorised by the Board of Directors to manage the assets and liabilities of the Bank Group. The function of the Asset and Liability Management Committee is to oversee the Group's operations relating to interest rate risk, liquidity risk and market risk.

(1) **Liquidity Risk Management**

Liquidity risk is the risk that the Group cannot meet its current obligations. To manage liquidity risk, the Group has established the liquidity risk management policy, which is approved by the Board of Directors. The Group measures the liquidity of the Group through the statutory liquidity ratio, the loan-to-deposit ratio and the maturity mismatch portfolio.

The Asset and Liability Management Committee closely monitors the liquidity of the Group on a daily basis to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding needs, and that the Group remains in compliance with the statutory liquidity ratio. The Group's average liquidity ratio was 39.5% for the first half of 2005, which was well above the statutory minimum ratio of 25%.

Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected, material cash outflows in the ordinary course of business.

(2) **Market Risk Management**

Market risk is the risk arising from the net effect of changes in market rates and prices on the Group's assets, liabilities and commitments, thus causing profits or losses. Interest rates, foreign exchange rates, equity and commodity prices, among others, are monitored for market risk.

The Group's market risk originates from its trading-book holdings of foreign exchange, debt securities, equities and derivatives, which are measured at fair value, and from its investment and banking activities in financial assets and liabilities, which are valued at amortised cost in the balance sheet.

The Group has established a market risk management policy that incorporates guidelines, procedures and control measures to monitor its market risk exposures.

The Group's derivative instruments trading activities mainly arise from the execution of trade orders from customers and positions taken in order to hedge other elements of the trading books.

Financial derivatives are instruments that derive their value from the performance of underlying assets, interest or currency exchange rates or indices. The Group principally uses financial derivative instruments as investment alternatives or to manage foreign exchange, interest rate or equity risk, and its limited end-user of such instruments. Guidelines on participating in derivatives activities are included in the Group's market risk management policy. The Group's major trading activities in derivative instruments involve exchange-traded NIBOR futures contracts, over-the-counter transacted currency options and equity options.

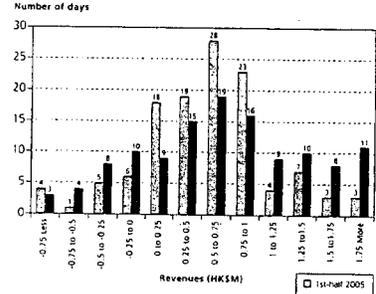
Other over-the-counter transacted foreign exchange forwards, interest rate swaps and option contracts are mainly employed to hedge the interest rate risk and option risk of the banking book.

The Group's various market risk exposures are measured and monitored on the basis of principal for notional amount, outstanding position, stop-loss and options limits, and are controlled within established limits reviewed and approved by the Asset and Liability Management Committee where applicable for each business unit, business type and in aggregate. Independent middle and back offices monitor the risk exposure of trading activities against approved limits on a daily basis. The Group's market risk exposures are reviewed by the Asset and Liability Management Committee and reported to the Board of Directors on a regular basis. Exceptions to limits are reported when they occur.

The Group quantifies the market risk of the underlying trading portfolio by means of value-at-risk ("VaR"). VaR is a statistical estimate that measures the potential losses in market value of a portfolio at a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period. The Group's VaR is calculated using historical movements in market rates and prices, a 99% confidence level and a one-day holding period, and takes into account correlations between different markets and rates.

The VaR for the Group's market risk-related treasury trading portfolio as at 30th June, 2005 was HK\$2.34 million (HK\$2.15 million at 31st December, 2004). The average daily revenue earned from the Group's market risk-related treasury trading activities for the first half of 2005 was HK\$3.53 million (HK\$0.58 million for the first half of 2004). The standard deviation of these daily revenues was HK\$0.77 million (HK\$2.01 million for the first half of 2004).

DAILY DISTRIBUTION OF MARKET RISK-RELATED TREASURY TRADING REVENUES
1st-half 2005 vs 1st-half 2004



An analysis of daily distribution of the Group's market risk-related treasury trading revenues for the first half of 2005 (comparing with the first half of 2004) is provided above. This shows that 16 out of 121 days (2004: 25 out of 122 days) are in loss positions. The most frequent results were daily revenues of between HK\$0.5 million and HK\$0.75 million, with 28 occurrences (2004: HK\$0.50 million to HK\$0.75 million with 19 occurrences). The maximum daily loss was HK\$2.70 million (2004: HK\$19.41 million) and the next maximum daily loss was HK\$2.45 million (2004: HK\$1.31 million). The highest daily revenue was HK\$3.57 million (2004: HK\$4.27 million).

