

Notes :

- (1) The provisions for bad and doubtful debts for the period comprise:

	6 months ended 30 June 2001 HK\$'000	6 months ended 30 June 2000 HK\$'000	Variance %
Specific	48,607	39,339	+23.56
General	2,690	34,363	-92.17

- (2) a. Hong Kong profits tax is calculated at 16% (2000: 16%) of the estimated assessable profit for the period. Taxation outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.
- b. No provision for deferred taxation has been made as the amounts involved are insignificant.

- (3) The calculation of earnings per share is based on the profit attributable to shareholders of HK\$202,311,000 (2000: HK\$235,047,000) and on 435,000,000 (2000: 435,000,000) ordinary shares in issue.

- (4) In the current period, the Group has adopted for the first time, the following Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

SSAP 9 (Revised)	Events after the Balance Sheet Date
SSAP 28	Provisions, Contingent Liabilities and Contingent Assets
SSAP 29	Intangible Assets
SSAP 30	Business Combinations
SSAP 31	Impairment of Assets
SSAP 32	Consolidated Financial Statements and Accounting for Investments in Subsidiaries

The adoption of the above SSAPs have not resulted in any significant changes to the accounting treatment except the adoption of SSAP 9 (Revised). The effect of the adoption of SSAP 9 (Revised) is summarised below.

Dividends that were proposed or declared after the balance sheet date but before the financial statements were authorised for issue have traditionally been accrued as a liability in accounting period to which they relate. After the adoption of SSAP 9 (Revised), the amount of dividend ceases to be accrued and is disclosed as a separate component of shareholders' funds. Prior period profits are restated accordingly.

- (5) Current period / year profit:

	30 June 2001 HK\$'000	31 December 2000 HK\$'000
As previously reported		226,048
Proposed final dividend		152,250
As restated		<u>378,298</u>
Proposed dividend, not provided for	<u>65,250</u>	<u>152,250</u>

- (6) Business:

The Group's total operating income (net of interest expenses) is analysed and reported by significant business classes as follows:

	6 months ended 30 June 2001 HK\$'000	6 months ended 30 June 2000 HK\$'000
Corporate and retail banking	262,842	328,431
Foreign exchange and treasury services	155,818	142,960
Other activities	<u>74,227</u>	<u>96,820</u>
	<u>492,887</u>	<u>568,211</u>

The corporate and retail banking services provided by the Group are principally lending facilities, trade finance, chequing facilities and the provision of fixed deposits and savings accounts. The Group also provides fully automated telephone banking services and other banking services to its customers.

The Group's income from foreign exchange activities is generated from services provided to customers in the form of foreign exchange trading and forward contracts. The treasury business mainly comprises inter-bank transactions.

Other business activities of the Group include investment holding, securities trading, stockbroking, commodities and futures broking, property investment and equity underwriting.