28. RETIREMENT BENEFITS SCHEME

A non-contributory defined benefit scheme (the "Scheme"), properly registered under the Occupational Retirement Schemes Ordinance, has been in operation since 1995. In December 2000, most of the Scheme members chose to enroll in a defined contribution mandatory provident fund scheme (the "MPF Scheme") in replacement of the Scheme. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority and authorised by the Securities and Futures Commission. The assets of the Scheme and the MPF Scheme are held separately from those of the Group under the control of the trustees. As a result, retirement benefits accruing subsequent to the establishment of the MPF Scheme are covered therefrom, as far as the Scheme members participating in the MPF Scheme are concerned. The Scheme continues to provide retirement benefits to non-participating members and those retirement benefits accrued prior to the MPF Scheme to the participating members.

The Scheme funding cost has been assessed in accordance with the advice of Watson Wyatt Hong Kong Limited, Qualified Actuaries, using the attained age method. The attained age method is used to establish a level contribution rate of members' covered salaries payable over their future working lifetimes, so that their benefits are fully funded by the time the member retires or exits earlier from the Scheme. The projections allow for salary increases over the relevant period, and projected cash flows are discounted by the assumed investment yield. It was assumed that the investment yield would exceed salary increases by 2% per annum over the long term.

At the date of the latest formal independent actuarial valuation made at 31 December 2001, the market value of the Scheme assets was HK\$195,862,764 which was sufficient to cover the vested aggregate liabilities as at that date. The next formal independent actuarial valuation will be made at 31 December 2004 in accordance with the provisions of the Occupational Retirement Schemes Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

29. MATURITY PROFILES

The maturity profiles of certain assets and liabilities of the Group and the Bank as at 31 December 2001 are analysed as follows:

,	THE GROUP						
	Repayable on demand HK\$'000	Repayable within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HK\$'000	Repayable after more than 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
Assets						,	
Cash and short-term funds Placements with banks and	668,677	13,141,485	356,782 1,001,727	72,958	<u>29,937</u>		14,269,839
other financial institutions Advances to banks and other financial institutions	3,356	2,200,011	<u>1,001,727</u>	<u> </u>	27,291		3,201,738
Advances to customers Debt securities included in:	3,948,769	1,625,589	2,378,682	5,389,980	4,693,341	891,911	18,928,272
- trading securities - held-to-maturity securities	49,605	42,965	52,400 161,989	26,965 280,205	- 52,680	-	171,935 494,874
•	49,605	42,965	214,389	307,170	52,680		666,809
Certificates of deposit held Liabilities	<u> </u>	<u> </u>	76,466	399,728			476,194
Deposits and balances of banks and other financial institutions Current, fixed, savings and other deposits of customers	186,473 6,208,540	357,733 23,798,315	2,634,775	44,090		<u>-</u>	544,206 32,685,720
		Repayable	THE BAN	N.			
		within 3	Repayable	Repayable			
	D	months or	after 3	after	D		
	Repayable on	less (except those repayable	months but within	1 year but within	Repayable after more		
	demand	on demand)	1 year	5 years	than 5 years	Undated	Total
Assets	HK\$'000	HK\$'000	HK\$ ['] ,000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and short-term funds Placements with banks and	668,672	<u>13,141,485</u>	<u>356,782</u>	<u>69,940</u>	29,937		<u>14,266,816</u>
other financial institutions Advances to banks and other		2,200,011	1,001,727				3,201,738
financial institutions	3,356	-	-	-	27,291	-	30,647
Advances to customers Debt securities included in:	3,948,750	1,623,690	2,375,208	5,382,976	4,689,751	891,469	18,911,844
- trading securities - held-to-maturity securities	49,605	42,965	52,400 161,989	26,965 280,205	- 52,680	-	171,935 494,874
note to materity societies	49,605	42,965	214,389	307,170	52,680		666,809
Certificates of deposit held Liabilities		<u> </u>	76,466	399,728			476,194
Deposits and balances of banks and other financial							
institutions Current, fixed, savings and	186,473	357,733					<u>544,206</u>
other deposits of customers	6,207,815	23,765,010	2,624,573	43,790	-	-	32,641,188

