

At the end of the financial year, there were conditional awards of shares under the HSBC Holdings plc Restricted Share Plan made in favour of the undermentioned Directors for the number of ordinary shares of US\$0.50 each in HSBC Holdings plc set against their respective names:

Mr D G Eldon	114,953
Mr Vincent H C Cheng	60,534
Mr Roger K H Luk	24,450
Mr W K Mok	21,394
Mr Raymond C F Or	22,839
Mr S C Penney	22,839

Save as disclosed in the preceding paragraphs, at no time during the year was the Bank or any of its holding companies or its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

No right to subscribe for equity or debt securities of the Bank has been granted by the Bank to, nor have any such rights been exercised by, any person during the year ended 31 December 2000.

#### directors' interests in competing businesses

Pursuant to Rule 8.10 of the Listing Rules, at the end of the year, the following Directors had declared interests in the following entities which compete or are likely to compete, either directly or indirectly, with the businesses of the Bank:

The Honourable Lee Quo-Wei is a Director of New World Finance Co. Ltd., which conducts money lending business.

Mr D G Eldon is a Director of HSBC Holdings plc, the ultimate holding company of the Bank, and certain of its subsidiaries, including The Hongkong and Shanghai Banking Corporation Limited, the immediate holding company of the Bank.

Mr Vincent H C Cheng is a Director of The Hongkong and Shanghai Banking Corporation

Limited and HSBC Insurance (Asia-Pacific) Holdings Limited, a subsidiary of The Hongkong and Shanghai Banking Corporation Limited.

Mr Roger K H Luk is a Director of AXA General Insurance Hong Kong Limited, British Traders' Insurance Company Limited and Union Insurance Society of Canton, Limited, which conduct general and life insurance business.

Mr W K Mok is a Director of HSBC Asset Management Hong Kong Limited and HSBC Investment Funds Hong Kong Limited, subsidiaries of The Hongkong and Shanghai Banking Corporation Limited.

Mr Raymond C F Or is a Director of HSBC Insurance (Asia-Pacific) Holdings Limited, a subsidiary of The Hongkong and Shanghai Banking Corporation Limited.

Mr S C Penney is a Director of HSBC Holdings BV, an intermediate holding company of both the Bank and The Hongkong and Shanghai Banking Corporation Limited, and certain of its subsidiaries.

HSBC Holdings plc, through its subsidiaries and associated undertakings, is engaged in providing a comprehensive range of banking, insurance and related financial services.

The entities in which the Directors have declared interests are managed by separate Boards of Directors and management, which are accountable to their respective shareholders.

The Board of the Bank includes seven independent non-executive Directors whose views carry significant weight in the Board's decisions. The Audit Committee of the Bank, which consists of three non-executive Directors, meets regularly to assist the Board of Directors in reviewing the financial performance, internal control and compliance systems of the Bank and its subsidiaries. The Bank is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which Directors have declared interests.

**independent non-executive directors' fees**

Each of the independent non-executive Directors of the Bank received a Director's fee of HK\$80,000 for the year ended 31 December 2000.

**substantial interests in share capital**

At 31 December 2000, the register maintained by the Bank pursuant to the Securities (Disclosure of Interests) Ordinance recorded that the following corporations had interests (as defined in that Ordinance) in the Bank set opposite their respective names:

NAME OF CORPORATION	NUMBER OF ORDINARY SHARES OF HK\$5 EACH IN THE BANK (PERCENTAGE OF TOTAL)
The Hongkong and Shanghai Banking Corporation Limited	1,188,057,481 (62.14%)
HSBC Holdings BV	1,223,995,031 (64.02%)
HSBC Finance (Netherlands)	1,223,995,031 (64.02%)
HSBC Holdings plc	1,224,492,964 (64.05%)

Since The Hongkong and Shanghai Banking Corporation Limited is a wholly-owned subsidiary of HSBC Holdings BV, which is a wholly-owned subsidiary of HSBC Finance (Netherlands), which in turn is wholly-owned by HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited's interests are recorded as the interests of HSBC Holdings BV, HSBC Finance (Netherlands) and HSBC Holdings plc.

The Directors regard HSBC Holdings plc to be the beneficial owner of 1,188,057,371 ordinary shares in the Bank (62.14%).

**connected transactions****STRUCTURED FINANCE ARRANGEMENTS**

In the normal course of business the Bank and its subsidiary have participated in certain structured finance arrangements which involved other members of the HSBC Group.

**purchase, sale or redemption of the bank's listed securities**

During the year, there was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of the Bank's listed securities.

**guideline on financial disclosure by locally incorporated authorised institutions**

The accounts of the Bank for the year ended 31 December 2000 fully comply with the requirements set out in the Guideline on Financial Disclosure by Locally Incorporated Authorised Institutions issued by the Hong Kong Monetary Authority on 23 November 2000.

**auditors**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

**David Eldon**

*Chairman*

Hong Kong, 26 February 2001