

NOTES TO THE ACCOUNTS (continued)

22. Other investments in securities

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Debt securities				
Unlisted, at fair value	50,973	32,519	50,803	-
Listed, at fair value				
- In Hong Kong	294	194	294	-
- Overseas	4,812	1,059	4,812	-
	56,079	33,772	55,909	-
Equity securities				
Unlisted, at fair value	62	77	45	4
Listed, at fair value				
- In Hong Kong	28	35	28	2
- Overseas	-	6	-	-
	90	118	73	6
Total	56,169	33,890	55,982	6

Other investments in securities are analysed by issuer as follows:

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Central governments and central banks	1,495	2,677	1,495	-
Public sector entities	24,557	2,539	24,557	-
Banks and other financial institutions	28,876	27,509	28,876	-
Corporate entities	1,241	1,165	1,054	6
	56,169	33,890	55,982	6

NOTES TO THE ACCOUNTS (continued)

23. Advances and other accounts

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Advances to customers	323,038	340,039	276,875	20,334
Accrued interest	2,180	5,028	1,785	306
	325,218	345,067	278,660	20,640
Provision for bad and doubtful debts (Note 24)				
- General	(6,538)	(8,624)	(4,682)	(717)
- Specific	(10,576)	(10,972)	(9,628)	(388)
	(17,114)	(19,596)	(14,310)	(1,105)
	308,104	325,471	264,350	19,535
Advances to banks and other financial institutions	4	98	4	6
	308,108	325,569	264,354	19,541

Non-performing loans are analysed as follows:

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Non-performing loans	35,512	34,649	32,752	1,260
Specific provisions made in respect of such advances	10,322	10,442	9,508	375
As a percentage of total advances to customers	10.99%	10.19%	11.83%	6.20%
Amount of interest in suspense	610	763	598	135

Non-performing loans are defined as loans and advances to customers on which interest is being placed in suspense or on which interest accrual has ceased. The specific provisions were made after taking into account the value of collateral in respect of such advances.

There were no advances to banks and other financial institutions on which interest has been placed in suspense or on which interest accrual has ceased as at 31 December 2001 (2000: nil) nor were there any specific provisions made in respect of advances to banks and other financial institutions (2000: nil).

In June 2002, the Bank disposed of loans with a gross book value of HK\$11,401 million net of specific provisions of HK\$2,679 million to Bank of China Grand Cayman Branch (Note 40(a)). As at 31 December 2001, the outstanding balance of non-performing loans which were disposed of in 2002 amounted to HK\$7,269 million and specific provisions made in respect of such non-performing loans amounted to HK\$2,538 million. Had the disposal taken place as at 31 December 2001, the non-performing loans as a percentage of total advances to customers would have been 9.06%.

NOTES TO THE ACCOUNTS (continued)

24. Provisions for bad and doubtful debts

	The Group			Suspended interest HK\$'m
	Specific HK\$'m	General HK\$'m	Total HK\$'m	
Balance as at 1 January 2001	11,031	8,624	19,655	763
Charge/ (credit) to consolidated profit and loss account (Note 7)	9,474	(2,062)	7,412	(13)
Amounts written off	(10,414)	(21)	(10,435)	(173)
Recoveries of advances written off in previous years (Note 7)	530	-	530	-
Interest suspended during the year	-	-	-	339
Suspended interest recovered	-	-	-	(306)
At 31 December 2001	10,621	6,541	17,162	610
Deducted from:				
Advances to customers (Note 23)	10,576	6,538	17,114	
Other assets	45	3	48	
	10,621	6,541	17,162	

	The Bank			Suspended interest HK\$'m
	Specific HK\$'m	General HK\$'m	Total HK\$'m	
Balance as at 1 January 2001 (as originally stated)	388	717	1,105	135
Provisions for bad and doubtful debts relating to Merging Branches and Hua Chiao	9,339	5,942	15,281	577
Balance as at 1 January 2001 (restated)	9,727	6,659	16,386	712
Charge/ (write back) to profit and loss account (Note 7)	8,780	(1,954)	6,826	(13)
Amounts written off	(9,276)	(21)	(9,297)	(155)
Recoveries of advances written off in previous years	424	-	424	-
Interest suspended during the year	-	-	-	331
Suspended interest recovered	-	-	-	(277)
At 31 December 2001	9,655	4,684	14,339	598
Deducted from:				
Advances to customers (Note 23)	9,628	4,682	14,310	
Other assets	27	2	29	
	9,655	4,684	14,339	

