

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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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 |
| | 98,231 | 73,813 |

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.