

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

## 16. INTERESTS IN SUBSIDIARIES - continued

Details of the subsidiaries are as follows:

Name of company	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Percentage of issued share capital directly held	Principal activities
Liu Chong Hing (Management) Limited	Hong Kong	HK\$100,000	100%	Provision of property management services
Liu Chong Hing (Nominees) Limited	Hong Kong	HK\$100,000	100%	Provision of nominee services
Liu Chong Hing Finance Limited	Hong Kong	HK\$25,000,000	100%	Deposit-taking
Liu Chong Hing Data Processing Limited	Hong Kong	HK\$100,000	100%	Provision of electronic data processing services
Liu Chong Hing Bank (International) Limited	Republic of Vanuatu/ Hong Kong	AU\$200,000	100%	Banking
Liu Chong Hing Banking Corporation, Cayman	Cayman Islands/ Hong Kong	US\$65,000,000	100%	General merchant banking
Chong Hing Securities Limited	Hong Kong	HK\$10,000,000	100%	Stockbroking
Chong Hing Commodities and Futures Limited	Hong Kong	HK\$5,000,000	100%	Investment holding and commodities and futures broking
Right Way Investments Limited	Bermuda/ Hong Kong	US\$12,000	100%	Property investment
Gallbraith Limited	Hong Kong	HK\$10,000	100%	Inactive

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

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## 17. INTEREST IN AN ASSOCIATE

	THE GROUP		THE BANK	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	–	–	5	5
Share of net assets	<u>3,813</u>	<u>3,813</u>	–	–
	3,813	3,813	5	5
Amount due from associate	<u>356,326</u>	<u>340,954</u>	<u>356,326</u>	<u>340,954</u>
	<u><u>360,139</u></u>	<u><u>344,767</u></u>	<u><u>356,331</u></u>	<u><u>340,959</u></u>

At 31 December 2001, the Bank held 47.37% of the issued ordinary share capital of Alain Limited, a private limited company incorporated in Hong Kong. The associate is engaged in the development of high-class commercial buildings in Shanghai.

The amount due from associate is secured by the property and assets charged under a debenture in favour of the Group, bears interest at Hong Kong prime rate and has no fixed terms of repayment.

## 18. INTEREST IN JOINTLY CONTROLLED ENTITIES

	THE GROUP		THE BANK	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	–	–	57,500	33,000
Share of net assets	<u>38,618</u>	<u>33,000</u>	–	–
	38,618	33,000	57,500	33,000
Loans to jointly controlled entities	<u>37,050</u>	<u>18,800</u>	<u>37,050</u>	<u>18,800</u>
	<u><u>75,668</u></u>	<u><u>51,800</u></u>	<u><u>94,550</u></u>	<u><u>51,800</u></u>

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## 18. INTEREST IN JOINTLY CONTROLLED ENTITIES - continued

As at 31 December 2001, the Bank had interests in the following jointly controlled entities:

Name of company	Place of incorporation and operation	Class of share held	Proportion of nominal value of issued capital held by the Bank	Nature of business
Bank Consortium Holding Limited	Hong Kong	Ordinary	14.3%	Provision of Mandatory Provident Fund services
BC Reinsurance Limited	Hong Kong	Ordinary	10.5%	Reinsurance
Card Alliance Company Limited	Hong Kong	Ordinary	33.3%	Credit card management
Hong Kong Life Insurance Limited	Hong Kong	Ordinary	11.7%	Life insurance underwriting
Net Alliance Co., Limited	Hong Kong	Ordinary	15%	Provision of internet banking services

The financial statements of all jointly controlled entities are not audited by Deloitte Touche Tohmatsu.

The loans to jointly controlled entities are unsecured, non interest bearing and have no fixed repayment terms, except for a loan to Bank Consortium Holding Limited amounting to HK\$27,000,000 which will be repayable on 28 December 2008.