

PRESS RELEASE**March 11, 2004****WING HANG BANK LIMITED**
2003 FINAL RESULTS – HIGHLIGHTS

- Profit attributable to shareholders was up 29.0% to HK\$863.9 million (HK\$669.5 million for 2002)
- Earnings per share increased by 29.0% to HK\$2.94 (HK\$2.28 for 2002)
- Cash earnings per share increased by 30.7% to HK\$2.99 (HK\$2.28 for 2002)
- Total dividends increased by 25.0% to HK\$1.45 if the special dividend of HK\$0.66 per share paid last year was excluded
- Total operating income up 10.5% to HK\$2,031.5 million (HK\$1,837.6 million for 2002)
- Net interest margin fell to 2.31% from 2.62%
- Net interest income up 7.2% to HK\$1,578.0 million (HK\$1,472.2 million for 2002)
- Non-interest income up 24.1% to HK\$453.5 million (HK\$365.4 million for 2002)
- Operating expenses up 19.6% to HK\$712.2 million (HK\$595.5 million for 2002)
- Advances to customers increased 35.4% to HK\$46.61 billion (HK\$34.42 billion as at 31st December, 2002)
- Customer deposit increased 59.2% to HK\$72.14 billion (HK\$45.30 billion as at 31st December, 2002)
- Charge for bad and doubtful debts decreased by 30.5% to HK\$325.3 million (HK\$468.0 million for 2002)
- Cost to income ratio at 35.1% (32.4% for 2002)
- Capital adequacy ratio at 15.7% (16.5% as at 31st December, 2002)
- Return on average shareholders' fund at 13.3% (10.8% for 2002)

Wing Hang Bank Reported HK\$863.9 Million Profit

2003 was a challenging year for the Hong Kong economy. International conditions deteriorated rapidly at the beginning of the year as the war in Middle East cast a temporary shadow over the global economy. The outbreak of SARS in March had a severe impact locally, with retail, tourism and restaurant sectors the hardest hit.

The economy recovered steadily in the second half, helped in part by initiatives such as the Closer Economic Partnership Agreement (CEPA) and the “individual visit” scheme of mainland visitors. The unemployment rate fell from a record high of 8.7 percent to 7.3 percent by year-end. Consumer sentiment brightened due to the improved employment situation and a firmer property market. In the external sector, total exports grew on the back of strong export performance of the mainland. There was also a revival in tourism as a record number of mainland visitors helped to offset declines from other markets. For the fourth quarter of 2003, GDP rose by 5 percent in real terms over a year earlier, reversing the 0.5 percent decline in the second quarter.

The banking industry faced a difficult environment in 2003, particularly in the first half. Loans continued to contract due to weak demand for bank credit from both individuals and businesses. Asset quality deteriorated in the early part of 2003 as the value of residential mortgage loans in negative equity grew, however this began to improve towards the end of the year.

For the year ended 31st December, 2003, profits attributable to shareholders amounted to HK\$863.9 million, compared to HK\$669.5 million in 2002. The consolidated results incorporate the results of Chekiang First Bank (CFB) and its subsidiaries from 30th September, 2003, that being the date on which the acquisition was completed. Earnings per share increased by 29.0 percent to HK\$2.94. The Board has recommended a final dividend of HK\$1.08 per share. Together with the interim dividend of HK\$0.37 paid in mid 2003, total dividends for the year amounted to HK\$1.45 per share, an increase of 25.0 percent over 2002, if the special dividend of HK\$0.66 per share paid last year was excluded.

During 2003, we have focused on diversifying revenue and containing cost. We also strive to achieve growth in non-interest income to compensate for the lack of domestic loan demand.

We continue to recognize that efficient use of capital is vital to increasing shareholder value and that economy of scale is important to cost containment. Against this background, on 1st August, 2003, Wing Hang Bank entered into an agreement to acquire CFB as a wholly owned subsidiary. With a solid credit history and a strong portfolio, CFB brings greater scale and coverage to the Bank.

Integration progress has been smooth and swift. Both revenue and cost synergies have begun to materialize. The Bank is confident that by July 2004, pending the approval of the Merger Bill, integration will be completed, resulting in a stronger and more substantial Bank.

