

Directors' Remuneration Report

This report has been prepared by the Board Remuneration Committee and has been approved by the Board as a whole.

The Board Remuneration Committee (the Committee) is made up exclusively of non-executive directors. The members of the Committee are Mr H E Norton (Committee Chairman), Lord Stewartby, Mr B Clare, Mr Ho KwonPing, Sir Ralph Robins and Mr A W P Stenham. Mr K A V Mackrell served as a member of the Committee until his retirement on 2 May 2002.

The Committee has specific terms of reference and meets at least three times a year. It considers and recommends to the Board the Group's remuneration policy and agrees the individual remuneration packages of the Group Chairman, Group Chief Executive and all other executive directors. No executive directors are involved in determining their own remuneration.

The tabular information on pages 51 to 55 has been audited.

Advisors to the Board Remuneration Committee

The principal advisors to the Committee are the Group Head of Human Resources (Mr T J Miller) and the Group Head of Reward (Ms K J Olley). Their advice draws on formal remuneration survey data provided by McLagan and Towers Perrin and, in respect of the design and operation of the Group's share plans, on advice provided by Clifford Chance and Towers Perrin. In addition to this share plan advice, Towers Perrin also provides retirement, benefit and welfare consulting services to the Group in North America.

The Committee relies upon these principal internal advisers but will draw upon independent advice as appropriate and depending upon the subject matter under discussion. The Committee did not seek any independent advice during 2002.

In addition, data required for the analysis of comparative Total Shareholder Return (for the Group's Performance Share Plan and for the comparator performance graph disclosed in this report) is provided by Datastream.

Remuneration Policy

The success of the Group depends upon the performance and commitment of talented employees. The Group's remuneration policy is, and will continue to be, to:

- Support a strong performance-oriented culture and ensure that individual rewards and incentives relate directly to the performance of the individual, the operations and functions for which they are responsible, the Group as a whole and the interests of shareholders; and
- maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented executives of the highest quality internationally. During 2002, over 89 per cent of the Group's trading profit came from operations outside the United Kingdom. The executive directors of the Group all bring international experience and expertise to the Group and the Group recognises that it recruits from an international marketplace.

Performance-related Remuneration

Target remuneration levels for the Group's executive directors are set at the median of its key international competitors, particularly those financial institutions headquartered in Europe, the United States and Asia which have significant operations in the Group's principal markets. In addition, relative performance against a specific comparator group is used in conjunction with one of the Group's share plans, the 2001 Performance Share Plan. Details of this comparator group are set out on pages 48 and 49.

Excellent performance by both the Group and by the individual executive directors is rewarded with higher bonus levels and share awards, taking potential total compensation to the upper quartile or higher of the Group's key international competitors.

Executive directors' target total compensation is structured to give the heaviest weighting to performance-related elements, with approximately 30 per cent of total compensation delivered through base salary, 30 per cent through an annual bonus, and 40 per cent through the expected value of share options and awards under the Performance Share Plan.

Retirement Benefits for executive directors, as for all employees, are set to be competitive in the local market and are not performance-based.

Remuneration Structure

The remuneration arrangements for the executive directors consist of:

Base Salaries

Base salary levels are set at the median of the Group's key international competitors. Salary levels are reviewed annually by the Committee taking account of the latest available market data as well as the performance of the individual executive.

Mr Davies' salary increase in 2002 reflects his promotion from executive director to Group Chief Executive. Excluding Mr Davies, the average salary increase for executive directors in 2002 was three per cent.

Annual Performance Bonus

Executive directors each have an annual target bonus of 100 per cent of base salary, with a maximum award of 150 per cent. This is a cash sum payable immediately on award. Annual bonus awards are made wholly on the basis of Group and individual performance. Group performance is assessed on the basis of a number of quantitative and qualitative measures which include earnings per share, revenue growth, costs and cost control, bad debts, pre-tax profits and cost to income ratio.

Individual performance is appraised taking account not only of the results achieved by the executive director but also their adherence to the Group's values and contribution to the collective leadership of the Group. This principle is also applied throughout the organisation. Actual awards made to executive directors in relation to 2002 ranged from 43 per cent to 132 per cent of base salary.

Long Term Incentives

In order to align the interests of executive directors and employees with those of shareholders, the executive directors are eligible to participate in two of the Group's share incentive schemes, the 2001 Performance Share Plan and the 2000 Executive Share Option Scheme. Both schemes are designed to provide competitive long-term incentives which are only exercisable upon the achievement of tough performance criteria. Details of these schemes are given on pages 48 and 49.