(i) **Foreign exchange exposure**

The Group's foreign exchange risk exposure arises from foreign exchange dealing, commercial banking operations and structural foreign currency positions. All foreign exchange positions are managed by the Treasury units of the Group within limits approved by the Asset and Liability Management Committee.

The VaR related to foreign exchange dealing positions at 30th June, 2005 was HK\$0.84 million (HK\$0.91 million at 31st December, 2004). The average daily foreign exchange dealing profit for the first half of 2005 was HK\$0.55 million (HK\$0.74 million for the first half of 2004).

Foreign exchange positions which arise mainly from foreign currency investments in the Group's branches, subsidiaries and associates are excluded from VaR measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuation.

(ii) **Interest rate exposure**

The Group's interest rate exposure arises from treasury and commercial banking activities, where interest rate risk is inherent in both trading and non-trading portfolios. All trading positions are managed by the Treasury units of the Group within limits approved by the Asset and Liability Management Committee. For the non-trading portfolio, interest rate risk primarily arises from the timing differences in the pricing of interest-bearing assets, liabilities and commitments and the maturities of certain fixed rate assets and liabilities. The interest rate risk of the non-trading portfolio is also monitored by the Group's Asset and Liability Management Committee.

The VaR related to interest rate exposure due to debt securities and derivatives trading positions, excluding foreign exchange forwards and options, at 30th June, 2005 was HK\$1.57 million (HK\$1.76 million at 31st December, 2004). The average daily loss due to these activities for the first half of 2005 was HK\$0.02 million (daily loss HK\$0.16 million for the first half of 2004).

(iii) **Equities exposure**

The Group's equities exposure mainly comprises trading equities and long-term equities investments. The Group's Investment Committee regularly reviews and monitors equities dealing activities. The VaR on equities trading positions at 30th June, 2005 was HK\$3.72 million (HK\$4.66 million at 31st December, 2004).

(c) **Operational Risk Management**

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Board of Directors has designated the Operational and Other Risks Management Committee to oversee the management of operational risk of the Bank Group.

The Group has adopted a risk-based operational risk management approach so as to focus on areas that are more vulnerable to operational risk. The Group has a comprehensive Operational Risk Management Policy in place. Every year, the Group conducts regular exercises to align its operational risk management practices with common practice in the industry. These include, among other initiatives, operational risk self-assessment, review of operating activities, stress-testing, etc.

The Group has also developed a Business Continuity Plan to provide a set of procedures for contingency operations and business recovery. Besides, the Bank maintains sufficient insurance coverage to minimise potential losses for the Group in respect of operational risk.

(d) **Capital Management**

The Group's policy is to maintain a strong capital base to support the development of the Group's business and to meet the statutory capital adequacy ratio. Both the Group's adjusted capital adequacy ratio incorporating market risk of 15.5% and the unadjusted ratio of 15.6% as at 30th June, 2005 were well above the statutory minimum ratio.

Capital is allocated to the various activities of the Group depending on the risk taken on by each business division. Where the subsidiaries or branches are directly regulated by the appropriate regulators, they are required to maintain a certain minimum capital according to rules of those regulatory authorities.

OPERATIONS REVIEW

IMPROVEMENT TO OPERATIONS

Office Centralisation

The relocation of departments to the Bank's new office tower in "Millennium City 5" in the Kwun Tong district of Hong Kong was completed satisfactorily in May 2005. In addition to enhancing operational efficiency, the office centralisation exercise will allow the Bank to manage its office space utilisation more effectively and match with future business needs. The Bank also took steps to dispose of some of the resulting surplus office premises.

Computer System Enhancements - Core Banking System

BEA completed the first phase of its Core Banking System implementation project in January 2005. Apart from enhancing BEA's system the first phase of its Core Banking System implementation project in January 2005. Apart from enhancing user-friendliness related to customer information entry and maintenance, the first phase also strengthened BEA's sales and marketing initiatives by supporting campaign execution and customer sales contact activities.

