

**Completion Instructions**  
**Survey Form on Exposure to Non-bank Chinese Entities**

**Introduction**

1. This survey form collects information on authorised institutions' exposure to non-bank Chinese entities.

**General Instructions**

2. For the purposes of this survey, "non-bank Chinese entities" refer to the following categories of entities:

(a) ITICs and their subsidiaries

"ITICs" stands for International Trust and Investment Corporations, e.g. Guangdong International Trust and Investment Corporation ("GITIC") and includes Trust and Investment Corporation ("TIC") e.g. Guangdong Overseas Chinese Trust and Investment Corporation.

(b) Red-chip companies and their subsidiaries

"Red-chip companies" refer to companies incorporated outside the People's Republic of China ("PRC") where they are listed in Hong Kong and at least 35% of their shareholding is held directly by either:

- (i) Chinese entities, i.e. state-owned organisations, provincial or municipal authorities in PRC; or
- (ii) Listed or privately owned Hong Kong companies (Hong Kong or overseas incorporated) which are controlled by Chinese entities.

A list of Red-chip companies is attached at Appendix 1 for reference.

(c) H-share companies and their subsidiaries

"H-share companies" refer to state-owned Chinese enterprises with its shares listed in Hong Kong. A list of H-share companies is attached at Appendix 2 for reference.

- (d) Other state, provincial or municipal government owned entities and their subsidiaries.

(e) Other entities known to be owned or controlled by Chinese interests.

Items should be classified in order of priority in column (1). For example, a red chip company owned by state-owned entity should be included in category (b), while its parent should be included in category (d). A red chip company which is a subsidiary of ITIC should be included in category (a).

3. “Exposure” means all potential losses which might result should a particular counterparty (i.e. any of the non-bank Chinese entities as defined in this survey) defaults. These generally include all kinds of claims and contingent liabilities recorded both on and off the balance sheet of the reporting institution. Assets, such as equity securities, which do not represent a claim on the counterparty but whose value otherwise depends on that counterparty’s financial soundness, should also be included.
4. All figures should be reported gross before provisions but after netting off the accrued interest (if any) on an exposure against the corresponding amount of interest in suspense whether or not it has been capitalised.
5. Amounts should be shown to the nearest thousand, in HK\$ or HK\$ equivalent in the case of foreign currency items. The closing middle market T/T rates prevailing at the reporting date should be used for conversion purposes.

### **Specific Instructions**

#### **6. Part I – Exposure to non-bank Chinese entities**

##### **6.1 Columns (2) to (7) – Total direct exposure**

“Direct exposure” refers to any exposure to a counterparty who is liable to the reporting institution as principal.

##### **6.1.1 Column (2) - On-balance sheet exposure**

Report the outstanding amount of on-balance sheet exposure (i.e. loans and advances, debt securities, shares, etc) to non-bank Chinese entities.

##### **6.1.2 Column (3) – Contingent liabilities**

“Contingent liabilities” refer to any potential liabilities of the reporting institution that may arise from guarantees, letters of credit, etc, issued by it.

### 6.1.3 **Column (4) - Irrevocable undrawn commitments**

Enter in this column all the irrevocable undrawn commitments which your institution is obliged to honour under all circumstances.

### 6.1.4 **Column (5) - FX and derivatives contracts**

Report only those FX and derivatives contracts with positive value to the reporting institution at replacement cost.

### 6.1.5 **Column (7) - SAFE registered portion**

“SAFE” stands for the State Administration of Foreign Exchange of PRC. “SAFE registered portion” refers to any exposure reported in columns (2), (3), (4) and (5) which have been registered with SAFE. Where an exposure is itself registered with SAFE and supported by a guarantee also registered with SAFE, report only the amount of the exposure (but not the guarantee) in this column.

### 6.2 **Columns (8) to (12) – Total indirect exposure**

“Indirect exposure” refers to any exposures to a counterparty who is liable to the reporting institution as guarantor or issuer of a standby letter of credit or other types of irrevocable commitments in support of the institution’s exposure to third parties.

Report in columns (8), (9) and (11) the outstanding liabilities of non-bank Chinese entities listed in column (1) under guarantees or standby letters of credit or other irrevocable commitments issued by these entities in support of the institution’s exposure to entities specified in these columns. A direct exposure which is covered by such guarantees etc should be included in columns (2) to (7) as appropriate.

Report in column (10) the amount of indirect exposure reported in columns (8) and (9), which has been registered with SAFE.

Report in column (12) the amount of indirect exposure reported in column (11), which has been registered with SAFE.

**But where both a direct exposure and the indirect exposure supporting it are registered with SAFE, report only the direct exposure in the “SAFE registered portion” in column (7). There is no need to report the indirect exposure in column (10) or (12) to avoid double counting.**

## 7. **Part II – Breakdown of exposure to individual non-bank Chinese entities**

This part collects information on a reporting institution's exposure to individual non-bank Chinese entities. For columns (1) and (2), enter the full name of the borrower and its ultimate holding company in block letters without any abbreviations except in the cases of ITIC and TIC. For example, “Guangzhou International Trust and Investment Corporation” and “Guangdong Overseas Chinese Trust and Investment Corporation” can be reported as “GUANGZHOU ITIC” and “GUANGDONG OVERSEAS CHINESE TIC” respectively.

### 7.1 **Column (2) – Ultimate holding company**

The name of the ultimate controlling non-bank Chinese entity incorporated in PRC should be used as far as possible. For example, the ultimate holding company for Guangnan (Holdings) Ltd and its subsidiaries should be Guangdong Enterprises (Holdings) Ltd instead of Guangnan (Holdings) Ltd. In case where the borrower itself is the ultimate holding company of the group, its name should be reported in column (2) again. Further examples showing how the information should be reported are at Appendix 3.

### 7.2 **Maturity of exposure**

#### 7.2.1 **Column (3) – Type of facilities**

For the purposes of this survey, on-balance sheet exposure is broadly classified into the following types of facilities, namely,

| <u>Type of facility</u>         | <u>Facility code</u> |
|---------------------------------|----------------------|
| Syndicated loans                | 31                   |
| Overdrafts                      | 32                   |
| Trade financing                 | 33                   |
| Project financing               | 34                   |
| Term loans                      | 35                   |
| Mortgage loans                  | 36                   |
| Other loans                     | 37                   |
| Debt securities                 | 38                   |
| Other on-balance sheet exposure | 39                   |

Report the facility code in this column.

### 7.2.2 **Columns (4), (5) and (6)**

Report the amount of on-balance sheet exposure under each type of facilities according to the final contractual maturities.

### 7.2.3 **Columns (7), (8) and (9)**

Report the amount of contingent liabilities, irrevocable undrawn commitments and FX and derivatives according to contractual maturities. For FX and derivatives, report only those contracts with a positive value at replacement cost.

### 7.2.4 **Column (11) – Loan classification**

Report the classification for individual exposure in this column as follows :

- 01 for Pass exposure;
- 02 for Special mention exposure;
- 03 for Substandard exposure;
- 04 for Doubtful exposure; and
- 05 for Loss exposure.