The importance placed on such programmes as a percentage of executive directors' total potential remuneration is one of the strongest indicators of the Group's commitment to paying for demonstrable performance. Awards under these schemes are entirely discretionary and are based on individual directors' performance. A performance test is therefore effectively applied both at the time of grant and upon vesting.

Upon recruitment to the Group, newly appointed executive directors may also be granted an award of restricted shares under the Group's 1997 Restricted Share Scheme. Such awards are made on an exceptional basis and are principally used to partly compensate such directors for share awards forfeited on leaving their previous employer. Executive directors are also eligible to participate in the Group's all-employee UK or International Sharesave Schemes on the same terms as other eligible employees.

Retirement Benefits

All of the executive directors, excluding the Chairman, are eligible for post retirement benefits through an executive directors' retirement compensation scheme. These are provided through a variety of different defined benefit, defined contribution and cash structures reflecting the point at which the executive director joined the Group, their length of service with the Group and their retirement arrangements with previous employers and with external pension providers. Generally, the Group aims to provide a retirement benefit equivalent to two thirds of salary based on at least 20 years of service with the Group at retirement age of 60. Base salary is the only element of remuneration which is pensionable. Retirement benefits are not designed to be performance-related.

Service Contracts

The policy for the Group is for all executive directors to receive (and be required to give) twelve months notice. In the twelve month period following a change of control of the Company, the notice period applicable to all existing executive directors is 24 months. The Committee will continue to monitor the appropriateness of this policy in the light of market practice and guidelines on corporate governance to allow the Group to attract and retain executive directors of the highest quality with commensurate experience.

Sir Patrick Gillam will retire as Chairman in May 2003. His successor, Mr Bryan Sanderson, will have a contract subject to twelve months notice. There is no change in his notice period following a change of control of the Company.

The dates of the executive directors' service agreements are set out below:

<u>Executive director</u>	<u>Date of agreement</u>
Sir Patrick Gillam	5 May 1993
E M Davies	3 November 1997
M B DeNoma	19 June 2000
C A Keljik	11 August 1999
R H Meddings	16 November 2002
K S Nargolwala	9 August 1999
P A Sands	13 May 2002

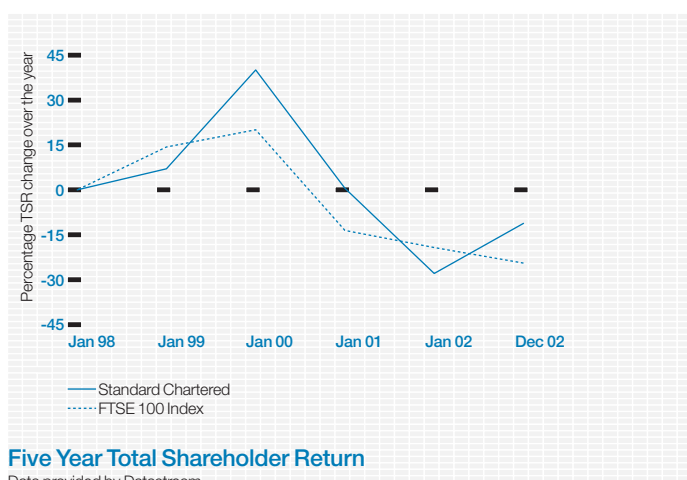
All executive directors' service agreements contain clauses specifying payments in the event of early termination by the Group (other than where summary dismissal is appropriate). In such circumstances the service agreements provide for payment that would take account of the executive director's base salary, pension contributions and certain allowances, but exclude non cash benefits and performance related bonus for the relevant period of notice.

Directors' Remuneration Report

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Performance Graph

The graph below shows the year on year change over the last five years in the Group's total shareholder return alongside the total shareholder return of the FTSE 100. The FTSE 100 provides a broad comparator group against which the Group's shareholders may measure their relative returns. The Company is a constituent member of the FTSE 100 Index and the London Stock Exchange is the principal exchange for the Company's shares. A more tailored comparator group (as described below) is used for the purpose of measuring Group performance for the Group's share plans and its remuneration arrangements in general.



Five Year Total Shareholder Return

Data provided by Datastream

Long Term Incentives

2001 Performance Share Plan

The Performance Share Plan (the Plan) is designed as an intrinsic part of total remuneration for the Group's executive directors and for a very small number of the Group's most senior executives. It is an internationally competitive long-term incentive that focuses executives on meeting and exceeding the long-term performance targets of the Group. The performance criteria which need to be met are listed below.