NOTES TO THE ACCOUNTS (continued)

24. Provisions for bad and doubtful debts (continued)

	The Group			Suspended interest HK\$'m
	Specific HK\$'m	General HK\$'m	Total HK\$'m	
Balance as at 1 January 2000	14,773	7,329	22,102	939
Charge to consolidated profit and loss account (Note 7)	7,188	1,405	8,593	-
Amounts written off	(11,029)	(110)	(11,139)	(271)
Recoveries of advances written off in previous years (Note 7)	99	-	99	-
Interest suspended during the year	-	-	-	800
Suspended interest recovered	-	-	-	(705)
At 31 December 2000	11,031	8,624	19,655	763
Deducted from:				
Advances to customers (Note 23)	10,972	8,624	19,596	
Other assets	59	-	59	
	11,031	8,624	19,655	

	The Bank			Suspended interest HK\$'m
	Specific HK\$'m	General HK\$'m	Total HK\$'m	
Balance as at 1 January 2000	606	456	1,062	134
Charge to profit and loss account	-	261	261	-
Amounts written off	(221)	-	(221)	(35)
Recoveries of advances written off in previous years	3	-	3	-
Interest suspended during the year	-	-	-	77
Suspended interest recovered	-	-	-	(41)
At 31 December 2000	388	717	1,105	135
Deducted from:				
Advances to customers (Note 23)	388	717	1,105	

Note:

In June 2002, the Bank disposed of loans with a gross book value of HK\$11,401 million net of specific provisions of HK\$2,679 million to Bank of China Grand Cayman Branch without recourse. As at 31 December 2001, the gross value of such loans amounted to HK\$11,441 million and the related specific provisions amounted to HK\$2,538 million.

NOTES TO THE ACCOUNTS (continued)

25. Loans to directors and officers

Particulars of advances made to officers pursuant to section 161B(4B) of the Hong Kong Companies Ordinance are as follows:

	2001 HK\$m	2000 HK\$m
Aggregate amount of relevant loans outstanding at year end	14	20
Maximum aggregate amount of relevant loans outstanding during the year	20	20

26. Investments in subsidiaries

	The Bank	
	2001 HK\$m	2000 HK\$m
Unlisted shares, at cost (net of dividends received in relation to the Reorganisation)	12,493	50
Less: Provision for impairment in value	(90)	-
	12,403	50
Amounts due from subsidiaries	961	1,452
	13,364	1,502

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

Details of the principal subsidiaries as at 31 December 2001 are set out below:

Entity	Country/place of operation and incorporation	Particulars of issued share capital	Interest held	Principal activities
Nanyang Commercial Bank, Limited	Hong Kong	Ordinary shares of HK\$100 each	100%	Banking business
Chiyu Banking Corporation Limited	Hong Kong	Ordinary shares of HK\$100 each	70.49%	Banking business
BOC Credit Card (International) Limited	Hong Kong	Ordinary shares of HK\$100 each	100%	Credit card services
Po Sang Futures Limited	Hong Kong	Ordinary shares of HK\$100 each	100%	Commodities brokerage

NOTES TO THE ACCOUNTS (continued)

27. Investments in associates

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Share of net assets	368	441	238	56
Less: Provision for impairment in value	(22)	(30)	(22)	(8)
	346	411	216	48
Loans to associates (Note)	68	345	131	-
Amounts due from associates (Note)	2	1	-	-
Less: Provision for loans to associates	-	(15)	(19)	-
	416	742	328	48

Note:

For the year ended 31 December 2001, loans to and amounts due from associates amounting to HK\$1 million (2000: HK\$277 million) are unsecured, interest-free and have no fixed terms of repayment. The remaining balances are on commercial terms.

