

SUPPLEMENTARY INFORMATION

(1) Advances and other accounts

	30 June 2001	31 December 2000	Variance
	HK\$'000	HK\$'000	%
Advances to customers	18,285,624	18,573,071	-1.55
Advances to banks and financial institutions	30,871	531,131	-94.19
Accrued interest and other accounts	681,286	963,412	-29.28
Provision for bad and doubtful debts			
- Specific	(142,528)	(294,883)	-51.67
- General	(234,104)	(274,448)	-14.70
Interest in suspense	(148,221)	(117,863)	+25.76
	<u>18,472,928</u>	<u>19,380,420</u>	-4.68

(2) Gross amount of advances by significant industry sectors

	30 June 2001	31 December 2000	Variance
	HK\$'000	HK\$'000	%
Loans for use in Hong Kong			
- Industrial, commercial and financial			
- Property development	637,002	782,009	-18.54
- Property investment	3,244,328	2,986,053	+8.65
- Financial concerns	914,331	1,095,849	-16.56
- Stockbrokers	635,320	687,542	-7.60
- Wholesale and retail trade	551,120	591,737	-6.86
- Manufacturing	736,280	744,877	-1.15
- Transport and transport equipment	250,018	243,506	+2.67
- Others	3,636,589	3,954,668	-8.04
- Individuals			
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	932,254	708,515	+31.58
- Loans for the purchase of other residential properties	3,302,499	3,426,491	-3.62
- Credit card advances	55,752	51,840	+7.55
- Others	895,940	883,495	+1.41
Trade finance	1,000,850	1,203,946	-16.87
Loans for use outside Hong Kong	1,493,341	1,212,543	+23.16
	<u>18,285,624</u>	<u>18,573,071</u>	-1.55

The loan borrowers are predominantly located in Hong Kong.

(3) Advances on which interest is being placed in suspense or has ceased to be accrued

	30 June 2001	% of	31 December 2000	% of
	HK\$'000	Total Advances	HK\$'000	Total Advances
Gross advances	1,122,076	6.1	1,119,272	6.0
Specific provision	(120,424)		(267,376)	
	<u>1,001,652</u>		<u>851,896</u>	
Market value of collateral pledged	916,436		774,771	
Interest in suspense	(148,221)		(117,863)	

There are no advances to banks and other financial institutions on which interest is being placed in suspense or has ceased to be accrued.

(4) Gross amount of advances which have been overdue for three months and beyond

	30 June 2001			
	Advances HK\$'000	% of Total Advances	Specific Provision HK\$'000	Net HK\$'000
Advances overdue for				
– 6 months or less but over 3 months	117,895	0.6	5,855	112,040
– 1 year or less but over 6 months	795,819	4.4	37,120	758,699
– Over 1 year	746,957	4.1	76,896	670,061
Overdue advances	1,660,671	9.1	119,871	1,540,800
Rescheduled advances	132,811	0.7	5,655	127,156
Total overdue and rescheduled advances	1,793,482	9.8	125,526	1,667,956
Total overdue advances	1,660,671	9.1	119,871	1,540,800
Less: Advances overdue for more than 3 months and on which interest is still being accrued	571,460	3.1	516	570,944
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	32,865	0.1	1,069	31,796
Total non-performing advances	1,122,076	6.1	120,424	1,001,652

	31 December 2000			
	Advances HK\$'000	% of Total Advances	Specific Provision HK\$'000	Net HK\$'000
Advances overdue for				
– 6 months or less but over 3 months	600,252	3.2	17,007	583,245
– 1 year or less but over 6 months	483,918	2.6	14,947	468,971
– Over 1 year	825,096	4.5	232,102	592,994
Overdue advances	1,909,266	10.3	264,056	1,645,210
Rescheduled advances	93,394	0.5	2,485	90,909
Total overdue and rescheduled advances	2,002,660	10.8	266,541	1,736,119
Total overdue advances	1,909,266	10.3	264,056	1,645,210
Less: Advances overdue for more than 3 months and on which interest is still being accrued	829,793	4.5	–	829,793
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	39,799	0.2	3,320	36,479
Total non-performing advances	1,119,272	6.0	267,376	851,896

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 are analysed as follows:

	30 June 2001 HK\$'000	31 December 2000 HK\$'000
Total overdue advances	1,660,671	1,909,266
Secured amount	1,454,282	1,574,234
Unsecured amount	206,389	335,032
	1,660,671	1,909,266
Market value of security	2,184,602	2,355,506

The loan borrowers are predominantly located in Hong Kong.

There were no advances to banks and other financial institutions which were overdue for over 3 months nor were there any rescheduled advances to banks and other financial institutions.

(5) 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 2001		
	US\$	THB	Total
Equivalent in thousands of HK\$			
Spot assets	7,472,837	33,725	7,506,562
Spot liabilities	(7,522,296)	(3)	(7,522,299)
Forward purchases	150,226	-	150,226
Forward sales	(65,267)	-	(65,267)
Net long (short) position	<u>35,500</u>	<u>33,722</u>	<u>69,222</u>
			MOP
Net structural position			<u>48,545</u>

	31 December 2000		
	US\$	THB	Total
Equivalent in thousands of HK\$			
Spot assets	6,774,270	35,094	6,809,364
Spot liabilities	(6,856,051)	(3)	(6,856,054)
Forward purchases	165,915	-	165,915
Forward sales	(60,280)	-	(60,280)
Net long (short) position	<u>23,854</u>	<u>35,091</u>	<u>58,945</u>
			MOP
Net structural position			<u>48,545</u>

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

	30 June 2001	31 December 2000	Variance
	HK\$'000	HK\$'000	%
Contingent liabilities and commitments			
- Direct credit substitutes	372,229	379,255	-1.85
- Trade-related contingencies	269,948	238,304	+13.28
- Other commitments	5,126,255	4,925,439	+4.08
- Forward assets purchases	163,858	177,807	-7.85
	<u>5,932,290</u>	<u>5,720,805</u>	+3.70
Derivatives			
- Exchange rate contracts	<u>45,977</u>	<u>25,506</u>	+80.26

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

	30 June 2001		31 December 2000	
	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000	Replacement cost HK\$'000	Credit risk weighted amount HK\$'000
Contingent liabilities and commitments	n/a	939,325	n/a	857,104
Exchange rate contracts	2,756	1,608	155	153
	<u>2,756</u>	<u>940,933</u>	<u>155</u>	<u>857,257</u>

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

(7) Capital adequacy and liquidity ratio

	30 June 2001	31 December 2000
	%	%
Capital adequacy ratio	<u>22.27</u>	<u>21.64</u>
	30 June 2001	30 June 2000
	%	%
Average liquidity ratio for the period	<u>59.33</u>	<u>53.29</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.

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

	30 June 2001	31 December 2000	Variance
	HK\$'000	HK\$'000	%
Core capital			
Paid up ordinary share capital	217,500	217,500	0.00
Reserves (eligible for inclusion in core capital)	<u>4,534,404</u>	<u>4,352,773</u>	+4.17
	<u>4,751,904</u>	4,570,273	+3.97
Eligible supplementary capital			
Reserves on revaluation of land and interests in land	525,919	525,919	0.00
Reserves on revaluation of holding of securities not held for trading purposes	15,662	11,025	+42.06
General provisions for doubtful debts	<u>233,097</u>	<u>273,443</u>	-14.75
Total capital base before deductions	5,526,582	5,380,660	+2.71
Deductions from total capital base	<u>(563,928)</u>	<u>(527,338)</u>	+6.94
Total capital base after deductions	<u>4,962,654</u>	<u>4,853,322</u>	+2.25

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