

SUPPLEMENTARY INFORMATION

(6) Gross amount of advances which have been overdue for over three months - continued

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

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Total overdue advances	<u>1,674,758</u>	<u>1,383,082</u>
Secured amount	<u>1,400,237</u>	<u>1,102,602</u>
Unsecured amount	<u>274,521</u>	280,480
	<u>1,674,758</u>	<u>1,383,082</u>
Market value of security	<u>1,928,023</u>	<u>1,840,312</u>

The loan borrowers are predominantly located in Hong Kong.

There were no advances to banks and other financial institutions and other assets which were overdue for over 3 months as at 30 June 2003 and 31 December 2002 nor were there any rescheduled advances to banks and other financial institutions.

Advances continued to be reported as such after assets held as collateral have been repossessed. The repossessed assets are recorded at fair market value and provisions are made if there is any subsequent deterioration in value.

Repossessed assets held by the Group as at 30 June 2003 amounted to HK\$171,960,000 (2002: HK\$150,950,000).

(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:

	30 June 2003			Total
	US\$	MOP	THB	
Equivalent in thousands of HK\$				
Spot assets	7,010,679	45,722	36,658	7,093,059
Spot liabilities	(7,024,703)	(40,502)	(3)	(7,065,208)
Forward purchases	110,217	-	-	110,217
Forward sales	(43,435)	(35,059)	-	(78,494)
Net long / (short) position	<u>52,758</u>	<u>(29,839)</u>	<u>36,655</u>	<u>59,574</u>
				MOP
Net structural position				<u>48,545</u>
	31 December 2002			
	US\$	MOP	THB	Total
Equivalent in thousands of HK\$				
Spot assets	6,712,935	55,023	34,900	6,802,858
Spot liabilities	(6,683,374)	(38,594)	(3)	(6,721,971)
Forward purchases	101,793	-	-	101,793
Forward sales	(60,754)	(35,059)	-	(95,813)
Net long / (short) position	<u>70,600</u>	<u>(18,630)</u>	<u>34,897</u>	<u>86,867</u>
				MOP
Net structural position				<u>48,545</u>

(8) The contractual or notional amounts of each of the following classes of off-balance sheet exposures outstanding are:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Contingent liabilities and commitments		
- Direct credit substitutes	1,036,784	1,022,268
- Trade-related contingencies	215,858	240,006
- Other commitments	6,544,155	5,724,449
- Forward assets purchases	165,204	176,919
	<u>7,962,001</u>	<u>7,163,642</u>
Derivatives		
- Exchange rate contracts - hedging	<u>35,798</u>	<u>42,935</u>
- Interest rate swap contracts - hedging	<u>436,415</u>	<u>198,588</u>

The replacement cost and credit risk weighted amounts of the above off-balance sheet exposures are as follows:

	30 June 2003		31 December 2002	
	Replacement	Credit risk	Replacement	Credit risk
	cost	weighted amount	cost	weighted amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contingent liabilities and commitments	n/a	2,372,861	n/a	1,965,465
Exchange rate contracts	22	85	58	139
Interest rate contracts	513	1,150	-	360
	<u>535</u>	<u>2,374,096</u>	<u>58</u>	<u>1,965,964</u>

The above amounts do not take into account the effects of bilateral netting arrangements.

(9) Capital adequacy and liquidity ratio

	30 June 2003	31 December 2002
	%	%
Capital adequacy ratio	<u>20.03</u>	<u>19.90</u>
	30 June 2003	30 June 2002
	%	%
Average liquidity ratio for the period	<u>53.62</u>	<u>53.44</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 Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

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 Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

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

	30 June 2003	31 December 2002
	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>3,138,808</u>	<u>3,060,255</u>
	4,899,125	4,820,572
Eligible supplementary capital		
Reserves on revaluation of land and interests in land	421,341	428,658
Reserves on revaluation of holding of securities not held for trading purposes	468	(2,208)
General provisions for doubtful debts	<u>200,416</u>	<u>201,331</u>
Total capital base before deductions	5,521,350	5,448,353
Deductions from total capital base	<u>(602,780)</u>	<u>(587,262)</u>
Total capital base after deductions	<u>4,918,570</u>	<u>4,861,091</u>

Note: Certain comparative figures have been re-classified to conform to current period's presentation.