

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

3. OTHER OPERATING INCOME

	2000	1999
	HK\$'000	HK\$'000
Fee and commission income	102,637	90,787
Less: Fee and commission expenses	1,228	2,222
Net fee and commission income	101,409	88,565
Dividend income		
Listed	4,605	3,131
Unlisted	1,270	1,950
Gains less losses from dealing in foreign currencies	7,013	13,367
Gains less losses on trading securities	1,298	664
Gross rents from properties	11,429	11,818
Less: Outgoings	5,690	6,093
Net rental income	5,739	5,725
Safe deposit box rentals	20,342	19,858
Other banking services income	13,742	16,097
Others	21,695	18,296
	<u>177,113</u>	<u>167,653</u>

4. OPERATING EXPENSES

	2000	1999
	HK\$'000	HK\$'000
Auditors' remuneration	2,131	2,100
Staff costs		
Salaries and other costs	210,022	202,855
Retirement benefits scheme contributions	12,834	9,910
Total staff costs	222,856	212,765
Depreciation and amortisation	43,730	39,742
Premises and equipment expenses, excluding depreciation		
Rentals and rates for premises	28,822	22,714
Others	10,987	10,538
Other operating expenses	96,042	83,005
	<u>404,568</u>	<u>370,864</u>

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for the year ended 31 December 2000

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2000			1999		
	Executive HK\$'000	Others HK\$'000	Total HK\$'000	Executive HK\$'000	Others HK\$'000	Total HK\$'000
Directors						
Fees	320	634	954	360	596	956
Other emoluments:						
Salaries and other benefits	15,685	1,350	17,035	16,079	1,729	17,808
Contribution to retirement benefits scheme	591	1	592	375	-	375
Total emoluments	16,596	1,985	18,581	16,814	2,325	19,139

The above amounts include directors' fees of HK\$320,000 (1999: HK\$320,000) paid to independent non-executive directors.

Emoluments of the directors were within the following bands:

	2000 Number of directors	1999 Number of directors
HK\$ Nil – HK\$1,000,000	16	16
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	3	2
HK\$2,000,001 – HK\$2,500,000	-	-
HK\$2,500,001 – HK\$3,000,000	-	1
HK\$3,000,001 – HK\$3,500,000	-	1
HK\$3,500,001 – HK\$4,000,000	1	-
HK\$4,000,001 – HK\$4,500,000	-	-
HK\$4,500,001 – HK\$5,000,000	-	1
HK\$5,000,001 – HK\$5,500,000	1	-

Employees

The five highest paid employees for 2000 and 1999 were all directors.

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for the year ended 31 December 2000

6. TAXATION

	2000	1999
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– current year	96,758	70,221
– under(over)provision in prior year	560	(795)
Overseas taxation	913	1,558
Deferred taxation	–	2,829
	<u>98,231</u>	<u>73,813</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year. Taxation outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.

The deferred tax charge in 1999 represented the timing differences arising from the contributions made for retirement benefit purposes.

Deferred taxation has not been provided on the surplus arising on the revaluation of investment properties, and land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation surplus does not constitute a timing difference for tax purposes.

There are no other significant timing differences for the year or at the balance sheet date.

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit for the year of HK\$456,598,000 (1999: HK\$356,848,000), a profit of HK\$422,521,000 (1999: HK\$317,426,000) has been dealt with in the financial statements of the Bank.