PERSONAL BANKING

Branch Distribution

With the aim of strengthening the branch network, BEA continues to implement the Branch Rationalization Programme. Since the beginning of this year, two new branches have been opened and four additional branches have been merged with nearby branches or relocated to more prominent sites. By the end of July 2005, the total number of branches in Hong Kong stood at 93.

SupremeGold, BEA's wealth management service, has built a steadily growing customer base since its introduction in late 2002. A new SupremeGold Centre was opened at Shatin Plaza Branch in February, and a further Centre at Shaokwan Branch in July, bringing the total number to 25 by the end of July.

A Marketing Programme for Kid Master Services was conducted from February to March 2005 to acquire new Kid Master members and to promote Education Insurance and BEA credit cards.

A series of road shows were organised at various shopping centres for the marketing of banking products. Road shows and sales promotions were also arranged at the shopping centres of public housing estates to further increase the brand awareness of BEA Life Insurance Series. On-site promotions were held at property sites to stimulate the sales of BEA mortgage loans and credit cards.

Cyberbanking

In the first half of 2005, Cyberbanking launched e-Statement and CyberDonation services over the Internet.

To further enhance security when processing online banking transactions, Cyberbanking implemented two-factor authentication in June 2005. As at the end of June, the Bank had over 294,000 registered Cyberbanking users. The average daily usage volume exceeded 136,000 transactions.

In May 2005, Cyberbanking was awarded the "Excellence in Internet Banking Award" under "The Asian Banker's Excellence in Retail Financial Services Awards 2004".

Corporate Cyberbanking recorded steady growth in customer numbers in the first half of 2005. By the end of June 2005, over 15,400 corporate customers had registered with BEA's Corporate Cyberbanking service, representing a 32% increase compared with the corresponding period last year.

BEA 銀行

Property Loans

Although the mortgage market benefited from the steady economic recovery in the first half of this year, competition remains keen. To strengthen its market offerings, BEA pioneered with the Hong Kong Mortgage Corporation ("HKMC") in May 2005 to launch the Fixed Rate Second Mortgage Financing Programme. The Programme provides an additional channel to mortgage customers who need 95% mortgage financing, complementing the existing Mortgage Insurance Programme.

To lessen the impact of rising interest rates on the local property market, BEA actively coordinated with various property developers to provide Tailored Mortgage Plans. Under these plans, developers subsidise interest payments to provide a buying incentive to new homebuyers.

On the back of solid economic growth and enhanced personal financial conditions in general, loan quality continues to improve, reflected by the drop in delinquency ratio.

Credit Cards

As one of the Bank's brand-building strategies, a series of marketing initiatives were launched, directed towards deepening business penetration in the whole card portfolio via appealing cardholder privileges, enhanced product positioning and major brand revamps. Sophisticated behavioural segmentation tools were used to formulate well-targeted marketing strategies.

With such support, brand awareness has been raised and cardholders' average spending recorded a sizeable increase. Encouragingly, BEA achieved above-the-market growth in overall card sales volume.

During the first half of 2005, BEA collaborated with Sun Hung Kai Properties to launch the SHKP Club VISA Card co-branded card.

Certain restrictions on access to customer credit data through the credit reference agency have recently been lifted, in line with the agreed implementation schedule. Coupled with the Bank's ongoing risk management efforts, continued improvement in loan quality can be anticipated.

Moreover, BEA maintains an optimistic outlook regarding the development of the Bank's Renminbi Credit Card business. Operating efficiencies were improved by relocating service support operation to the Mainland.

Blue Cross Insurance

In the first half year of 2005, Blue Cross saw healthy growth in business, with an increase in premium income of 35%.

Life insurance business grew by 80% over the prior period. Efforts to expand the business will continue.

CORPORATE BANKING

Corporate Lending

The local syndication and corporate lending market was active in the first half of 2005. Both large and medium-sized enterprises took advantage of the low interest rate environment to finance expansion projects and/or refinance existing debt. In addition, large PRC corporations continued to tap the local syndication market to finance their overseas acquisitions.

Despite the rise in activity, interest margins for syndicated deals continued to decline due to keen competition. To improve yield return and to broaden the clientele base, the Bank has been taking a pro-active approach in soliciting business from high quality medium-sized companies.

