

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER OPERATING INCOME

	2002 HK\$'000	2001 HK\$'000
Fee and commission income		
Securities dealings	29,031	29,683
Credit lines	23,038	18,594
Trade finance	14,430	14,896
Credit card services	14,274	9,154
Agency services	11,024	3,055
Others	12,131	5,042
Total fee and commission income	103,928	80,424
Less: Fee and commission expenses	1,507	534
Net fee and commission income	102,421	79,890
Dividend income		
Listed	14,076	3,468
Unlisted	1,380	1,980
Gains less losses from dealing in foreign currencies	21,721	16,184
Gains on trading securities	–	47
Gross rents from properties	8,838	11,210
Less: Outgoings	5,400	6,533
Net rental income	3,438	4,677
Safe deposit box rentals	20,464	20,607
Other banking services income	24,310	17,303
Others	13,036	12,338
	<u>200,846</u>	<u>156,494</u>

6. OPERATING EXPENSES

	2002 HK\$'000	2001 HK\$'000
Auditors' remuneration	2,237	2,228
Staff costs		
Salaries and other costs	213,037	207,722
Retirement benefits scheme contributions	18,338	20,183
Total staff costs	231,375	227,905
Depreciation and amortisation	43,442	48,428
Losses on trading securities	103	–
Premises and equipment expenses, excluding depreciation		
Rentals and rates for premises	26,069	27,632
Others	12,039	12,136
Other operating expenses	123,996	105,353
	<u>439,261</u>	<u>423,682</u>

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for the year ended 31 December 2002

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2002			2001		
	Executive HK\$'000	Others HK\$'000	Total HK\$'000	Executive HK\$'000	Others HK\$'000	Total HK\$'000
Directors						
Fees	360	560	920	332	602	934
Other emoluments:						
Salaries and other benefits	17,969	736	18,705	18,157	912	19,069
Contribution to retirement benefits scheme	1,233	–	1,233	1,445	2	1,447
Total emoluments	<u>19,562</u>	<u>1,296</u>	<u>20,858</u>	<u>19,934</u>	<u>1,516</u>	<u>21,450</u>

The above amounts include directors' fees of HK\$320,000 (2001: HK\$320,000) paid to independent non-executive directors.

Emoluments of the directors were within the following bands:

	2002 Number of directors	2001 Number of directors
HK\$ Nil - HK\$1,000,000	13	17
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	1	–
HK\$2,500,001 - HK\$3,000,000	–	1
HK\$3,000,001 - HK\$3,500,000	–	–
HK\$3,500,001 - HK\$4,000,000	–	–
HK\$4,000,001 - HK\$4,500,000	1	–
HK\$4,500,001 - HK\$5,000,000	–	1
HK\$5,000,001 - HK\$5,500,000	–	–
HK\$5,500,001 - HK\$6,000,000	<u>1</u>	<u>1</u>

Employees

The five highest paid employees for 2002 and 2001 were all directors.

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION

	2002 HK\$'000	2001 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– current year	60,491	47,200
– overprovision in prior years	(33)	(839)
Overseas taxation	2,236	2,097
	<u>62,694</u>	<u>48,458</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.

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.

9. DIVIDENDS

	2002 HK\$'000	2001 HK\$'000
Interim dividend paid - HK\$0.15 (2001: HK\$0.15) per share	65,250	65,250
Final dividend proposed - HK\$0.35 (2001: HK\$0.30) per share	152,250	130,500
	<u>217,500</u>	<u>195,750</u>

A final dividend of HK\$0.35 (2001: HK\$0.30) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$309,494,000 (2001: HK\$345,887,000) and on 435,000,000 (2001: 435,000,000) ordinary shares in issue during the year.

11. CASH AND SHORT-TERM FUNDS

	THE GROUP		THE BANK	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Cash and balances with banks and other financial institutions	515,457	409,020	301,925	409,015
Money at call and short notice	11,267,918	13,034,683	11,267,918	13,034,683
Exchange fund bills	605,109	826,136	602,092	823,118
	<u>12,388,484</u>	<u>14,269,839</u>	<u>12,171,935</u>	<u>14,266,816</u>