The following is a list of the principal associates as at 31 December 2001, all of which are corporate entities:

Name	Place of incorporation & operation	Principal activities	Particulars of issued shares held	Group's equity interest held indirectly
CCIC Finance Limited	Hong Kong	Provision of financial advisory services	Ordinary shares of HK\$1,000 each	30%
Charleston Investments Company Limited	Hong Kong	Property investment	Ordinary shares of HK\$10 each	40%
CJM Insurance Brokers Limited	Hong Kong	Insurance broker	Ordinary shares of HK\$1 each	33%
Joint Electronic Teller Services Limited	Hong Kong	Operation of a private inter-bank message switching network in respect of ATM services	Ordinary shares of HK\$100 each	20%
Kincheng-Tokyo Finance Company Limited	Hong Kong	Deposit taking company	Ordinary shares of HK\$100 each	50%
Trilease International Limited	Hong Kong	Provision of leasing finance	Ordinary shares of HK\$1 each	40%
Wealthy Full Enterprises Limited	Hong Kong	Property investment	Ordinary shares of HK\$1 each	35%
Zhejiang Commercial Bank Limited	PRC	Banking and related financial services	Ordinary shares	25%

NOTES TO THE ACCOUNTS (continued)

28. Fixed assets

	The Group				Total HK\$m
	Premises HK\$m	Investment properties HK\$m	Property under development HK\$m	Other fixed assets HK\$m	
Cost or valuation					
At 1 January 2001	9,230	2,045	657	3,690	15,622
Additions	1,147	3	12	286	1,448
Acquisitions of subsidiaries	15	-	-	-	15
Disposals	(273)	(17)	(25)	(342)	(657)
Disposal of subsidiaries	-	-	(592)	(5)	(597)
Revaluation	5,200	2,874	-	-	8,074
Exchange adjustments	(28)	-	-	-	(28)
Reclassification	248	(24)	(13)	(211)	-
At 31 December 2001	15,539	4,881	39	3,418	23,877
Representing:					
At cost	-	-	39	3,418	3,457
At valuation	15,539	4,881	-	-	20,420
	15,539	4,881	39	3,418	23,877
Accumulated depreciation					
At 1 January 2001	1,945	179	-	2,927	5,051
Depreciation for the year	316	-	-	144	460
Acquisition of subsidiaries	2	-	-	-	2
Disposals	(31)	-	-	(317)	(348)
Disposal of subsidiaries	-	-	-	(4)	(4)
Write-back on revaluation	(2,122)	(179)	-	-	(2,301)
Exchange adjustments	(28)	-	-	-	(28)
Reclassification	143	-	-	(143)	-
Provision for impairment losses	-	-	7	-	7
Write-back of provision for impairment loss	(11)	-	-	-	(11)
At 31 December 2001	214	-	7	2,607	2,828
Net book value					
At 31 December 2001	15,325	4,881	32	811	21,049
At 31 December 2000	7,285	1,866	657	763	10,571

NOTES TO THE ACCOUNTS (continued)

28. Fixed assets (continued)

	The Bank				Total HK\$m
	Premises HK\$m	Investment properties HK\$m	Property under development HK\$m	Other fixed assets HK\$m	
Cost or valuation					
At 1 January 2001 (as originally stated)	781	106	-	165	1,052
Gross value (cost or valuation) of fixed assets relating to Merging Branches and Hua Chiao	6,159	1,410	22	2,923	10,514
At 1 January 2001 (restated)	6,940	1,516	22	3,088	11,566
Additions	1,140	1	-	228	1,369
Disposals	(162)	(5)	(22)	(373)	(562)
Revaluation	4,249	2,511	-	-	6,760
Reclassification	35	-	-	(35)	-
Transfers	29	(29)	-	-	-
At 31 December 2001	12,231	3,994	-	2,908	19,133
Representing:					
At cost	1,386	-	-	2,908	4,294
At valuation	10,845	3,994	-	-	14,839
	12,231	3,994	-	2,908	19,133
Accumulated depreciation					
At 1 January 2001 (as originally stated)	82	-	-	133	215
Accumulated depreciation relating to Merging Branches and Hua Chiao	1,346	177	-	2,349	3,872
At 1 January 2001 (restated)	1,428	177	-	2,482	4,087
Depreciation for the year	262	-	-	93	355
Disposals	(16)	-	-	(346)	(362)
Write-back on revaluation	(1,487)	(177)	-	-	(1,664)
Write-back of provision for impairment loss	(11)	-	-	-	(11)
At 31 December 2001	176	-	-	2,229	2,405
Net book value					
At 31 December 2001	12,055	3,994	-	679	16,728
At 31 December 2000	699	106	-	32	837