A personal shareholding requirement further reinforces the long-term nature of this plan. The Plan is administered by the Standard Chartered Employee Share Ownership Trust (the Trust) which is managed by an independent corporate trustee. Awards of nil price options to acquire shares are granted to the director and will normally be exercised between three and ten years after the date of grant if the individual is still employed by the Group. There is provision for earlier exercise in certain limited circumstances. The value of shares awarded in any year to any individual may not exceed one times their base salary.

To participate in the Plan and before exercising any award, executive directors have to build up, within three years of participating in the Plan, a personal shareholding equivalent to one times base salary (in addition to the shareholding requirement for the 2000 Executive Share Option Scheme). The Committee will set appropriate performance conditions each time that awards are made under the Plan.

The performance conditions which need to be met before any award can be exercised under the Plan are summarised below, together with the reason for their selection:

- Relative Total Shareholder Return (TSR): measuring the year-on-year growth in share price plus dividends paid to shareholders during that period, relative TSR is recognised as one of the best indicators of whether a shareholder has achieved a good return on investing in the Group relative to a basket of companies or a single index.
- Earnings per Share: An earnings per share (EPS) performance condition is used as this is recognised as providing an appropriate measure of the Group's underlying financial performance.

The Plan operates as follows:

The first half of the award is dependent upon the Group's TSR compared to that of a Comparator Group at the end of a three-year period.

The Comparator Group comprises:

ABN AMRO Holding Bank NV	HSBC Holdings
Bank of America	JP Morgan Chase
Bank of East Asia	Lloyds TSB
Barclays	Overseas Chinese Banking Corporation
Citigroup	Royal Bank of Scotland
DBS Group	United Overseas Bank
Deutsche Bank	Standard Chartered
HBOS	

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three-year performance period, depending on the ranking achieved in the Comparator Group:

Ranking in list of TSR Performance of Comparator Companies	Percentage of award exercisable
9th–15th	Nil
8th	20.0
7th	27.5
6th	35.0
5th	42.5
1st–4th	50.0

The other half of the award will be subject to an earnings per share (EPS) growth target applied over the same three-year period.

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three year performance period, depending on the EPS performance:

Increase in EPS (over performance period)	Percentage of award exercisable
less than 15%	Nil
15%	20.0
30% or greater	50.0

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

The Committee is responsible for approving the grant and exercise of all awards made to executive directors under the Plan. The Committee may amend the performance conditions which apply to any award if the amended condition would provide a more appropriate measure of performance as long as the amended condition would be no less demanding to satisfy.

It will be determined in January 2004 whether the performance conditions of the first award under this Plan have been met. For awards granted in 2002, normalised EPS of 66.3 cents was used as a base EPS figure. During 2002, awards over 322,621 shares were granted to executive directors under this Plan. No awards under the Plan have been exercised in 2002.

2000 Executive Share Option Scheme

The Executive Share Option Scheme is designed as an intrinsic part of the Group's executive directors' and senior managers' total remuneration. The scheme is designed to be internationally competitive and focus executive directors and their senior management teams on delivering long term performance. EPS performance criteria need to be met before options can be exercised. A personal shareholding requirement reinforces the long-term nature of the scheme.

Executive share options to purchase ordinary shares in the Company are exercisable after the third, but before the tenth, anniversary of the date of grant. The exercise price per share is the share price at the date of grant and options can normally only be exercised if a performance condition is satisfied.

The performance condition which needs to be met before any award can be exercised is summarised below, together with the reason for its selection:

- Earnings per Share: An earnings per share (EPS) performance condition is used as this is recognised as providing an appropriate measure of the Group's underlying financial performance.

The 2000 Executive Share Option Scheme (the 2000 scheme) was introduced in 2000 to replace the Group's existing executive share option schemes. An amendment to the scheme's performance conditions was approved by shareholders in 2001. From May 2001, options awarded under the 2000 scheme may be exercised if the Group's EPS has increased by at least eight per cent per year for three years (i.e. at least 24 per cent over three years). Re-testing may be carried out in the fourth and fifth year after grant, but if the performance conditions have not been met at the end of the fifth year all options lapse automatically.

To participate in the 2000 scheme, executive directors have to build up, over a two-year period from the grant of an option, a personal shareholding equivalent to one times base salary at the date of grant and retain such shareholding until exercise. The maximum value of options which may be granted in any year to any individual is six times base salary.

