

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

13. INVESTMENTS IN SECURITIES

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP								
Equity securities:								
Listed in Hong Kong	400	577	-	-	98,022	133,819	98,422	134,396
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
Unlisted	-	-	-	-	186,398	151,515	186,398	151,515
	<u>400</u>	<u>577</u>	<u>-</u>	<u>-</u>	<u>288,152</u>	<u>290,434</u>	<u>288,552</u>	<u>291,011</u>
Debt securities:								
Unlisted	171,935	169,213	494,874	110,573	-	-	666,809	279,786
Total:								
Listed in Hong Kong	400	577	-	-	98,022	133,819	98,422	134,396
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
Unlisted	171,935	169,213	494,874	110,573	186,398	151,515	853,207	431,301
	<u>172,335</u>	<u>169,790</u>	<u>494,874</u>	<u>110,573</u>	<u>288,152</u>	<u>290,434</u>	<u>955,361</u>	<u>570,797</u>
Market value of listed securities:								
Listed in Hong Kong	400	577	-	-	98,022	133,819	98,422	134,396
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
	<u>400</u>	<u>577</u>	<u>-</u>	<u>-</u>	<u>101,754</u>	<u>138,919</u>	<u>102,154</u>	<u>139,496</u>

Unlisted other securities are stated at cost. The directors are of the opinion that the cost is not materially different from the fair value as at 31 December 2001.

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE BANK								
Equity securities:								
Listed in Hong Kong	-	-	-	-	77,807	82,049	77,807	82,049
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
Unlisted	-	-	-	-	178,590	151,515	178,590	151,515
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,129</u>	<u>238,664</u>	<u>260,129</u>	<u>238,664</u>
Debt securities:								
Unlisted	171,935	169,213	494,874	110,573	-	-	666,809	279,786
Total:								
Listed in Hong Kong	-	-	-	-	77,807	82,049	77,807	82,049
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
Unlisted	171,935	169,213	494,874	110,573	178,590	151,515	845,399	431,301
	<u>171,935</u>	<u>169,213</u>	<u>494,874</u>	<u>110,573</u>	<u>260,129</u>	<u>238,664</u>	<u>926,938</u>	<u>518,450</u>
Market value of listed securities:								
Listed in Hong Kong	-	-	-	-	77,807	82,049	77,807	82,049
Listed overseas	-	-	-	-	3,732	5,100	3,732	5,100
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,539</u>	<u>87,149</u>	<u>81,539</u>	<u>87,149</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

13. INVESTMENTS IN SECURITIES - continued

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

	Trading securities		Held-to-maturity securities		Other securities		Total	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
THE GROUP								
Central governments and central banks	-	-	11,696	11,699	-	-	11,696	11,699
Public sectors entities	46	50	-	38,785	41,825	33,194	41,871	72,029
Banks and other financial institutions	42,203	67,217	217,656	8,842	183,806	157,639	443,665	233,698
Corporate entities	107,302	79,514	-	-	42,953	48,803	150,255	128,317
Others	22,784	23,009	265,522	51,247	19,568	50,798	307,874	125,054
	<u>172,335</u>	<u>169,790</u>	<u>494,874</u>	<u>110,573</u>	<u>288,152</u>	<u>290,434</u>	<u>955,361</u>	<u>570,797</u>
THE BANK								
Central governments and central banks	-	-	11,696	11,699	-	-	11,696	11,699
Public sectors entities	-	-	-	38,785	41,432	32,766	41,432	71,551
Banks and other financial institutions	42,172	67,179	217,656	8,842	183,735	157,548	443,563	233,569
Corporate entities	106,979	79,025	-	-	34,437	47,825	141,416	126,850
Others	22,784	23,009	265,522	51,247	525	525	288,831	74,781
	<u>171,935</u>	<u>169,213</u>	<u>494,874</u>	<u>110,573</u>	<u>260,129</u>	<u>238,664</u>	<u>926,938</u>	<u>518,450</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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>