NOTES TO THE ACCOUNTS (continued)

28. Fixed assets (continued)

The carrying amount of premises is analysed based on the remaining terms of the leases as follows:

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Held in Hong Kong				
On long lease (over 50 years)	10,394	4,022	7,752	548
On medium-term lease (10-50 years)	4,616	3,086	4,178	82
On short lease (less than 10 years)	3	9	3	-
Held outside Hong Kong				
On long lease (over 50 years)	94	44	14	6
On medium-term lease (10-50 years)	217	123	108	63
On short lease (less than 10 years)	1	1	-	-
	15,325	7,285	12,055	699

The carrying amount of investment properties is analysed based on the remaining terms of the leases as follows:

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Held in Hong Kong				
On long lease (over 50 years)	4,038	615	3,225	6
On medium-term lease (10-50 years)	690	1,132	659	3
Held outside Hong Kong				
On long lease (over 50 years)	5	-	-	-
On medium-term lease (10-50 years)	148	119	110	97
	4,881	1,866	3,994	106

NOTES TO THE ACCOUNTS (continued)

28. Fixed assets (continued)

Premises and investment properties were revalued at 31 August 2001 on the basis of their open market value by an independent firm of chartered surveyors, Chesterton Petty Limited. As a result of the revaluation, increases and decreases in valuation of the Group's and Bank's premises and investment properties were credited to the Group's and Bank's property revaluation reserves and charged to profit and loss account respectively as follows:

	The Group		The Bank	
	Premises HK\$m	Investment Properties HK\$m	Premises HK\$m	Investment Properties HK\$m
Increase in valuation credited to property revaluation reserve	8,267	3,141	6,592	2,736
Decrease in valuation charged to profit and loss account	(983)	(56)	(777)	-

In the course of the Reorganisation carried out on 1 October 2001, the Bank had issued shares to acquire the net assets of the Merging Branches, Hua Chiao and the subsidiaries. In determining net asset values prior to the Reorganisation, the premises and investment properties of the Merging Branches, Hua Chiao and the subsidiaries were revalued and this resulted in the recognition of consolidated revaluation reserves of HK\$11,071 million of which HK\$8,991 million relate to the Merging Branches and Hua Chiao. These reserves were capitalised at the consolidated and bank level respectively upon the Reorganisation. Such reserves are no longer available for offset against any future reductions in the market value of the properties concerned.

As at 31 December 2001, the premises and investment properties are included in the balance sheet at management's valuation, having regard to the independent professional valuations carried out in April 2002. As a result of management's valuation, increases and decreases in valuation of the Group's and Bank's premises and investment properties were credited to the Group's and Bank's property revaluation reserves and charged to profit and loss account respectively as follows.

	The Group		The Bank	
	Premises HK\$m	Investment Properties HK\$m	Premises HK\$m	Investment Properties HK\$m
Increase in valuation credited to property revaluation reserves	141	18	69	-
Decrease in valuation charged to profit and loss account	(152)	(50)	(150)	(47)

As at 31 December 2001, the carrying amounts of premises that would have been included in the Group's consolidated balance sheet and the Bank's balance sheet had the assets been carried at cost less accumulated depreciation and impairment losses were HK\$7,924 million and HK\$6,319 million respectively.

NOTES TO THE ACCOUNTS (continued)

29. Hong Kong SAR currency notes in circulation

The HKSAR currency notes in circulation are secured by the deposit of funds in respect of which the Government of the HKSAR certificates of indebtedness are held.

30. Assets pledged as security

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Secured liabilities	1,813	868	1,813	-
Assets pledged as security				
- Securities pledged as collateral	1,883	897	1,883	-

Secured liabilities and assets pledged as security relate to short positions in Exchange Fund Bills and Notes ("EFBNs") which are collateralised by long positions in EFBNs.

