

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

## 9. DIVIDENDS

	2003 HK\$'000	2002 HK\$'000
Interim dividend paid - HK\$0.15 (2002: HK\$0.15) per share	65,250	65,250
Final dividend proposed - HK\$0.35 (2002: HK\$0.35) per share	<u>152,250</u>	<u>152,250</u>
	<u>217,500</u>	<u>217,500</u>

A final dividend of HK\$0.35 (2002: HK\$0.35) 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, basic and diluted, is based on the profit attributable to shareholders of HK\$311,475,000 (2002 (restated): HK\$311,411,000) and on 435,000,000 (2002: 435,000,000) ordinary shares in issue during the year.

## 11. CASH AND SHORT-TERM FUNDS

	THE GROUP		THE BANK	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Cash and balances with banks and other financial institutions	744,527	515,457	744,527	301,925
Money at call and short notice	10,745,214	11,267,918	10,745,214	11,267,918
Exchange fund bills	512,147	605,109	512,147	602,092
	<u>12,001,888</u>	<u>12,388,484</u>	<u>12,001,888</u>	<u>12,171,935</u>

## 12. INVESTMENTS IN SECURITIES

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
<b>THE GROUP</b>								
Equity securities:								
Listed in Hong Kong	394	334	-	-	114,044	98,238	114,438	98,572
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
Unlisted	-	-	-	-	200,462	155,036	200,462	155,036
	<u>394</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>319,947</u>	<u>256,312</u>	<u>320,341</u>	<u>256,646</u>
Debt securities:								
Unlisted	220,575	185,660	3,104,561	1,557,144	-	-	3,325,136	1,742,804
Total:								
Listed in Hong Kong	394	334	-	-	114,044	98,238	114,438	98,572
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
Unlisted	220,575	185,660	3,104,561	1,557,144	200,462	155,036	3,525,598	1,897,840
	<u>220,969</u>	<u>185,994</u>	<u>3,104,561</u>	<u>1,557,144</u>	<u>319,947</u>	<u>256,312</u>	<u>3,645,477</u>	<u>1,999,450</u>
Market value of listed securities:								
Listed in Hong Kong	394	334	-	-	114,044	98,238	114,438	98,572
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
	<u>394</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>119,485</u>	<u>101,276</u>	<u>119,879</u>	<u>101,610</u>

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## 12. INVESTMENTS IN SECURITIES - continued

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE BANK</b>								
Equity securities:								
Listed in Hong Kong	-	-	-	-	91,151	79,671	91,151	79,671
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
Unlisted	-	-	-	-	200,462	147,227	200,462	147,227
	-	-	-	-	297,054	229,936	297,054	229,936
Debt securities:								
Unlisted	220,575	185,660	3,104,561	1,557,144	-	-	3,325,136	1,742,804
Total:								
Listed in Hong Kong	-	-	-	-	91,151	79,671	91,151	79,671
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
Unlisted	220,575	185,660	3,104,561	1,557,144	200,462	147,227	3,525,598	1,890,031
	220,575	185,660	3,104,561	1,557,144	297,054	229,936	3,622,190	1,972,740
Market value of listed securities:								
Listed in Hong Kong	-	-	-	-	91,151	79,671	91,151	79,671
Listed overseas	-	-	-	-	5,441	3,038	5,441	3,038
	-	-	-	-	96,592	82,709	96,592	82,709

Investments in securities are analysed and reported by issuing entities as follows:

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>								
Central governments and central banks	-	-	-	11,699	-	-	-	11,699
Public sectors entities	-	54	-	-	33,859	31,919	33,859	31,973
Banks and other financial institutions	40	24	1,548,459	750,772	10,899	5,946	1,559,398	756,742
Corporate entities	354	256	1,456,008	682,505	55,600	55,275	1,511,962	738,036
Others	220,575	185,660	100,094	112,168	219,589	163,172	540,258	461,000
	220,969	185,994	3,104,561	1,557,144	319,947	256,312	3,645,477	1,999,450
<b>THE BANK</b>								
Central governments and central banks	-	-	-	11,699	-	-	-	11,699
Public sectors entities	-	-	-	-	33,370	31,505	33,370	31,505
Banks and other financial institutions	-	-	1,548,459	750,772	8,647	4,669	1,557,106	755,441
Corporate entities	-	-	1,456,008	682,505	54,575	46,535	1,510,583	729,040
Others	220,575	185,660	100,094	112,168	200,462	147,227	521,131	445,055
	220,575	185,660	3,104,561	1,557,144	297,054	229,936	3,622,190	1,972,740

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for the year ended 31 December 2003

## 13. ADVANCES AND OTHER ACCOUNTS

	THE GROUP		THE BANK	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Advances to customers				
Bills receivable	537,161	527,385	537,161	527,385
Trade bills	69,355	54,642	69,355	54,642
Other advances to customers	<u>19,578,749</u>	<u>19,068,508</u>	<u>19,566,981</u>	<u>19,050,574</u>
	<b>20,185,265</b>	<b>19,650,535</b>	<b>20,173,497</b>	<b>19,632,601</b>
Interest receivable	122,020	136,093	121,970	136,022
Provisions for bad and doubtful debts				
- General	(215,730)	(202,336)	(214,608)	(201,127)
- Specific	(215,255)	(272,699)	(214,474)	(272,281)
Interest in suspense	<u>(140,603)</u>	<u>(156,820)</u>	<u>(140,528)</u>	<u>(156,820)</u>
	<b>19,735,697</b>	<b>19,154,773</b>	<b>19,725,857</b>	<b>19,138,395</b>
Advances to banks and other financial institutions	<u>58,369</u>	<u>58,999</u>	<u>58,369</u>	<u>58,999</u>
	<b>19,794,066</b>	<b>19,213,772</b>	<b>19,784,226</b>	<b>19,197,394</b>
Other accounts	<u>287,477</u>	<u>375,429</u>	<u>133,423</u>	<u>329,862</u>
	<b><u>20,081,543</u></b>	<b><u>19,589,201</u></b>	<b><u>19,917,649</u></b>	<b><u>19,527,256</u></b>

Included in the "Advances to customers" of the Group and the Bank are aggregate amounts of approximately HK\$284,274,000 (2002: HK\$536,091,000) due from companies having significant influence on the Bank and their subsidiaries.

Included in the "Advances to banks and other financial institutions" is an amount of approximately HK\$58,369,000 (2002: HK\$58,999,000) placed as reserve funds with the financial institutions in the People's Republic of China by the Shantou Branch of the Bank in compliance with the requirements of Regulations Governing Foreign Financial Institutions of the People's Republic of China.