

**UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2000**
**SUMMARY OF RESULTS**

The directors of Liu Chong Hing Bank Limited (the "Bank") are pleased to announce that the unaudited consolidated results of the Bank and its group of companies (the "Group") for the six months ended 30 June 2000, together with the comparative figures for the last corresponding period, which have been reviewed by the Bank's Audit Committee are as follows:

	6 months ended 30 June 2000 HK\$'000	6 months ended 30 June 1999 HK\$'000	Variance %
Interest income	1,256,126	1,098,981	
Interest expenses	(788,468)	(697,274)	
Net interest income	467,658	401,707	16.42
Other operating income	100,553	77,237	
Operating income	568,211	478,944	
Operating expenses	(211,273)	(185,721)	
Operating profit before provisions	356,938	293,223	21.73
Provisions for bad and doubtful debts (Note 1)	(73,702)	(86,318)	
Gains less losses from disposal of other securities	37	11,916	
Profit from ordinary activities before taxation	283,273	218,821	
Taxation (Note 2)			
- Hong Kong	(47,721)	(33,067)	
- Overseas	(505)	(871)	
Profit attributable to shareholders	235,047	184,883	27.13
Interim dividend	78,300	65,250	
Earnings per share (Note 3)	HK\$0.54	HK\$0.43	
Interim dividend per share	HK\$0.18	HK\$0.15	

**Notes:**

- (1) The provisions for bad and doubtful debts for the period comprise:
- |          | 6 months ended<br>30 June 2000<br>HK\$'000 | 6 months ended<br>30 June 1999<br>HK\$'000 | Variance<br>% |
|----------|--|--|---------------|
| Specific | 39,339                                     | 86,318                                     | -54.43        |
| General  | 34,363                                     | -  | n/a           |
- (2) a. Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits for the period. Overseas taxation has been calculated at the rates prevailing in the relevant jurisdictions.  
b. No provision for deferred taxation has been made as the amounts involved are insignificant.
- (3) The calculation of earnings per share is based on the profit attributable to shareholders of HK\$235,047,000 (1999: HK\$184,883,000) and on the number 435,000,000 shares (1999: 435,000,000) in issue.
- (4) The alternative treatment under Statement of Standard Accounting Practice Number 24 has been adopted to account for investment securities. Investment securities are classified into trading securities, held-to-maturity securities and other securities.

**BALANCE SHEET INFORMATION**

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
<b>Assets</b>			
Cash and short-term funds	12,064,864	10,063,218	19.89
Placements with banks and other financial institutions maturing between one and twelve months	3,093,800	3,885,285	-20.37
Certificates of deposit held	46,000	95,917	-52.04
Trading securities	171,317	172,184	-0.50
Advances and other accounts (including trade bills: HK\$76,125,000, 1999: HK\$78,092,000)	19,038,282	19,759,378	-3.65
Held-to-maturity securities	104,724	74,445	40.67
Other securities	342,715	253,825	35.02
Investments in an associate	334,706	333,672	0.31
Tangible fixed assets	1,161,340	1,176,851	-1.32
Total assets	36,357,748	35,814,775	1.52
<b>Liabilities</b>			
Deposits and balances of banks and other financial institutions	1,097,937	1,334,485	-17.73
Current, fixed, savings and other deposits of customers	28,908,379	28,327,783	2.05
Certificates of deposit issued	23,389	23,315	0.32
Other accounts and provisions	786,290	739,194	6.37
Proposed dividend	78,300	117,450	-33.33
Total liabilities	30,894,295	30,542,227	1.15
<b>Capital Resources</b>			
Share capital	217,500	217,500	0.00
Reserves			
Share premium	1,542,817	1,542,817	0.00
Goodwill	(182)	(182)	0.00
Investment property revaluation reserve	30,708	30,708	0.00
Land and buildings revaluation reserve	708,690	708,690	0.00
Investment revaluation reserve	46,438	10,750	331.98
General reserve	1,200,000	1,200,000	0.00
Inner reserve	188,500	188,500	0.00
Translation reserve	1,383	2,913	-52.52
Retained profits	1,370,852	1,196,704	14.55
Current period / year profit (after dividends)	156,747	174,148	-9.99
	5,245,953	5,055,048	3.78
Shareholders' funds	5,463,453	5,272,548	3.62
Total liabilities and capital resources	36,357,748	35,814,775	1.52