The Bank maintained an active presence in the syndicated loan market in the first half of 2005 by underwriting numerous deals, including a HK\$5,200 million syndicated loan facility to CITIC Pacific Limited, a HK\$2,800 million syndicated loan facility to Guangzhou Investment Company Limited, and a US\$200 million syndicated loan facility to China Resources Power Holdings Company Limited.

Trade finance business enjoyed healthy growth in the first half of 2005, although the yield on trade finance loans was squeezed by rising funding costs and keen competition. With the centralisation of the bills centre at Millennium City 5 and the deployment of a new bills system, the Bank was able to upgrade trade finance services to offer a more sophisticated range of options to customers.

With the improving business environment in the first half of 2005, loan demand from Small and Medium Enterprises ("SME") for new investments and business initiatives, increased steadily. The Bank will continue to offer flexible and tailor-made loan products to increase penetration in this market segment.

BEA organised numerous informative seminars in the first half of 2005 for corporate customers. For example, in January this year, BEA organised the "Global Economic Outlook and Foreign Exchange Market for 2005" seminar. Offering a macro view of the global economy for 2005, the seminar provided useful background information to assist customers in developing their business plans for the year ahead.

Asset Based Finance

The private car and commercial vehicle loan portfolio recorded double digit growth in the first half of 2005, while the machinery loan portfolio also grew. The growth in business followed a decision to strengthen the marketing team and enhance business relationships with vehicle and machinery dealers. Looking ahead, BEA will continue to focus on expanding its market share and customer base in the equipment financing business.

Despite the narrowing interest margins in the taxi loan portfolio, BEA remained a key player in the taxi and public light bus loan market. Following a prudent lending policy, BEA continued to achieve a zero write-off record for the taxi and public light bus portfolio during the period.

Securities Lending

BEA continues to target the staging loan business for subscription of new shares at Initial Public Offering ("IPO"). In the first half of 2005, BEA provided staging loan finance for many IPO projects. In addition, the Bank acted as Receiving Bank for the IPO of Bank of Communications Co., Ltd.

Bank of East Asia (Trustees) Limited

Mandatory Provident Fund

In response to the growing interest in financial planning for retirement, Bank of East Asia (Trustees) launched the MPF Personal Contribution Account ("PCA") in April 2005 to offer members more flexible arrangements for their voluntary MPF contributions. The company is the first approved MPF service provider in Hong Kong to allow non-BEA MPF customers to open a PCA. In addition, BEA's MPF Master Trust Scheme and Industry Scheme recorded stable growth in both membership and assets during the period.

WEALTH MANAGEMENT

The Wealth Management Division of the Bank moved to improve product variety.

Flexibility was enhanced by more than doubling the number of structured products offered. The range of equity related products was expanded to complement the existing interest and currency linked products. The Bank embarked on a 3-month promotional programme in April to drive growth in the sale of investments funds.

Structured Products

A total of six principal protected Linked Deposits were launched in the first half of 2005 for the more conservative investors. In order to drive business volume and diversify the customer base, the minimum investment threshold for the majority of products was reduced to HK\$50,000. The newly launched products were well received, and have generated good returns for the Bank.

In a bid to explore business opportunities outside Hong Kong, the Bank sought and secured a license to produce and market structured products in China. Two principal protected products were successfully launched through BEA's branch network on the Mainland.

Asset Management

The pioneering multi-manager retail product launched in partnership with the Russell Investment Group in late 2004, BEA Signature Portfolio Funds, has been well received, with the total fund size increasing steadily from the initial launch size of some HK\$300 million to almost HK\$900 million as of the end of June 2005.

The investment performance of the two BEA MPF schemes has continued to receive recognition from the market. The one-year investment return achieved by all three life-style funds within the BEA Industry Scheme were ranked among the top 5 in their categories, according to a recent market survey*. The strong performance has had a positive impact on the assets under management of East Asia Asset Management ("EAMM").

*Source: Hong Kong Investment Fund Association (HKIFA), as at 31st May, 2005

With strong growth of assets under management from MPF, unit trust and discretionary portfolio management businesses, EAMM recorded a more than 20% profit increase during the first half of 2005 as compared to the same period last year.

