PRESS RELEASE

WING HANG BANK LIMITED
2005 INTERIM RESULTS – HIGHLIGHTS

- Profit attributable to shareholders was up 32.5% to HK$700.6 million (A New Record) (HK$529.0 million for the first half of 2004)
- Earnings per share increased by 32.5% to HK$2.38 (HK$1.80 for the first half of 2004)
- Interim dividend increased by 32.1% to HK$0.70 (HK$0.53 for the first half of 2004)
- Operating profit before provisions up 15.3% to HK$836.1 million (HK$724.9 million for the first half of 2004)
- Net interest margin fell from 2.08% to 1.86%
- Net interest income down 1.8% to HK$900.4 million (HK$916.6 million for the first half of 2004)
- Non-interest income up 26.3% to HK$414.4 million (HK$328.1 million for the first half of 2004)
- Operating expenses down 7.9% to HK$478.8 million (HK$519.7 million for the first half of 2004)
- Impairment losses and allowances for impaired loans recorded a release back of HK$0.4 million (Charge for HK$73.1 million for the first half of 2004)
- Advances to customers increased 5.0% to HK$51.65 billion (HK$49.19 billion as at 31st December, 2004)
- Total deposit increased 2.3% to HK$86.35 billion (HK$84.40 billion as at 31st December, 2004)
- Cost to income ratio at 36.4% (41.8% for the first half of 2004)
- Capital adequacy ratio at 15.3% (15.7% as at 31st December, 2004)
- Return on average shareholders' fund at 18.5% (15.7% for the first half of 2004)

Wing Hang Bank Reported a New Record First Half Profit of HK$700.6 Million

For the first six months of 2005, we achieved a new record in profit attributable to shareholders, amounting to HK$700.6 million. That represents an increase of 32.5 percent compared with the same period last year (HK$529.0 million). Earnings per share rose 32.5 percent to HK$2.38. The Group's operating profit before provisions increased by 15.3 percent to HK$836.1 million. The Board has recommended an interim dividend of HK$0.70 per share, 32.1 percent higher than last year.

The strong performance was underpinned by the recovery in the local economy. GDP grew by an annual rate of 6.0 percent in real terms in the first quarter of 2005, compared with 7.1 percent growth in the fourth quarter of last year. Local consumer spending held firm as the resurgent labor and property markets boosted consumer confidence. The asset quality of banks continued to improve in tandem with the rise in real estate prices backed by the strong economic growth.

The gap between Hong Kong dollar and US dollar interest rates narrowed markedly after the HKMA refined the Linked Exchange Rate system in May. HKD interbank rates rose after the refinements, prompting major banks to raise their best lending rates by 100 basis points in May and June.

In July, the Chinese Government announced the revaluation of the RMB to a more flexible exchange rate system. The move has been welcomed as a positive step for the development of the Chinese economy and a first step in helping to address serious global trade imbalances.

Our merger with former Chekiang First Bank ("CFB") has been completed following last year's integration exercise, resulting in a stronger and more substantial bank with an expanded branch network. Substantial revenue and cost synergies will be fully achieved in 2005. The Group currently has 36 branches in Hong Kong, 11 branches in Macau and one branch each in Shenzhen and Shanghai. As at the end of June 2005, we had a total of 2,225 employees.

We have continued to diversify our loan portfolio. During the period, we were able to achieve satisfactory asset growth in areas such as residential mortgages and equipment financing as well as improved loan demand at our China and Macau operations. Total advances to customers increased 5.0 percent to HK$51.65 billion.

Meanwhile total deposits increased 2.3 percent to HK$86.35 billion while customer deposits increased 2.5 percent to HK$80.51 billion.

Net interest income decreased by 1.8 percent to HK$900.4 million due to a narrowing of the net interest margin but this was partially offset by an increase in loan volume. Net interest margins fell from 2.08 percent to 1.86 percent as a result of mortgage re-pricing and an increase in the cost of funding due to the higher interest rate environment.

Non-interest income rose 26.3 percent to HK$414.4 million due to higher loan commissions, treasury dealing profits and wealth management services. A vigorous promotional campaign helped to broaden our customer base. Programmes such as a monthly lucky draw at our branches and a bi-monthly investment newsletter for high net-worth customers have been well received.

The Group's cost-to-income ratio improved from 41.8 percent to 36.4 percent due to cost synergies from the acquisition of CFB.