29. MATURITY PROFILES - continued

The maturity profile of certain assets and liabilities of the Group and the Bank as at 31 December 2000 are analysed as follows:

THE GROUP

		D 11	THE GROU	J 1			
		Repayable					
		within 3	Repayable	Repayable			
		months or	after 3	after			
	Repayable	less (except	months	1 year	Repayable		
	on	those repayable	but within	but within	after more		
	demand	on demand)	1 year	5 years	than 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Agasta	ΠΙΚΦ ΌΟΟ	ΠΙΚΦ ΌΟΟ	ΠΙΚΦ 000	παφ σσσ	111Χφ 000	11ΙΔΦ 000	111Χφ υυυ
Assets	F17 000	10 700 070	000 075	07 000	47 007		14 770 000
Cash and short-term funds	517,238	13,703,670	202,275	87,902	47,235		14,558,320
Placements with banks and							
other financial institutions	-	2,370,007	410,435	-	-	-	2,780,442
Advances to banks and other							
financial institutions	_	_	-	500,000	_	31,131	531,131
Advances to customers	4,574,897	1,385,594	2,139,691	4,777,526	4,690,091	1,005,272	18,573,071
Debt securities included in:	1,071,007	1,000,001	=======================================	1,111,020	1,000,001	1,000,818	=======================================
	27.050	20.970	0E 1E7	96 999			100 010
- trading securities	37,958	39,270	65,157	26,828			169,213
- held-to-maturity securities		-	20,969	37,120	52,484		110,573
	37,958	39,270	86,126	63,948	52,484		279,786
Certificates of deposit held			92,392	36,057		-	128,449
Liabilities							
Deposits and balances of banks							
and other financial institutions	10,908	1,147,813			_		1,158,721
	10,300	=======================================					1,100,721
Current, fixed, savings and	4 004 000	00 000 704	0.010.140	110.000			04 400 505
other deposits of customers	4,671,670	<u>22,699,704</u>	3,618,146	<u>119,077</u>			31,108,597
Certificates of deposit issued	-	-	23,398	-	-	-	23,398
			THE BAN				
		ъ п	THE BAN	K			
		Repayable					
		within 3	Repayable	Repayable			
	Repayable	within 3 months or	Repayable	Repayable	Repayable		
	Repayable on	within 3 months or less (except	Repayable after 3 months	Repayable after 1 year	Repayable after more		
	on	within 3 months or less (except those repayable	Repayable after 3 months but within	Repayable after 1 year but within	after more	Undated	Total
	on demand	within 3 months or less (except those repayable on demand)	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	after more than 5 years	Undated	Total HKS'000
Accete	on	within 3 months or less (except those repayable	Repayable after 3 months but within	Repayable after 1 year but within	after more	Undated HK\$'000	Total HK\$'000
Assets	on demand HK\$'000	within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000		HK\$'000
Cash and short-term funds	on demand	within 3 months or less (except those repayable on demand)	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	after more than 5 years		
Cash and short-term funds Placements with banks and	on demand HK\$'000	within 3 months or less (except those repayable on demand) HKS'000	Repayable after 3 months but within 1 year HKS'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000		HK\$'000 14,555,300
Cash and short-term funds Placements with banks and other financial institutions	on demand HK\$'000	within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000		HK\$'000
Cash and short-term funds Placements with banks and	on demand HK\$'000	within 3 months or less (except those repayable on demand) HKS'000	Repayable after 3 months but within 1 year HKS'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000		HK\$'000 14,555,300
Cash and short-term funds Placements with banks and other financial institutions	on demand HK\$'000	within 3 months or less (except those repayable on demand) HKS'000	Repayable after 3 months but within 1 year HKS'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000		HK\$'000 14,555,300
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435	Repayable after 1 year but within 5 years HKS'000 84,902	after more than 5 years HK\$'000 47,235	HK\$'000 - - 31,131	HK\$'000 14,555,300 2,780,442 31,131
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers	on demand HK\$'000	within 3 months or less (except those repayable on demand) HKS'000	Repayable after 3 months but within 1 year HKS'000	Repayable after 1 year but within 5 years HKS'000	after more than 5 years HK\$'000	HK\$'000 - - 31,131	HK\$'000 14,555,300 2,780,442