**SUPPLEMENTARY INFORMATION**

(1) Advances and other accounts

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
Advances to customers	18,441,538	19,256,742	-4.23
Advances to banks and financial institutions	531,060	530,832	0.04
Accrued interest and other accounts	631,119	627,223	0.62
Provision for bad and doubtful debts			
- Specific	(214,921)	(356,125)	-39.65
- General	(258,040)	(224,019)	15.19
Interest in suspense	(92,474)	(75,275)	22.85
	19,038,282	19,759,378	-3.65

(2) Gross amount of advances by significant industry sectors

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
Loans for use in Hong Kong			
-Industrial, commercial and financial			
-Property development	908,606	1,247,787	-27.18
-Property investment	3,102,472	2,664,097	16.45
-Financial concerns	784,415	1,456,302	-46.14
-Stockbrokers	1,499,408	1,291,384	16.11
-Wholesale and retail trade	591,839	593,885	-0.34
-Manufacturing	776,864	816,212	-4.82
-Transport and transport equipment	226,061	190,884	18.43
-Others	3,260,169	3,615,390	-9.83
-Individuals			
-Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	570,315	379,096	50.44
-Loans for the purchase of other residential properties	3,324,353	3,532,630	-5.90
-Credit card advances	47,238	42,366	11.50
-Others	656,925	636,832	3.16
Trade finance	1,262,899	1,275,771	-1.01
Loans for use outside Hong Kong	1,429,974	1,514,106	-5.56
	18,441,538	19,256,742	-4.23

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

	30 June 2000 HK\$'000	% of Total Advances	31 December 1999 HK\$'000	% of Total Advances
Gross advances	961,001	5.21	1,185,029	6.15
Specific provision	(193,462)		(331,341)	
	767,539		853,688	
Market value of collateral pledged	699,316		789,283	
Interest in suspense	(92,474)		(75,275)	

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

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

	30 June 2000		31 December 1999	
	Advances HK\$'000	% of Total Advances	Advances HK\$'000	% of Total Advances
Six months or less but over three months	194,158	1.05	4,448	189,710
One year or less but over six months	182,055	0.99	20,811	161,244
Over one year	821,946	4.46	167,563	654,383
Overdue advances *	1,198,159	6.50	192,822	1,005,337
Rescheduled advances **	173,595	0.94	-	173,595
Total overdue and rescheduled advances	1,371,754	7.44	192,822	1,178,932
	31 December 1999			
	Advances HK\$'000	% of Total Advances	Specific Provision HK\$'000	Net HK\$'000
Six months or less but over three months	100,103	0.52	9,182	90,921
One year or less but over six months	301,325	1.56	22,819	278,506
Over one year	872,918	4.53	300,233	572,685
Overdue advances *	1,274,346	6.61	332,234	942,112
Rescheduled advances **	149,905	0.78	-	149,905
Total overdue and rescheduled advances	1,424,251	7.39	332,234	1,092,017

\* Out of the gross amount of total overdue advances (net amount of advances is HK\$1,005,337,000 (1999: HK\$942,112,000)), HK\$937,056,000 (1999: HK\$1,092,497,000) is secured by collateral with estimated market value of approximately HK\$1,384,873,000 (1999: HK\$988,797,000).

\*\* The gross amount of total rescheduled advances of HK\$173,595,000 (1999: HK\$149,905,000) is secured by collateral with estimated market value of approximately HK\$216,079,000 (1999: HK\$222,566,000). There were no overdue advances and rescheduled advances to banks and other financial institutions.

(5) The amount of advances to customers include the following:-

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
Advances overdue over 3 months and on which interest is still being accrued	238,929	89,317	167.51
Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	1,771	-	n/a

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

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
Contingent liabilities and commitments			
- Direct credit substitutes	445,078	478,902	-7.06
- Trade-related contingencies	236,154	266,948	-11.54
- Other commitments	4,029,722	3,852,141	4.61
- Forward assets purchases	130,761	176,341	-25.85
	4,841,715	4,774,332	1.41
Derivatives			
- Exchange rate contracts	6,298	5,356	17.59

(7) Off-balance sheet exposures

	30 June 2000		31 December 1999	
	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	641,103	n/a	615,395
Exchange rate contracts	38	51	186	120
	38	641,154	186	615,515

(8) Capital adequacy and liquidity ratio

	30 June 2000	31 December 1999
Capital adequacy ratio	%	%
- Unadjusted	22.20	21.17
- Adjusted	22.15	21.12
	30 June 2000	30 June 1999
Average liquidity ratio for the period	53.29	58.72

The unadjusted 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 adjusted capital adequacy ratio is calculated together with market risks on the basis as for the unadjusted capital adequacy ratio as at the balance sheet date, which complies 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 liquidifiable assets to the average qualifying liabilities, 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.