Impairment losses and allowance for impaired loans recorded a release back of HK$0.4 million thanks to recovering property prices, fewer personal bankruptcies and a general improvement in the economy. For the first six months of 2005, charge-offs for credit cards decreased to 1.89 percent of credit card receivables compared with 3.52 percent in the same period last year. The level of impaired loans also decreased to HK$0.78 billion, or 1.51 percent of total loans.

The Group's capital adequacy ratio and average liquidity ratio stood at 15.3 percent and 49.8 percent respectively while the loan-to-deposit ratio increased slightly to 59.8 percent due to an increase in loan volume.

Below is a summary of the performances of our individual business divisions and the outlook for the second half of the year.

The Retail Banking division recorded a 30.7 percent increase in profit before taxation over 2004, mainly as a result of a decrease in impairment losses and allowances for impaired loans and strong growth in the wealth management business.

The recovery in the property market has continued in 2005 with a surge in property prices in the first quarter and consolidation in the second quarter. However, property lending grew modestly as repayments on existing mortgage loans largely offset the expansion in new lending. Residential mortgages, which account for 27.3 percent of the total loan portfolio, increased by 1.7 percent.

The Bank made further progress on branch rationalization during the period. Two branches have been merged and one branch relocated without causing inconvenience to our customers. We have opened two new branches in prominent locations and plan to open another branch in August. We will continue to look for strategic locations to open new branches in order to expand our branch network.

A survey conducted by a group of external consultants showed high levels of customer satisfaction and loyalty, as well as a positive response to our Elite Banking concept targeting wealthy customers. The performance of the wealth management business met our expectations in spite of rising interest rates. This was partly due to the continuing expansion of the point-of-sale network. Three wealth management centers are now strategically located in Central and Shatin and additional centers will be opened in key locations in the second half of 2005.

As a well-known provider of consumer lending in Hong Kong, Wing Hang Credit continues to provide a complete range of loan services through its 15 branches and business centres. The subsidiary has taken advantage of our expanded bank branch network to increase point-of-sales for personal loan products. The company has also promoted its brand image to young consumers by inviting popular celebrities to marketing events.

The Corporate Banking division recorded a 3.4 percent increase in profit before taxation. We continued to participate actively in the Government's SME Loan Guarantee Scheme and, in cooperation with our Shenzhen Branch, provided credit facilities to Hong Kong manufacturers who have shifted their operations to China. Trade financing increased by 10.8 percent during the first half of 2005 as we actively encourage customers to utilise their facilities.

Wing Hang Finance continued to expand its core business providing credit facilities to small and medium enterprises ("SMEs"), both in Hong Kong and in China. During the period, the company saw substantial growth in its vehicle and equipment financing business. Loan assets achieved double-digit growth. To facilitate its expansion, the company was relocated to Wing Hang Finance Centre in January and we hired more staff. Despite narrowing profit margins in the leasing industry, the company maintains a leading market position by being competitive and innovative.

The slow loan growth in Hong Kong continued to be compensated by increased lending in China where residential mortgage financing grew by 34.9 percent during the first half of the year. However, the foreign currency mortgage business could potentially slow down as Hong Kong dollar and US dollar mortgage lending rates continue to rise compared with a more stable RMB lending rate. Consequently we will devote more resources to develop our network and product portfolio in the retail banking sector, including an aim to boost the RMB deposit base.

We will also continue our expansion program in China. We opened our Shanghai branch and Beijing representative office in the first quarter. We also plan to upgrade our Guangzhou representative office to full branch status later in the year. Our first sub-branch in Shenzhen is scheduled to open in the last quarter of 2005. More sub-branches will be opened in other cities as part of our strategy of expanding the local branch network in preparation for the complete opening of China's banking sector by the end of 2006.

Banco Weng Hang continues to out-perform, helped by a buoyant economy. Macau's GDP grew at an annual rate of 8.5 percent in real terms in the first quarter despite unprecedented growth of 26.2 percent in the same period last year. Profits increased by 40.8 percent to 100.9 million Macau patacas. Net interest income increased by 6.5 percent while non-interest income increased by 45.5 percent. Total advances to customers and customers deposits have grown by 10.0 percent and 12.2 percent respectively since the end of last year.

The operating environment remains challenging in the second half due to the continuing rise in interest rates and high energy prices. However, credit demand should further increase as the Hong Kong economy is now on a path of sustained recovery. We will continue to expand our business in the high-growth markets of Macau and China. Net interest margins are expected to stabilize as pressure from mortgage repricing eases. With a larger operating platform and customer base, we plan to broaden our fee income and expand our consumer lending businesses while streamlining our operations to control costs.