During 2002, options over 1,447,475 shares were granted to the executive directors under the 2000 scheme at option exercise prices of between 723 pence and 862 pence per share. For options granted in 2002, normalised EPS of 66.3 cents was used as the base EPS figure. No executive share options under the 2000 scheme were exercised by the directors during 2002.

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Long Term Incentives continued

1997 Restricted Share Scheme

The Group operates a discretionary Restricted Share Scheme for high performing and high potential staff at any level of the organisation. Except upon appointment, when an executive director may be granted an award of restricted shares, this scheme is not applicable to executive directors. It is designed for the recruitment, retention and motivation of employees below executive director level who are recognised as key performers and possessing talent which the Group wishes to retain.

Fifty per cent of the award vests two years after the date of grant and the remainder after three years. Along with the all employee sharesave schemes detailed below, the Restricted Share Scheme plays an important part in the Group's ambition to increase employee share ownership at all levels across its operations internationally. There are no performance conditions attached to awards under the Restricted Share Scheme.

The scheme is administered by trustees of an employee benefit trust (the Trust) which holds ordinary shares to meet its obligations under this and the Group's other long term incentive schemes. As each executive director is within the class of beneficiary of the Trust, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the Trust. As at 31 December 2002, the Trust's holding was 7,160,366 ordinary shares (3,411,218 as at 1 January 2002).

During 2002, options over 97,535 shares were granted to executive directors. No options under the Restricted Share Scheme were exercised by executive directors or lapsed during 2002.

All Employee Sharesave Schemes

The Group believes strongly in encouraging employee share ownership at all levels in the organisation. It seeks to engage employees in the performance of the Group, align their interests more closely with those of shareholders and offer them an opportunity for long-term savings and a share in the Group's financial success which they help to create. The Group has operated a UK sharesave scheme since 1984 in which all UK-based employees are eligible to participate. In 1996 the International Sharesave Scheme was launched and made available to all employees based outside the UK.

A small number of countries in which the Group operates do not permit sharesave plans to operate and in these countries the Group offers an equivalent cash-based scheme to its employees. Under the UK and the International plans, employees have the choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, employees may purchase ordinary shares in the Company. The price at which they may purchase shares is at a 20 per cent discount to the share price at the date of grant. The Group is proud to announce that in 2002, 50 per cent of employees globally participated in its all employee sharesave schemes. There are no performance conditions attached to options granted under the all employee sharesave schemes.

During 2002, options over 5,914 shares were granted to executive directors under the all employee sharesave schemes. In addition, executive directors exercised options over 1,376 shares. The directors' total gains on options exercised were £188. No options lapsed.

1997 Supplemental Share Option Scheme (closed)

No awards have been made under this scheme since February 2000 and it is anticipated that no future grants will be made under it except in exceptional circumstances. To be eligible for a grant under this scheme, participants had to retain a personal holding of at least 10,000 shares, purchased at their own expense. Options can only be exercised up to the fifth anniversary of the grant date if the share price increases by at least 50 per cent plus RPI and EPS increases by at least 25 per cent plus RPI. In the event of a change of control, the Committee may deem the EPS target to have been met.

During 2002, no share options were exercised by executive directors. Options over 181,488 shares lapsed during the year.

1994 Executive Share Option Scheme (closed)

No awards have been made under this scheme since August 1999 as the scheme was replaced by the 2000 Executive Share Option Scheme. Executive share options to purchase ordinary shares in the Company are exercisable after the third, but before the tenth anniversary of the date of grant. The exercise price is the share price at the date of grant and options can only be exercised if EPS increases by at least 15 per cent over three consecutive years.

During 2002, executive directors exercised options over 20,000 shares. Directors' total gains on options exercised were £77,600. No options lapsed.

1995 Restricted Share Scheme (closed)

Awards are no longer made under this scheme. Under the scheme, directors were awarded a proportion of their annual variable bonus in ordinary shares. These shares were not normally released before the third anniversary of the date of the award, and released in full between the fifth and seventh anniversary.

The scheme is administered by the trustee of the Trust. The shares held in the Trust are released at the discretion of the trustee. During 2002, 1,503 shares and 4,078 shares were released to E M Davies and C A Keljik, respectively. Sir Patrick Gillam and P N Kenny hold 23,725 shares and 727 shares under the scheme, respectively as at 31 December 2002, which are available for release between 2003 and 2004.

General

The middle market price of an ordinary share at the close of business on 31 December 2002 was 706 pence. The share price range during 2002 was 592.5 pence to 872.5 pence per share (based on closing middle market prices).

Full details of the directors' shares and options can be found in the Company's register of directors' interests.

