

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

## 12. ADVANCES AND OTHER ACCOUNTS

	THE GROUP		THE BANK	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advances to customers				
Bills receivable	656,104	754,725	656,104	754,725
Trade bills	91,199	78,092	91,199	78,092
Other advances to customers	17,825,768	18,423,925	17,806,621	18,397,762
	18,573,071	19,256,742	18,553,924	19,230,579
Interest receivable	266,619	204,611	258,711	197,811
Provisions for bad and doubtful debts				
– General	(274,448)	(224,019)	(273,208)	(223,654)
– Specific	(294,883)	(356,125)	(294,724)	(355,245)
Interest in suspense	(117,863)	(75,275)	(117,863)	(75,275)
	18,152,496	18,805,934	18,126,840	18,774,216
Advances to banks and other financial institutions	531,131	530,832	31,131	30,832
	18,683,627	19,336,766	18,157,971	18,805,048
Other accounts	696,793	422,612	666,045	347,760
	19,380,420	19,759,378	18,824,016	19,152,808

Included in the “Advances to customers” of the Group and the Bank are aggregate amounts of approximately HK\$426,664,000 (1999: HK\$659,643,000) 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\$31,131,000 (1999: HK\$30,832,000) placed as reserve funds with the People's Bank 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

## 12. ADVANCES AND OTHER ACCOUNTS – continued

Provisions against advances and other accounts:

	THE GROUP				THE BANK			
	Specific HK\$'000	General HK\$'000	Total HK\$'000	Suspended interest HK\$'000	Specific HK\$'000	General HK\$'000	Total HK\$'000	Suspended interest HK\$'000
Balance at 1 January 2000	356,125	224,019	580,144	75,275	355,245	223,654	578,899	75,275
New provisions	114,300	58,544	172,844	-	115,021	57,616	172,637	-
Amounts recovered	(635)	(676)	(1,311)	-	(635)	(623)	(1,258)	-
Net charge to income statement	113,665	57,868	171,533	-	114,386	56,993	171,379	-
Interest suspended during the year	-	-	-	42,588	-	-	-	42,588
Translation difference	-	7	7	-	-	7	7	-
Amounts written off	(174,907)	(7,446)	(182,353)	-	(174,907)	(7,446)	(182,353)	-
Balance at 31 December 2000	<u>294,883</u>	<u>274,448</u>	<u>569,331</u>	<u>117,863</u>	<u>294,724</u>	<u>273,208</u>	<u>567,932</u>	<u>117,863</u>
Balance at 1 January 1999	205,442	189,388	394,830	4,308	204,562	189,033	393,595	4,308
New provisions	150,683	35,016	185,699	-	150,683	35,016	185,699	-
Amounts recovered	-	(390)	(390)	-	-	(390)	(390)	-
Net charge to income statement	150,683	34,626	185,309	-	150,683	34,626	185,309	-
Interest suspended during the year	-	-	-	70,967	-	-	-	70,967
Translation difference	-	5	5	-	-	(5)	(5)	-
Balance at 31 December 1999	<u>356,125</u>	<u>224,019</u>	<u>580,144</u>	<u>75,275</u>	<u>355,245</u>	<u>223,654</u>	<u>578,899</u>	<u>75,275</u>

Details of the advances to customers on which interest is being placed in suspense or has ceased to be accrued are as follows:

	THE GROUP		THE BANK	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Gross advances to customers	1,119,272	1,185,029	1,119,113	1,185,029
Less: Specific provisions	(267,376)	(331,341)	(267,217)	(331,341)
	<u>851,896</u>	<u>853,688</u>	<u>851,896</u>	<u>853,688</u>
Percentage of such advances to total advances	<u>6.0%</u>	<u>6.2%</u>	<u>6.0%</u>	<u>6.2%</u>
Market value of collateral pledged	<u>774,771</u>	<u>789,283</u>	<u>774,771</u>	<u>789,283</u>
Interest in suspense	<u>117,863</u>	<u>75,275</u>	<u>117,863</u>	<u>75,275</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

## 12. ADVANCES AND OTHER ACCOUNTS – continued

The specific provisions were made after taking into account the value of collateral in respect of such advances to customers.

There are no advances to banks and other financial institutions on which interest is being placed in suspense or has ceased to be accrued.

Advances to customers of the Group include receivables under hire purchase contracts as follows:

	2000	1999
	HK\$'000	HK\$'000
Due within one year	2,219	954
Due after one year	<u>3,118</u>	<u>2,055</u>
	<u><u>5,337</u></u>	<u><u>3,009</u></u>

Aggregate rentals receivable for the year under hire purchase contracts amounted to HK\$1,177,000 (1999: HK\$982,000).

The cost of assets acquired during the year for leasing to customers under hire purchase contracts entered into by the Group amounted to approximately HK\$3,260,000 (1999: HK\$340,000).

## 13. CERTIFICATES OF DEPOSIT HELD

All the certificates of deposit are held-to-maturity and are unlisted.

## 14. INTERESTS IN SUBSIDIARIES

	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	547,715	547,715
Amounts due from subsidiaries	<u>58,197</u>	<u>41,421</u>
	<u><u>605,912</u></u>	<u><u>589,136</u></u>

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.