31. Other accounts and provisions

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Interest payable	1,615	4,469	1,400	197
Current taxation (Note (a))	59	891	-	175
Deferred taxation (Note 32)	8	9	-	-
Restructuring provision (Note (b))	666	-	666	-
Accruals and other payables	18,010	12,507	13,164	796
Others	313	755	2,055	-
	20,671	18,631	17,285	1,168

(a) Current taxation

	The Group		The Bank	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Hong Kong profits tax	42	887	-	174
Overseas taxation	17	4	-	1
	59	891	-	175

NOTES TO THE ACCOUNTS (continued)

31. Other accounts and provisions (continued)

(b) Restructuring provision

Movements in restructuring provision are as follows:

	2001 HK\$'m
As at 1 January 2001	-
Charge to consolidated profit and loss account (Note 8)	937
Utilised during the year	(271)
As at 31 December 2001	666

The restructuring provision was made in relation to the Reorganisation of the Group. Amounts provided at the year ended 31 December 2001 are expected to be utilised in 2002.

32. Deferred taxation

	The Group		The Bank	
	2001 HK\$'m	2000 HK\$'m	2001 HK\$'m	2000 HK\$'m
As at 1 January	9	9	-	-
Recognition of deferred tax asset	(624)	-	(624)	-
Deferred tax liability (Note 12)	2	-	-	-
Utilisation of net deferred tax asset	621	-	624	-
As at 31 December	8	9	-	-

Pursuant to the Merger Ordinance, any losses sustained by the Merging Branches which are capable of but have not been carried forward and set off against their assessable profits for the purpose of the Inland Revenue Ordinance (the "IR Ordinance") as at 31 December 2000 are deemed to be losses of the Bank. Accordingly, these accumulated tax losses amounting to approximately HK\$3,900 million prior to 1 October 2001 are available for set off against the assessable profits of the Bank for the purpose of the IR Ordinance.

The potential deferred tax asset arising from these losses was not recognised in the financial statements of the Merging Branches prior to the Reorganisation, as the related benefits were not expected to crystallise in the foreseeable future. Upon the Reorganisation, the Bank recognised a deferred tax asset amounting to HK\$624 million in its financial statements as the crystallisation of the benefits had become certain. As this asset arose as a result of the Reorganisation, the benefit to the Group has been treated as a capital contribution in 2001. Such deferred tax assets were used to set off the current tax liabilities for the year ended 31 December 2001.

As at 31 December 2001, the deferred tax liability mainly represents the taxation effect of accelerated depreciation allowances. The potential deferred tax asset arising from the general provision for bad and doubtful debts amounting to HK\$1,046 million as at 31 December 2001 (2000: HK\$1,379 million) has not been recognised in the consolidated balance sheet.

NOTES TO THE ACCOUNTS (continued)

33. Share capital

	Ordinary shares of HK\$1 each (2000: HK\$100 each)	
	Number of shares (in million)	HK\$m
Authorised:		
At 1 January 2001	4	400
Increase due to share split	396	-
Increase during the year	99,600	99,600
At 31 December 2001	100,000	100,000
Issued and fully paid:		
At 1 January 2001	4	400
Increase due to share split	396	-
Issue of share capital to purchase the share capital of Nanyang, Chiyu and BOC-CC pursuant to the Reorganisation	16,900	16,900
Issue of share capital to purchase the assets and liabilities of the Merging Branches and the undertakings of Hua Chiao	25,743	25,743
	43,043	43,043

Pursuant to a written resolution of all the shareholders of the Bank passed on 3 September 2001, the authorised share capital of the Bank, comprising 4 million ordinary shares of HK\$100 each, was subdivided into 400 million ordinary shares of HK\$1 each. The authorised share capital of the Bank was also increased from HK\$400 million to HK\$100,000 million by the creation of an additional 99,600 million ordinary shares of HK\$1 each ranking pari passu in all aspects with the existing ordinary shares in the capital of the Bank.

In connection with the Reorganisation, the Bank issued a total of approximately 42,643 million ordinary shares at par value of HK\$1 each to BOC Hong Kong (Holdings) Limited on 1 October 2001 at the instruction of BOC. The consideration is equal to the adjusted net asset value of Chiyu, Nanyang, BOC-CC, the Merging Branches and Hua Chiao calculated in accordance with the Merger Agreement. The issuance represents:

- approximately 3,466 million ordinary shares issued as consideration for the transfer of 70.49% of the equity interest in Chiyu, being 2,114,733 ordinary shares at par value of HK\$100 each;
- approximately 13,061 million ordinary shares issued as consideration for the transfer of the entire equity interest in Nanyang, being 6 million ordinary shares at par value of HK\$100 each;
- approximately 373 million ordinary shares issued as consideration for the transfer of the entire equity interest in BOC-CC, being 1 million ordinary shares at par value of HK\$100 each;
- approximately 25,743 million ordinary shares issued as consideration for the transfer of the assets, liabilities and relevant business undertakings of the Merging Branches and Hua Chiao.

