

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

14. ADVANCES AND OTHER ACCOUNTS

	THE GROUP		THE BANK	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Advances to customers				
Bills receivable	502,532	656,104	502,532	656,104
Trade bills	62,644	91,199	62,644	91,199
Other advances to customers	18,363,096	17,825,768	18,346,668	17,806,621
	<u>18,928,272</u>	<u>18,573,071</u>	<u>18,911,844</u>	<u>18,553,924</u>
Interest receivable	192,238	266,619	192,165	258,711
Provisions for bad and doubtful debts				
– General	(180,866)	(274,448)	(179,684)	(273,208)
– Specific	(279,131)	(294,883)	(278,713)	(294,724)
Interest in suspense	(160,829)	(117,863)	(160,829)	(117,863)
	<u>18,499,684</u>	<u>18,152,496</u>	<u>18,484,783</u>	<u>18,126,840</u>
Advances to banks and other financial institutions	30,647	531,131	30,647	31,131
	<u>18,530,331</u>	<u>18,683,627</u>	<u>18,515,430</u>	<u>18,157,971</u>
Other accounts	400,779	696,793	369,220	666,045
	<u>18,931,110</u>	<u>19,380,420</u>	<u>18,884,650</u>	<u>18,824,016</u>

Included in the “Advances to customers” of the Group and the Bank are aggregate amounts of approximately HK\$504,390,000 (2000: HK\$426,664,000) 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\$30,647,000 (2000: HK\$31,131,000) 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.

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for the year ended 31 December 2001

14. 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 2001	294,883	274,448	569,331	117,863	294,724	273,208	567,932	117,863
New provisions	223,122	-	223,122	-	222,863	-	222,863	-
Amounts recovered	(1,259)	-	(1,259)	-	(1,259)	-	(1,259)	-
Released back to the income statement	-	(85,426)	(85,426)	-	-	(85,368)	(85,368)	-
Net charge to income statement	221,863	(85,426)	136,437	-	221,604	(85,368)	136,236	-
Interest suspended during the year	-	-	-	72,915	-	-	-	72,915
Interest recovered during the year	-	-	-	(29,949)	-	-	-	(29,949)
Amounts written off	(237,615)	(8,156)	(245,771)	-	(237,615)	(8,156)	(245,771)	-
Balance at								
31 December 2001	279,131	180,866	459,997	160,829	278,713	179,684	458,397	160,829
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	294,883	274,448	569,331	117,863	294,724	273,208	567,932	117,863

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	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Gross advances to customers	1,240,226	1,119,272	1,239,807	1,119,113
Less: Specific provisions	(240,870)	(267,376)	(240,451)	(267,217)
	<u>999,356</u>	<u>851,896</u>	<u>999,356</u>	<u>851,896</u>
Percentage of such advances to total advances	<u>6.6%</u>	<u>6.0%</u>	<u>6.6%</u>	<u>6.0%</u>
Market value of collateral pledged	<u>943,099</u>	<u>774,771</u>	<u>943,099</u>	<u>774,771</u>
Interest in suspense	<u>160,829</u>	<u>117,863</u>	<u>160,829</u>	<u>117,863</u>

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for the year ended 31 December 2001

14. 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 finance leases as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Within one year	5,295	2,668	4,670	2,219
In the second to fifth year inclusive	3,236	3,771	3,206	3,118
	<u>8,531</u>	<u>6,439</u>	<u>7,876</u>	<u>5,337</u>
Less: unearned finance income	(655)	(1,102)	—	—
Present value of minimum lease payments receivable	<u>7,876</u>	<u>5,337</u>	<u>7,876</u>	<u>5,337</u>
Analysed as:				
Non-current finance lease receivables (recoverable after 12 months)			3,206	3,118
Current finance lease receivables (recoverable within 12 months)			4,670	2,219
			<u>7,876</u>	<u>5,337</u>

15. CERTIFICATES OF DEPOSIT HELD

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

Certificates of deposit of approximately HK\$37,428,000 (2000: HK\$51,475,000) held by the San Francisco Branch of the Bank, which have been pledged to the State of California of the United States of America in compliance with the requirements of the California Financial Code.

16. INTERESTS IN SUBSIDIARIES

	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	547,715	547,715
Amounts due from subsidiaries	3,633	58,197
	<u>551,348</u>	<u>605,912</u>

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