Audited Information
Remuneration of Directors

Director	2002					2001				
	Salary/fees \$000	Bonus \$000	Benefits \$000	Compensation for loss of office \$000	Total \$000	Salary/fees \$000	Bonus \$000	Benefits \$000	Total \$000	
Sir Patrick Gillam (a)	746	902	66	–	1,714	693	698	11	1,402	
E M Davies (b)	906	1,127	118	–	2,151	588	720	692	2,000	
M B DeNoma (b)	559	751	612	–	1,922	529	490	344	1,363	
C A Keljik	567	601	23	–	1,191	529	562	22	1,113	
R H Meddings (c)	66	351	3	–	420	–	–	–	–	
K S Nargolwala (b)	559	631	302	–	1,492	529	634	460	1,623	
P A Sands (d)	427	676	24	–	1,127	–	–	–	–	
P N Kenny (e)	271	150	12	821	1,254	529	432	22	983	
G S Talwar	–	–	–	–	–	877	–	33	910	
Sub total (executive directors)	4,101	5,189	1,160	821	11,271	4,274	3,536	1,584	9,394	
Lord Stewartby (f) (g) (h)	250	–	–	–	250	173	–	–	173	
R C Chan (h)	62	–	–	–	62	43	–	–	43	
Sir CK Chow (h)	62	–	–	–	62	49	–	–	49	
B Clare (f) (h)	74	–	–	–	74	44	–	–	44	
Ho KwonPing (f) (h)	74	–	–	–	74	44	–	–	44	
R H P Markham (g) (h)	74	–	–	–	74	38	–	–	38	
D G Moir (h)	212	–	–	–	212	187	–	–	187	
H E Norton (f) (g) (h)	92	–	–	–	92	60	–	–	60	
Sir Ralph Robins (f) (g) (h)	87	–	–	–	87	60	–	–	60	
B K Sanderson (h) (i)	4	–	–	–	4	–	–	–	–	
A W P Stenham (f) (h)	130	–	–	–	130	58	–	–	58	
K A V Mackrell (h) (j)	23	–	–	–	23	60	–	–	60	
Sub total (non-executive directors)	1,144	–	–	–	1,144	816	–	–	816	
Total	5,245	5,189	1,160	821	12,415	5,090	3,536	1,584	10,210	

Notes

- (a) The benefits column includes expenses chargeable to income tax of \$30,139 paid to Sir Patrick Gillam (2001: Nil).
- (b) Expatriate directors carrying out their duties overseas have their remuneration adjusted to take local living costs into account. This adjustment is to put them in a position, after taxation differentials, where they are no worse off as a result of carrying out their duties overseas. The benefits column includes additional benefits, such as allowances for working overseas or the provision of accommodation, also granted to directors working overseas. For Messrs Davies, DeNoma, and Nargolwala, these allowances and benefits amounted to Nil (2001: \$653,532) \$611,922 (2001: \$296,368) \$301,344 (2001: \$441,104), respectively.
- (c) Mr Meddings was appointed as an executive director on 16 November 2002. Mr Meddings' bonus includes an amount that was guaranteed upon his appointment.
- (d) Mr Sands was appointed as an executive director on 14 May 2002.
- (e) Mr Kenny resigned as an executive director on 30 April 2002. Mr Kenny's service contract specified the amount he would be paid in the event of termination. This amount was a single termination payment of \$820,500 (£546,000) and has been paid. He will also receive a pro-rata bonus for 2002 of \$150,000 (£100,000).
- (f) Member of the Board Remuneration Committee.
- (g) Member of the Audit and Risk Committee.
- (h) The fees of the non-executive directors are determined by the executive directors only and are non-pensionable. Non-executive directors' fees are reviewed at least every two years and, as with executive directors' remuneration, reflect the international nature of the roles which they perform. Basic annual fees and Committee fees are set to be competitive against the Group's international comparator group. With effect from 1 April 2002 basic annual fees are \$67,600. Ordinary membership of a Board Committee is rewarded with an additional annual fee of \$13,500. The Deputy Chairman, Lord Stewartby, who is also Senior Independent Director, Chairman of the Audit and Risk Committee and a member of the Board Remuneration Committee, receives a total annual fee of \$203,000 inclusive of Board and Committee fees. The Chairman of the Board Remuneration Committee, Mr Norton, is rewarded with an annual fee of \$22,500. Mr Moir received a fee of \$150,300 in 2002 (2001: \$144,010) for advisory services. These amounts are shown in the table above. The fees for Lord Stewartby and Mr Stenham each include a payment of \$53,000 (£35,000) for additional work.
- (i) Mr Sanderson was appointed as a non-executive director on 9 December 2002.
- (j) Mr Mackrell resigned as a non-executive director on 2 May 2002.