Bancassurance

Bancassurance business recorded an encouraging 25% growth in terms of total life and non-life premium received in the first half of 2005.

In a bid to meet the diversified savings and protection needs of customers, a number of new plans were introduced in the first six months of 2005, including Single Premium Savings Insurance, Elder Savings Insurance, Wealth Builder Savings Insurance and Secure Retirement Insurance.

INVESTMENT BANKING AND SERVICES

East Asia Securities Company Limited - Securities Cybertrading

For the first six months of the year 2005, East Asia Securities continued to benefit from the improvement in local market sentiment and investor confidence.

When compared with the corresponding period last year, the Company registered growth of 19% in the number of Cybertrading accounts. As of 30th June, 2005, more than 47% of the Company's securities clients have subscribed to the Cybertrading Service.

East Asia Securities has instituted various incentive schemes to encourage clients to execute trades via its user-friendly electronic trading platform. Currently, the volume of transactions executed via the Cybertrading System, expressed as a percentage of total turnover, accounts for some 54% of the number of trades and 37% of transaction value.

With a view to further enhancing the Cybertrading Service, East Asia Securities has plans to enhance its Interactive Voice Recognition Trading System in the second half of 2005.

CHINA OPERATIONS

BEA opened representative offices in Suzhou and Dongguan in the first half of 2005. At present, BEA has a total of 9 outlets in China, including 9 branches, 4 sub-branches and 7 representative offices. BEA is also preparing to set up new full branches in Hangzhou and Chongqing in the second half of this year.

Following the China Banking Regulatory Commission's approval of the Bank's application to market derivative products on the Mainland, BEA launched its first two derivative products in the first half of 2005. BEA will continue to develop innovative investment products to cater to the needs of the local market.

BEA branches in Guangzhou, Xiamen, Dalian and Shanghai recently obtained agency licences allowing them to market life insurance products in China. This complements the branches existing permission to offer general insurance products to their customers. Other BEA branches also hope to market life insurance products in the near future.

OVERSEAS OPERATIONS

BEA continues to strengthen its presence in the United States through its wholly owned banking subsidiary, The Bank East Asia (USA) N.A. ("BEA (USA)"). BEA (USA) opened its fifth branch, in Torrance, California, on 28th June, 2005 also targets to open a branch in Brooklyn, New York in December. By the end of the year, BEA (USA) will have 16 branches in California and two branches in New York.

BEA (USA) will continue to identify locations for new branches in the U.S. to increase its geographical coverage and enlarge its customer base, in particular to serve the growing population of Chinese immigrants in the U.S.

In Canada, The Bank of East Asia (Canada) opened its sixth branch, in Vancouver, British Columbia, on 18th March, 2005. An official grand opening ceremony will be held in August.

CORPORATE SERVICES

Group member Tricor Holdings Limited ("Tricor") is the market leader in terms of both scope and scale of business corporate and investor services in the region. These services include accounting, company formation, corporate compliance and company secretarial, executive search and selection, initial public offerings and share registration, payroll outsourcing and fund and trust administration.

Tricor recorded significant growth in revenue for the first half of the year. The continued improvement in the business environment in Hong Kong has benefited Tricor's operations. The company has experienced strong demand for corporate compliance services from both private and publicly listed companies in Hong Kong. Furthermore, its diverse operations have made a respectable contribution to Tricor's total revenue.

In May this year, Tricor acquired the company secretarial business of Ernst & Young in the British Virgin Islands, adding strength to Tricor's already successful corporate services practice there. Continuing with its regional expansion strategy in July 2005, Tricor acquired a substantial interest in the client accounting, payroll outsourcing and executive remuneration business of PricewaterhouseCoopers in Thailand, the leading accounting firm in that country.

HUMAN RESOURCES

The number of Bank of East Asia Group employees by region at the end of June 2005 is shown in the table below:

Hong Kong	4,31
Other Greater China	1,21
Overseas	4
Total	6,00

Job growth in the banking and finance sector has been strong since the third quarter of last year. The Bank has developed and executed a number of strategies to retain high performing staff.

To upgrade staff competence, the Training and Development Department has pro-actively collaborated with external training consultants and university professors in designing and delivering customized training courses, with particular reference to those related to sales and marketing, and business creativity.