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in:	on demand HK\$'000 517,217 	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435	Repayable after 1 year but within 5 years HKS'000 84,902	after more than 5 years HK\$'000 47,235	HK\$'000 - - 31,131	HK\$'000 14,555,300 2,780,442 31,131 18,553,924
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HK\$'000 202,275 410,435 - 2,137,684	Repayable after 1 year but within 5 years HKS'000 84,902	after more than 5 years HK\$'000 47,235	HK\$'000 - - 31,131	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in:	on demand HK\$'000 517,217 - - - 4,572,306 37,958	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007 - 1,384,898 39,270 -	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969	Repayable	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities	on demand HK\$'000 517,217 	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235	HK\$'000 - - 31,131	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held	on demand HK\$'000 517,217 - - - 4,572,306 37,958	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007 - 1,384,898 39,270 -	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969	Repayable	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities	on demand HK\$'000 517,217 - - - 4,572,306 37,958	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007 - 1,384,898 39,270 -	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities	on demand HK\$'000 517,217 - - - 4,572,306 37,958	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007 - 1,384,898 39,270 -	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities Deposits and balances of banks	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786 128,449
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities Deposits and balances of banks and other financial institutions	on demand HK\$'000 517,217 - - - 4,572,306 37,958	within 3 months or less (except those repayable on demand) HK\$'000 13,703,671 2,370,007 - 1,384,898 39,270 -	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities Deposits and balances of banks and other financial institutions Current, fixed, savings and	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435	Repayable after 1 year but within 5 years HKS'000 84,902 - 4,771,146 26,828 37,120 63,948 36,057	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786 128,449 658,721
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities Deposits and balances of banks and other financial institutions Current, fixed, savings and other deposits of customers	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435 - 2,137,684 65,157 20,969 86,126 92,392	Repayable after 1 year but within 5 years HKS'000 84,902 4,771,146 26,828 37,120 63,948	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786 128,449 658,721 31,046,660
Cash and short-term funds Placements with banks and other financial institutions Advances to banks and other financial institutions Advances to customers Debt securities included in: - trading securities - held-to-maturity securities Certificates of deposit held Liabilities Deposits and balances of banks and other financial institutions Current, fixed, savings and	on demand HK\$'000 517,217	within 3 months or less (except those repayable on demand) HKS'000 13,703,671 2,370,007	Repayable after 3 months but within 1 year HKS'000 202,275 410,435	Repayable after 1 year but within 5 years HKS'000 84,902 - 4,771,146 26,828 37,120 63,948 36,057	after more than 5 years HK\$'000 47,235 - 4,682,618	HK\$'000	HK\$'000 14,555,300 2,780,442 31,131 18,553,924 169,213 110,573 279,786 128,449 658,721

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	Inte	rest,			
	commission and rental income		Interest		
			and rental expenses		
	2001	2000	2001	2000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Investing enterprises having					
significant influence on the Bank					
and their subsidiaries	28,258	36,144	14,411	13,212	
Associate and jointly controlled entities	2,176		9,588	52	
Directors and their associates	54,277	58,634	28,328	30,213	

The above transactions were carried out at market price.

As at the balance sheet date, the Group had the following outstanding balances with related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investing enterprises having significant influence on the Bank				
and their subsidiaries	504,390	426,664	74,897	126,226
Associate and jointly controlled entities	393,376	359,754	118,800	56,480
Directors and their associates	843,288	759,059	579,704	679,764

The above outstanding balances bear interest at rates similar to those made available to non-related parties.