Compensation for past directors

Mr Talwar ceased to be a director on 28 November 2001. Under the terms of the compensation agreed (which were announced on 16 April 2002), Mr Talwar received an initial payment of \$886,600 (£590,000) on 15 May 2002, with five subsequent instalments of \$592,750 (£394,459) payable over two years.

Directors' Remuneration Report

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Audited Information continued

Retirement Benefits of Executive Directors

	2002				2001			
	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	Defined benefit plan:	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	Defined benefit plan:
	contribution during the year \$000	increase in accrued pension during the year (c) \$000	total accrued pension at year end [†] \$000	transfer value of total accrued pension at year end \$000	contribution during the year \$000	increase in accrued pension during the year (c) \$000	total accrued pension at year end \$000	transfer value of total accrued pension at year end \$000
E M Davies	113	30	50	668	137	3	19	186
M B DeNoma	151	–	–	–	146	–	–	–
C A Keljik	–	19	381	6,400	–	58	338	5,579
R H Meddings	27	–	–	–	–	–	–	–
K S Nargolwala	151	–	–	–	143	–	–	–
P A Sands	173	–	–	–	–	–	–	–
P N Kenny	106	2	46	539	172	6	42	497
Total	721	51	477	7,607	598	67	399	6,262

[†] or at date of resignation.

Notes

(a) The executive directors' retirement compensation scheme comprises defined contribution plans and defined benefit plans. Defined contribution plans are a combination of an approved scheme, unapproved schemes and salary supplements. The defined benefit plans are provided through a non-contributory unapproved unfunded scheme and by the Standard Chartered Pension Fund, which is an approved non-contributory scheme. Under both schemes the normal retirement age is 60. A spouse's pension of 60 per cent of the member's pension (including any amount exchanged for a cash lump sum at retirement) is payable on death after retirement. On the death of a director, pension benefits are available to other dependants. Members of the Standard Chartered Pension Fund are entitled to retire early but on a reduced pension equivalent in value to the deferred pension. Guaranteed pension increases subject to the 'Guaranteed Pension Increase Allowance' rule are given in respect of pension for service up to 5 April 1997 and five per cent per annum (or the increase in the RPI if lower) for service from 6 April 1997.

(b) The ages of the directors are shown on pages 40 and 41.

(c) Defined Benefit Plan:

The increase in accrued pension is the difference between the accrued pension at the end of 2001 increased by an allowance for inflation of 2.6 per cent (2001: 0.9 per cent) and the accrued pension at the end of 2002. The table below shows both the increase in accrued pensions (without any allowance for inflation) and the increase in the transfer value of the total accrued pensions between the end of 2001 and the end of 2002 for members of the Standard Chartered Pension Fund.

Directors	Increase in accrued pension during 2002 (excluding inflation allowance) \$000	Increase in the transfer value of total accrued pension during 2002 \$000
E M Davies	30	482
C A Keljik	29	821
P N Kenny	3	42

The transfer value in respect of the unapproved unfunded defined benefit plan in which Mr E M Davies participates has been calculated using FRS17 methodology and assumptions, although the circumstances in which a cash amount can be paid are strictly limited.

(d) Amounts paid by the Group in addition to pension fund payments under the pension scheme to former directors or their dependants in respect of post-retirement benefits amounted to \$237,054 (2001: \$364,034). There were no other post-retirement benefits payments to former directors. None of these amounts first became payable after 31 March 1997.

Audited Information continued
Directors' Interests in Ordinary Shares

Name of director	At 1 January 2002 [†]				At 31 December 2002 ^{††}
	Total interests	Personal interests	Family interests	Other interests (d)	Total interests
Sir Patrick Gillam	60,438	38,994	–	23,725	62,719
Lord Stewartby	14,635	14,760	–	–	14,760
E M Davies	42,509	58,092	–	–	58,092
R C Chan	2,242	2,325	–	–	2,325
Sir CK Chow	8,664	8,664	–	–	8,664
B Clare	2,015	2,015	–	–	2,015
M B DeNoma	10,000	10,000	–	–	10,000
Ho KwonPing	2,128	2,208	–	–	2,208
C A Keljik	98,766	1,078	117,688	–	118,766
R H P Markham	2,000	2,075	–	–	2,075
R H Meddings	–	2,000	–	–	2,000
D G Moir	110,207	112,955	–	–	112,955
K S Nargolwala	55,000	70,897	–	–	70,897
H E Norton	4,000	4,000	–	–	4,000
Sir Ralph Robins	3,829	3,974	–	–	3,974
B K Sanderson	–	50,000	–	–	50,000
P A Sands	–	2,027	–	–	2,027
A W P Stenham	22,255	23,095	–	–	23,095
P N Kenny	33,368	32,641	–	727	33,368
K A V Mackrell	4,801	4,801	–	–	4,801

[†] or at date of appointment, if later.

