

# UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the year ended 31 December 2004

## 7. CURRENCY RISK

The Group's foreign currency exposures arising from non-trading and structural position which constitute 10% or more of the total net position in all foreign currencies are as follows:

	2004			Total
	US\$	MOP	RMB	
Equivalent in thousands of HK\$				
Spot assets	8,052,649	65,664	218,096	8,336,409
Spot liabilities	(8,064,146)	(46,720)	(212,232)	(8,323,098)
Forward purchases	112,120	–	566	112,686
Forward sales	(89,653)	–	–	(89,653)
Net long position	<u>10,970</u>	<u>18,944</u>	<u>6,430</u>	<u>36,344</u>
				MOP
Net structural position				<u>48,545</u>
			2003	
		US\$	THB	Total
Equivalent in thousands of HK\$				
Spot assets		7,264,879	39,460	7,304,339
Spot liabilities		(7,274,994)	–	(7,274,994)
Forward purchases		91,544	–	91,544
Forward sales		(47,674)	–	(47,674)
Net long position		<u>33,755</u>	<u>39,460</u>	<u>73,215</u>
				MOP
Net structural position				<u>48,545</u>

## 8. OVERDUE AND RESCHEDULED ASSETS

	2004			Net amount of advances HK\$'000
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	
Advances overdue for				
– 6 months or less but over 3 months	19,391	0.1	3,907	15,484
– 1 year or less but over 6 months	52,108	0.3	8,741	43,367
– over 1 year	741,119	3.6	82,157	658,962
Total overdue advances	812,618	4.0	94,805	717,813
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(40,598)	(0.2)	–	(40,598)
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	18,960	0.1	337	18,623
Total non-performing advances	<u>790,980</u>	<u>3.9</u>	<u>95,142</u>	<u>695,838</u>
Rescheduled advances	<u>438,149</u>	<u>2.2</u>	<u>3,745</u>	<u>434,404</u>

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## 8. OVERDUE AND RESCHEDULED ASSETS - continued

	2003			Net amount of advances HK\$'000
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	
Advances overdue for				
– 6 months or less but over 3 months	61,687	0.3	2,903	58,784
– 1 year or less but over 6 months	1,017,926	5.0	32,190	985,736
– over 1 year	714,484	3.5	166,425	548,059
Total overdue advances	<u>1,794,097</u>	<u>8.8</u>	<u>201,518</u>	<u>1,592,579</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(853,956)	(4.2)	–	(853,956)
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	32,699	0.2	1,081	31,618
Total non-performing advances	<u>972,840</u>	<u>4.8</u>	<u>202,599</u>	<u>770,241</u>
Rescheduled advances	<u>823,365</u>	<u>4.1</u>	<u>12,912</u>	<u>810,453</u>

Non-performing advances are advances on which interest is being placed in suspense or on which interest accrual has ceased.

The value of the security of the above overdue advances is analysed as follows:

	2004 HK\$'000	2003 HK\$'000
Total overdue advances	<u>812,618</u>	<u>1,794,097</u>
Secured amount	727,534	1,598,687
Unsecured amount	85,084	195,410
	<u>812,618</u>	<u>1,794,097</u>
Market value of security	<u>845,862</u>	<u>1,908,132</u>

The loan borrowers are predominantly located in Hong Kong.

There were no advances to banks and other financial institutions or other assets which were overdue for over 3 months as at 31 December 2004 and 31 December 2003, nor were there any rescheduled advances to banks and other financial institutions.

Repossessed assets held by the Group as at 31 December 2004 amounted to HK\$141,850,000 (2003: HK\$83,880,000).

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for the year ended 31 December 2004

## 9. CAPITAL ADEQUACY AND LIQUIDITY RATIO

	2004	2003
	%	%
Capital adequacy ratio at 31 December		
– Unadjusted	<u>19.96</u>	<u>19.15</u>
– Adjusted	<u>19.93</u>	<u>19.12</u>
Average liquidity ratio for the year	<u>52.34</u>	<u>52.37</u>

The capital adequacy ratio is calculated as the ratio, expressed as a percentage, of the capital base to the risk assets, as specified in the Third Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Finance (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

The adjusted capital adequacy ratio which takes into account of market risks as at the balance sheet date is calculated on the same basis as the unadjusted capital adequacy ratio and in accordance with the Guideline “Maintenance of Adequate Capital Against Market Risks” issued by the Hong Kong Monetary Authority.

The average liquidity ratio is calculated as the ratio, expressed as a percentage, of the average of each calendar month’s average ratio, as specified in the Fourth Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Finance (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

## 10. OTHER FINANCIAL INFORMATION

The components of the total capital base after deductions as reported under Part I of the Capital Adequacy Return are as follows:

	2004	2003
	HK\$’000	HK\$’000
Core capital		
Paid up ordinary share capital	217,500	217,500
Share premium account	1,542,817	1,542,817
Reserves (eligible for inclusion in core capital)	<u>3,208,021</u>	<u>3,135,705</u>
	4,968,338	4,896,022
Eligible supplemental capital		
Reserves on revaluation of land and interests in land	474,092	421,341
Reserves on revaluation of holding of securities not held for trading purposes	27,771	10,890
General provisions for doubtful debts	<u>201,873</u>	<u>209,543</u>
Total capital base before deductions	5,672,074	5,537,796
Deductions from total capital base	<u>(281,833)</u>	<u>(627,857)</u>
Total capital base after deductions	<u>5,390,241</u>	<u>4,909,939</u>