Total advances to customers increased 35.4 percent to HK\$46.61 billion. Excluding CFB, total loan outstanding eased 1.4 percent to HK\$33.92 billion as the outbreak of SARS in the first half of the year dampened demand for loans. The decrease was mainly due to the decrease in domestic loans to individuals and corporates. Credit card receivables also declined due to the tightening of lending policies and weaker consumer spending. This was compensated by a marked increase in loans for use in China as well as in the Bank's Macau operation. Residential mortgages showed an increase of 1.8 percent despite intense competition and a slow property market in the first half.

Total deposits increased 54.6 percent to HK\$77.48 billion. Excluding CFB, total deposits increased by 9.9 percent to HK\$55.04 billion, resulting from the issuance of HK\$1.23 billion in retail Certificates of Deposit during the year and growth in foreign currency deposits. Successful promotions of current and savings deposits also brought about growth of 52.4 percent and 63.9 percent respectively for these lower cost accounts.

Net interest income increased 7.2 percent to HK\$1,578.0 million. Excluding CFB, net interest income increased 1.3 percent to HK\$1,491.6 million due to an increase in treasury operations. Partially offsetting this increase was a reduction in margin in mortgages.

Net interest margins decreased to 2.31 percent from 2.62 percent last year due to a weak loan demand and after taking into account the lower margin at CFB.

In view of the weak demand for loans, the Bank has focused its efforts on broadening fee and commission income, which now accounts for 22.3 percent of the Group's operating income and increased by 24.1 percent from 2002. Continued growth in wealth management services was helped by cross-selling of our diversified investment products to CFB customers. Increases in foreign exchange trading income, insurance commissions and share brokerage have been partly offset by decreases in credit card commissions.

The Bank has continued to pursue cost-containment efforts. Operating expenses, however, increased 19.6 percent to HK\$712.2 million, primarily due to the acquisition of CFB and goodwill expenses. As a result, the cost-to-income ratio rose from 32.4 percent in 2002 to 35.1 percent in 2003.

The level of non-performing loans stood at 2.98 percent of total loans at year end compared to 2.68 percent last year and 3.35 percent at 30th June, 2003. Charges for bad and doubtful debts decreased by 30.5 percent to HK\$325.3 million, primarily due to an improvement in consumer lending. For the year ended 31st December, 2003, charge-offs for credit cards stood at 7.96 percent, partly reflecting the precautionary measures taken by the Bank. In the fourth quarter of 2003, the annualized charge-off ratio dropped to 5.20 percent.

The Bank's Treasury operation recorded a 27.7 percent increase in profit before taxation as a result of the expansion of our treasury function to enhance yields from our surplus funds. The encouraging results have been partly achieved by investing excess liquidity of CFB in high grade investment bonds and debt securities. The Bank continues to enhance and expand Treasury capabilities to efficiently and prudently invest surplus funds.

In Macau, Banco Weng Hang has continued to out-perform. Profits increased by 8.0 percent to 134.1 million Macau patacas, with steady growth in loans and deposits of 6.4 percent and 11.0 percent respectively. Net interest income increased slightly by 4.5 percent while fee income increased by 17.9 percent.

Return on average assets and average shareholders' funds for the Group stood at 1.27 percent and 13.3 percent respectively, while the capital adequacy ratio and average liquidity ratio were at 15.7 percent and 49.0 percent respectively.

Looking ahead, global economic prospects should brighten in 2004. The US economic recovery will be sustained by accommodative monetary and fiscal policies in the election year. The pace of growth in Mainland China will stay brisk due to robust domestic and foreign demand. Locally, the trade-driven recovery will gather pace with new trade and investment opportunities brought about by CEPA. Moreover, there are signs that the deflationary spiral will end as consumer price deflation subsides and property prices rebound. Closer integration with the mainland will also benefit neighboring Macau, where the economy will continue its double-digit growth in 2004.

To capitalize on Hong Kong's closer integration with the Mainland, we will gear ourselves up towards greater involvement in China. We already have an established foothold in the Pearl Delta Region and we are now following our customers' expansion into other regions. In this regard, we plan to upgrade our Shanghai representative office to a branch and open a representative office in Beijing in 2004 to complement our branch in Shenzhen and representative office in Guangzhou.

We will continue to expand our treasury activities and wealth management services to broaden our fee income base. While pursuing this growth strategy, we will maintain our prudent lending policy. We will step up our risk management efforts in view of the forthcoming implementation of the new Basel Capital Accord. With a recovering economy in Hong Kong and greater opportunities available in the Mainland, we are optimistic about the performance of the Bank in 2004.