^{††} or at date of resignation, if earlier.

Notes

- (a) The beneficial interests of directors and their families in the ordinary shares of the Company are set out above. The directors do not have any non-beneficial interests in the Company's shares.
- (b) No director had an interest in the Company's preference shares or loan stock, nor the shares or loan stocks of any subsidiary or associated undertaking of the Group.
- (c) No director had any corporate interests in the Company's ordinary shares.
- (d) Other interests refer to shares held under the 1995 Restricted Share Scheme, details of which are set out on page 50.

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Audited Information continued

Long term Incentives

The following table sets out details of options over ordinary shares granted, exercised and lapsed during 2002 and which directors hold at 31 December 2002. Details of the performance criteria of these options are set out on pages 48 to 50.

Director	Scheme	At 1 January 2002	Granted	Exercised	Lapsed	At 31 December 2002 [†]	Weighted average exercise price (pence)	Period of exercise
Sir Patrick Gillam	2000 Scheme	306,143	201,300	–	–	507,443	821.77	2003–2012
	Supplemental Scheme	191,313	–	–	54,310	137,003	879.18	2003–2005
	1994 Scheme	199,273	–	–	–	199,273	806.93	2003–2009
E M Davies	2000 Scheme	236,837	415,052	–	–	651,889	782.34	2003–2012
	Sharesave	1,376	2,957	1,376 ^(a)	–	2,957	559.5	2003–2008
	Supplemental Scheme	151,966	–	–	30,425	121,541	872.14	2003–2005
	1994 Scheme	132,848	–	–	–	132,848	754.02	2003–2009
M B DeNoma	2000 Scheme	214,449	102,379	–	–	316,828	834.83	2003–2012
	Sharesave	2,397	–	–	–	2,397	704	2003–2004
	Supplemental Scheme	36,585	–	–	–	36,585	820	2005
	1994 Scheme	33,783	–	–	–	33,783	888	2003–2009
C A Keljik	2000 Scheme	223,060	127,974	–	–	351,034	827.55	2003–2012
	Sharesave	5,164	–	–	–	5,164	334	2003–2004
	Supplemental Scheme	124,918	–	–	24,340	100,578	855.06	2003–2005
	1994 Scheme	137,098	–	20,000 ^(b)	–	117,098	767.01	2003–2009
R H Meddings	2000 Scheme	–	135,957	–	–	135,957	772.3	2005–2012
D G Moir	Supplemental Scheme	166,823	–	–	48,073	118,750	880.84	2003–2005
K S Nargolwala	2000 Scheme	231,670	153,569	–	–	385,239	821.56	2003–2012
	Supplemental Scheme	125,087	–	–	–	125,087	857.4	2003–2005
	1994 Scheme	99,063	–	–	–	99,063	757.1	2003–2009
P A Sands	2000 Scheme	–	208,865	–	–	208,865	861.8	2005–2012
	Sharesave	–	2,957	–	–	2,957	559.5	2003–2008
P N Kenny	2000 Scheme	214,449	102,379	–	–	316,828	834.83	2003
	Sharesave	1,339	–	–	–	1,339	723	2003
	Supplemental Scheme	124,841	–	–	24,340	100,501	855.72	2003
	1994 Scheme	134,245	–	–	–	134,245 ^(c)	536.33	2003

[†] or at date of resignation.

Notes

(a) Market value on date of exercise (23 December 2002) was 717.5p.

(b) Market value on date of exercise (29 November 2002) was 775p.

(c) Between the date of resignation and 31 December 2002 options over 32,035 shares and 30,000 shares were exercised on 28 June 2002 (market value 700p) and 23 July 2002 (market value 622.5p), respectively.