The office centralisation project allowed the Bank to provide additional amenities for use by staff. With the new facilities, the Staff Sports Recreation Club has been able to increase the number of activities on offer, and generate higher level of team spirit.

FUTURE PROSPECTS

During the first half of 2005, BEA continued its strategic focus on growth and efficiency enhancement.

BEA is committed to developing additional revenue streams through further broadening of its product range, upgrading corporate governance practices, and exploring new market opportunities. The Bank's wealth management business, in particular its renowned SupremeGold service, will remain a core business development focus in the near future. In parallel, BEA will further enhance its leading corporate services and share registration business and providing more quality financial solutions to customers. The Bank will also continue to develop the insurance business of Blue Cross Insurance Limited and identify cross-selling opportunities among the customers of BEA and its subsidiaries.

Outside Hong Kong, BEA was able to maintain satisfactory growth and development in overseas locations including China, the U.S., Canada, and South East Asia. The China market, in particular the Pearl River Delta Region, will remain an important development focus for BEA. The Bank will strive to stay at the forefront to provide innovative products and extend its retail network to maintain its leading position in China.

BEA will continue to enhance operating efficiency. Following the centralisation of back office functions at Millennium City 5, BEA expects to realise the related synergy values in future years. Simultaneously, to further enhance efficiency and market competitiveness, BEA will continue to identify and relocate appropriate operating functions to the Mainland. In addition, BEA will place a high priority on investments in systems and risk management and governance. This will provide a solid foundation for BEA to further enhance its value and market franchise.

DEALING IN LISTED SECURITIES OF THE BANK

There was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of listed securities of the Bank during the six months ended 30th June, 2005.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Being the largest independent local bank in Hong Kong, BEA is committed to maintaining the highest standard of corporate governance practices. The Board considers such commitment essential in balancing the interests of shareholder, customers and employees; and in upholding accountability and transparency.

BEA has complied with all the code provisions (with the exception of Code Provision C.2 on internal controls) set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the accounting period for the six months ended 30th June, 2005, except for the following deviations:

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. David Li Kwok-po is the Chairman and Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly every two months to discuss issues affecting operations of the Bank. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board has full confidence in Dr. Li, and believes that his appointment to the post of Chairman and Chief Executive is beneficial to the business prospects of the Bank.

Code Provision A.4.1 and A.4.2 (last sentence)

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 (last sentence) stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive Directors of the Bank do not have a specific term of appointment. However, in accordance with Article 8 of the Articles of Association of the Bank, at every annual general meeting, one-third of the Directors for the time being, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire for office.

In order to ensure full compliance with Code A.4.1 and A.4.2, a special resolution will be proposed to amend the relevant Articles of Association of the Bank at the Annual General Meeting to be held in 2006, so that every Director shall be subject to retirement by rotation at least once every three years.

COMPLIANCE WITH MODEL CODE

The Bank has established its own code of securities transactions by Directors and Chief Executive ("Own Code") or terms no less exacting than the required standard set out in Appendix 10 - Model Code for Securities Transactions of Directors of Listed Issuers ("Model Code") of the Listing Rules.

Having made specific enquiry of all Directors of the Bank, during the six months ended 30th June, 2005, Directors of the Bank have complied with the required standard set out in the Model Code and in the Own Code which is incorporated in the Bank's Policy on Insider Trading - Directors and Chief Executive.

By order of the Board

David Li Kwok-po

Chairman & Chief Executive

Hong Kong, 3rd August, 2005.

As at the date of this announcement, the Executive Directors of the Bank are: Dr. David Li Kwok-po (Chairman and Chief Executive), Mr. Joseph PANG Yuk-wing (Deputy Chief Executive) and Mr. CHAN Kay-cheung (Deputy Chief Executive). Non-executive Directors of the Bank are: Dr. Li Fook-wo, Dr. Simon Li Fook-sean, Mr. Audrey Li Kwok-sing, Dr. William MONG Alan-wai, Dr. Sin Dr. HWOI Kai-ping, Mr. Richard Li Iankai, and independent Non-executive Directors are Mr. WONG Chung-shin, Dr. LEE Shau-tee, Dr. Allan WONG Chi-yun, Mr. Winston LO Yau-lai, Mr. Thomas KWOK Ping kwong, Mr. TAN Man-kou and Mr. Kenneth LO Chi-ming.