

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

19. INVESTMENT PROPERTIES

	THE GROUP AND THE BANK HK\$'000
VALUATION	
At 1 January 2001	34,700
Transfer from land and buildings	9,532
Transfer to land and buildings	(2,300)
Additions	<u>5,936</u>
At 31 December 2001	<u><u>47,868</u></u>

The net book value of investment properties of the Group and the Bank comprises:

	2001 HK\$'000	2000 HK\$'000
Leasehold properties		
Held in Hong Kong on long-term lease (over 50 years unexpired)	10,332	3,100
Held in Hong Kong on medium-term lease (10 - 50 years unexpired)	<u>37,536</u>	<u>31,600</u>
	<u><u>47,868</u></u>	<u><u>34,700</u></u>

The investment properties are rented out under operating leases.

Investment properties owned by the Group and by the Bank were revalued at 31 December 2001 on an open market value basis by Vigers Hong Kong Limited, independent professionally qualified valuers.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

20. PROPERTY AND EQUIPMENT

	THE GROUP			THE BANK		
	Land and buildings HK\$'000	Equipment HK\$'000	Total HK\$'000	Land and buildings HK\$'000	Equipment HK\$'000	Total HK\$'000
COST OR VALUATION						
At 1 January 2001	1,057,808	226,539	1,284,347	487,808	207,373	695,181
Transfer to investment property	(9,532)	–	(9,532)	(9,532)	–	(9,532)
Transfer from investment property	2,300	–	2,300	2,300	–	2,300
Additions	32,430	56,281	88,711	32,430	53,644	86,074
Deficit on revaluation	(38,393)	–	(38,393)	(10,393)	–	(10,393)
Disposals	(4,889)	(9,787)	(14,676)	(4,889)	(9,787)	(14,676)
At 31 December 2001	<u>1,039,724</u>	<u>273,033</u>	<u>1,312,757</u>	<u>497,724</u>	<u>251,230</u>	<u>748,954</u>
ANALYSIS OF COST OR VALUATION						
At cost	–	273,033	273,033	–	251,230	251,230
At professional valuation 2001	<u>1,039,724</u>	–	<u>1,039,724</u>	<u>497,724</u>	–	<u>497,724</u>
	<u>1,039,724</u>	<u>273,033</u>	<u>1,312,757</u>	<u>497,724</u>	<u>251,230</u>	<u>748,954</u>
DEPRECIATION AND AMORTISATION						
At 1 January 2001	–	142,242	142,242	–	137,792	137,792
Provided for the year	14,274	34,154	48,428	10,393	30,109	40,502
Eliminated on disposals	–	(8,952)	(8,952)	–	(8,952)	(8,952)
Written back on revaluation	(14,274)	–	(14,274)	(10,393)	–	(10,393)
At 31 December 2001	<u>–</u>	<u>167,444</u>	<u>167,444</u>	<u>–</u>	<u>158,949</u>	<u>158,949</u>
NET BOOK VALUES						
At 31 December 2001	<u>1,039,724</u>	<u>105,589</u>	<u>1,145,313</u>	<u>497,724</u>	<u>92,281</u>	<u>590,005</u>
At 31 December 2000	<u>1,057,808</u>	<u>84,297</u>	<u>1,142,105</u>	<u>487,808</u>	<u>69,581</u>	<u>557,389</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

20. PROPERTY AND EQUIPMENT - continued

The net book value of land and buildings shown above comprises:

	THE GROUP		THE BANK	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Leasehold properties				
Held in Hong Kong on long-term lease (over 50 years unexpired)	719,802	724,497	177,802	154,497
Held in Hong Kong on medium-term lease (10 - 50 years unexpired)	312,243	320,572	312,243	320,572
Held outside Hong Kong on medium-term lease (10 - 50 years unexpired)	7,679	12,739	7,679	12,739
	<u>1,039,724</u>	<u>1,057,808</u>	<u>497,724</u>	<u>487,808</u>

Land and buildings owned by the Group and by the Bank were revalued at 31 December 2001 on an open market value basis by Vigers Hong Kong Limited, independent professionally qualified valuers.

Had the land and buildings been carried at cost less accumulated depreciation, the carrying value of the land and buildings of the Group and the Bank would have been stated at approximately HK\$339,679,000 and HK\$250,979,000 (2000: HK\$325,939,000 and HK\$236,720,000) respectively.

21. CURRENT, FIXED, SAVINGS AND OTHER DEPOSITS OF CUSTOMERS

THE GROUP AND THE BANK

Included in the balances is an aggregate amount of approximately HK\$74,897,000 (2000: HK\$126,226,000) representing current, fixed, savings and other deposits of companies having significant influence on the Bank and their subsidiaries placed with the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

22. SHARE CAPITAL

	2001 & 2000 HK\$'000
Authorised:	
600,000,000 shares of HK\$0.50 each	<u>300,000</u>
Issued and fully paid:	
435,000,000 shares of HK\$0.50 each	<u>217,500</u>

23. RESERVES

	Share premium HK\$'000	Goodwill HK\$'000	Investment property revaluation reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Inner reserve HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP											
At 1 January 2000											
- as originally stated	1,542,817	(182)	30,708	708,690	10,750	1,200,000	188,500	2,913	-	1,370,852	5,055,048
- prior period adjustment (note 2)	-	-	-	-	-	-	-	-	117,450	-	117,450
- as restated	1,542,817	(182)	30,708	708,690	10,750	1,200,000	188,500	2,913	117,450	1,370,852	5,172,498
Revaluation movements	-	-	-	23,644	51,310	-	-	-	-	-	74,954
Currency re-alignment	-	-	-	-	-	-	-	2,504	-	-	2,504
Profit for the year	-	-	-	-	-	-	-	-	-	456,598	456,598
Dividends paid	-	-	-	-	-	-	-	-	(117,450)	(78,300)	(195,750)
Proposed dividend	-	-	-	-	-	-	-	-	152,250	(152,250)	-
At 1 January 2001	1,542,817	(182)	30,708	732,334	62,060	1,200,000	188,500	5,417	152,250	1,596,900	5,510,804
Revaluation movements	-	-	-	(24,119)	(36,457)	-	-	-	-	-	(60,576)
Transfer between reserves	-	-	(1,364)	1,364	-	-	-	-	-	-	-
Currency re-alignment	-	-	-	-	-	-	-	(133)	-	-	(133)
Profit for the year	-	-	-	-	-	-	-	-	-	345,887	345,887
Dividends paid	-	-	-	-	-	-	-	-	(152,250)	(65,250)	(217,500)
Proposed dividend	-	-	-	-	-	-	-	-	130,500	(130,500)	-
At 31 December 2001	1,542,817	(182)	29,344	709,579	25,603	1,200,000	188,500	5,284	130,500	1,747,037	5,578,482