Audited Information continued

Further details of options held as at 31 December 2002 are as follows:

Director	Type of Scheme [†]	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At 31 December 2002	Weighted exercise price (pence)	Expiry date	At 31 December 2002	Weighted exercise price (pence)	Expiry date
Sir Patrick Gillam	Executive Schemes	–	–	–	843,719	827.58	2005–2012
E M Davies	Executive Schemes	60,483	620	2008	845,795	802.4	2003–2012
	Sharesave Scheme	2,957	559.5	2008	–	–	–
M B DeNoma	Executive Schemes	–	–	–	387,196	838.07	2003–2012
	Sharesave Scheme	2,397	704	2004	–	–	–
C A Keljik	Executive Schemes	40,645	620	2008	528,065	835.34	2003–2012
	Sharesave Scheme	5,164	334	2004	–	–	–
R H Meddings	Executive Schemes	–	–	–	135,957	772.3	2005–2012
D G Moir	Executive Schemes	–	–	–	118,750	880.8	2003–2005
K S Nargolwala	Executive Schemes	48,387	620	2008	561,002	835.55	2003–2012
P A Sands	Executive Schemes	–	–	–	208,865	861.8	2005–2012
	Sharesave Scheme	2,957	559.5	2008	–	–	–
P N Kenny	Executive Schemes	–	–	–	489,539	822.28	2003
	Sharesave Scheme	–	–	–	1,339	723	2003

[†] 'Executive Schemes' includes 1994 Executive Share Option Scheme, Supplemental Share Option Scheme and 2000 Executive Share Option Scheme.

The following table sets out details of awards (nil price options) over ordinary shares to directors who served in 2002 (including those awards that are currently unexercisable) under certain long-term incentive schemes. Vesting of these shares is subject to the performance criteria on pages 48 to 50.

Director	Scheme	At 1 January 2002	Granted	Vested	At 31 December 2002 [†]	Period of vesting
Sir Patrick Gillam	Performance Share Plan	48,750	–	–	48,750	2004
	Performance Share Plan	–	67,100 ^(a)	–	67,100	2005
E M Davies	Performance Share Plan	34,500	–	–	34,500	2004
	Performance Share Plan	–	83,010 ^(a)	–	83,010	2005
M B DeNoma	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	–	30,713 ^(a)	–	30,713	2005
C A Keljik	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	–	38,392 ^(a)	–	38,392	2005
R H Meddings	Restricted Share Scheme	–	45,319 ^(b)	–	45,319	2004–2005
K S Nargolwala	Performance Share Plan	37,250	–	–	37,250	2004
	Performance Share Plan	–	51,189 ^(a)	–	51,189	2005
P A Sands	Performance Share Plan	–	52,216 ^(c)	–	52,216	2004
	Restricted Share Scheme	–	52,216 ^(c)	–	52,216	2004–2005
P N Kenny	Performance Share Plan	37,250	–	–	37,250	2004

[†] or at date of resignation.

Notes

(a) Market value on date of award (6 March 2002) was 722.8p.

(b) Market value on date of award (6 December 2002) was 772.5p.

(c) Market value on date of award (20 May 2002) was 861.8p.

Directors' Remuneration Report

Continued

Remuneration of Five Highest Paid Individuals

In addition to its responsibilities for the remuneration of executive directors, the Committee ensures that the remuneration policy of the Group is consistently applied for other senior executives. Specifically the Committee ratifies appointments of key senior executives and approves any significant remuneration packages.

Following the Company's recent listing on the Hong Kong Stock Exchange it is necessary to disclose certain information relating to the five highest paid employees in the Group. Set out below are details for five individuals (one of whom is not an executive director) whose emoluments (excluding bonuses or commissions linked to profits generated by the individual or collectively by the individuals) were the highest in the year ending 31 December 2002:

Components of remuneration	\$'000
Basic salaries, allowances and benefits in kind	4,808
Pension contributions	522
Bonuses paid or receivable	5,064
Payments made on appointment	–
Compensation for loss of office	
– contractual	–
– other	–
Total	10,394
Total (HK\$'000)	81,073

Their emoluments are within the following bands:

HK\$ (approx. \$ equivalent)	Number of employees
HK\$12,500,001 – HK\$13,000,000 (\$1,602,688 – \$1,666,795)	1
HK\$13,000,001 – HK\$13,500,000 (\$1,666,795 – \$1,730,902)	1
HK\$16,000,001 – HK\$16,500,000 (\$2,051,440 – \$2,115,547)	1
HK\$17,500,001 – HK\$18,000,000 (\$2,243,762 – \$2,307,870)	1
HK\$20,500,001 – HK\$21,000,000 (\$2,628,407 – \$2,692,515)	1

By order of the Board

G A Bentley, Group Secretary

19 February 2003