NOTES TO THE ACCOUNTS (continued)

34. Reserves

	The Group					Total HK\$m
	Merger reserve (Note 3(a)) HK\$m	Premises revaluation reserve HK\$m	Investment property revaluation reserve HK\$m	Translation reserve HK\$m	Retained earnings HK\$m	
As at 1 January 2000 (Note a)	(41,252)	-	-	(10)	29,225	(12,037)
Profit for the year	-	-	-	-	5,213	5,213
Exchange differences	-	-	-	3	-	3
1999 final dividends paid (Note b)	-	-	-	-	(438)	(438)
2000 interim dividends paid (Note b)	-	-	-	-	(420)	(420)
Remittance of profits by Merging Branches	-	-	-	-	(2,171)	(2,171)
Capital contributions from ultimate holding company	-	-	-	-	152	152
As at 31 December 2000	(41,252)	-	-	(7)	31,561	(9,698)
As at 1 January 2001	(41,252)	-	-	(7)	31,561	(9,698)
Profit for the year	-	-	-	-	2,768	2,768
Exchange differences	-	-	-	(2)	-	(2)
2000 final dividends paid	-	-	-	-	(40)	(40)
2000 other final dividends paid (Note b)	-	-	-	-	(502)	(502)
Remittance of profits by Merging Branches	-	-	-	-	(3,034)	(3,034)
Capital contributions from ultimate holding company	-	-	-	-	8,068	8,068
Revaluation of properties	-	8,408	3,159	-	-	11,567
Capitalisation of reserves (Note a)	41,252	(7,952)	(3,119)	-	(30,181)	-
As at 31 December 2001	-	456	40	(9)	8,640	9,127

Note:

- (a) As outlined in Note 3(a), the consolidated financial statements are shown as if the Reorganisation has occurred from 1 January 2000. Therefore, the share capital in issue is shown as if they were in issue on 1 January 2000. A consequence of this presentation is the recognition of a merger reserve as at 1 January 2000 representing the difference between the amount of share capital issued and the nominal amount of share capital acquired as recorded in the relevant Surviving and Predecessor Entities as at 1 October 2001. On 1 October 2001, the merger reserve is eliminated against the reserves of the relevant Surviving and Predecessor Entities as it was the intention of the directors to capitalise these reserves at a consolidated level upon the Reorganisation.
- (b) Other interim and final dividends paid represent amounts paid by Nanyang, Chiyu, BOC-CC and Hua Chiao directly to their respective shareholders prior to the Reorganisation. Dividends declared after the balance sheet date (Note 42) are not shown as appropriations of retained earnings for the year.

NOTES TO THE ACCOUNTS (continued)

34. Reserves (continued)

	The Bank			
	Premises revaluation reserves HK\$m	Investment property revaluation reserves HK\$m	Retained earnings HK\$m	Total HK\$m
As at 1 January 2000	-	-	8,162	8,162
Profit for the year	-	-	925	925
1999 final dividends paid	-	-	(40)	(40)
As at 31 December 2000	-	-	9,047	9,047
As at 1 January 2001	-	-	9,047	9,047
Reserves of Merging Branches and Hua Chiao (Note 3(a))	-	-	9,179	9,179
Profit for the year	-	-	1,332	1,332
2000 final dividends paid	-	-	(40)	(40)
Remittance of profits by Merging Branches	-	-	(3,034)	(3,034)
Capital contributions from ultimate holding company	-	-	8,068	8,068
Revaluation of properties	6,661	2,736	-	9,397
Capitalisation of reserves (Note 3(a))	(6,278)	(2,713)	(16,752)	(25,743)
As at 31 December 2001	383	23	7,800	8,206

On 1 October 2001, reserves amounting to HK\$25,743 million were effectively capitalised with the issue of share capital to purchase the assets and liabilities of the Merging Branches and the undertaking of Hua Chiao (Note 33).