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

	30 June 2000 HK\$'000	31 December 1999 HK\$'000	Variance %
Core capital			
Paid up ordinary share capital	217,500	217,500	0.00
Reserves (eligible for inclusion in core capital)	4,286,957	4,144,838	3.43
	4,504,457	4,362,338	3.26
Eligible supplementary capital			
Reserves on revaluation of land and interests in land	517,810	517,810	0.00
Reserves on revaluation of holding of securities not held for trading purposes	8,560	7,525	13.75
General provisions for doubtful debts	257,138	224,019	14.78
Total capital base before deductions	5,287,965	5,111,692	3.45
Deductions from total capital base	(531,177)	(472,893)	12.32
Total capital base after deductions	4,756,788	4,638,799	2.54

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

**COMPLIANCE WITH RECOMMENDATIONS ON INTERIM FINANCIAL DISCLOSURE**

The Group has fully complied with the disclosure requirements set out in the guideline entitled "Recommendations on Interim Financial Disclosure by Authorised Institutions Incorporated in Hong Kong" issued by the Hong Kong Monetary Authority in June 2000.

**INTERIM DIVIDEND**

The Directors have declared an interim cash dividend for 2000 of HK\$0.18 per share, payable on 20 September 2000 to shareholders registered on 15 September 2000.

**CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from (Monday) 11 September 2000 to (Friday) 15 September 2000, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfer documents, together with the relevant share certificates, must be lodged with the Bank's Share Registrars and Transfer Office, Central Registration Hong Kong Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 pm on (Friday) 8 September 2000.

**PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SECURITIES**

Neither the Bank nor any of its subsidiaries had purchased, sold or redeemed any of the Bank's listed securities during the six months ended 30 June 2000.

**COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the directors is aware of information that would reasonably indicate that the Bank is not, or was not for any part of the accounting period for the six months ended 30 June 2000, in compliance with the Code of Best Practice adopted by the Bank, which includes all the guidelines set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**REVIEW AND PROSPECTS**

Having been tormented by the recent financial turmoil, countries in Asia have basically endured the darkest moments after more than two years of consolidation. And we are beginning to see order being restored to their economies. Our local economy, driven by external upbeat factors and sentiments, has also bottomed out, showing signs of stabilization. First of all, visitor numbers have increased, benefiting, among others, hotels, department stores, restaurants as well as the transport sector. Mainland China's export growth has been a direct blessing to those providing such services as containerization and forwarding arrangements. Now that China's World Trade Organization membership seems assured, the potential for her external trade to be further developed has become limitless. In this regard, Hong Kong's bridging and intermediary role will certainly help it to recover faster. Moreover, the local property market has turned around a bit as buyers are regaining confidence and resurfacing, following the SAR government's clarification of its revised position on certain real estate and housing policies. As to the securities market, Hong Kong, as an international financial center, is sure to be affected by external factors. As such, fluctuations in stock prices are inevitable. The local stock market, which has lately witnessed stable trading volumes, can be said to be performing well with the Hang Seng Index rising back to the 17,500-point level. On the whole, various local businesses have been able to achieve better results for the first half of the year. Unemployment rate has peaked and is currently falling. It is hoped that consumer confidence, which has risen somewhat, will be gradually back to normal after a period of economic consolidation.

On an unaudited, consolidated basis, the Bank's net interest income rose 16.42 percent to HK\$467.7 million compared with the latest corresponding figure. Operating profit before provisions amounted to 21.73 percent to HK\$356.9 million. After accounting for the provisions for bad and doubtful debts amounting to HK\$73.7 million (compared with HK\$86.3 million for the first half of 1999) and charge for taxation, the Bank recorded a rise in the profit attributable to shareholders of 27.13 percent to HK\$235 million. Total assets increased 10.77 percent to HK\$36.4 billion. Total customers' deposits climbed 11.94 percent to HK\$28.9 billion. Total loans and advances to customers (after provisions for bad and doubtful debts) edged up 6.45 percent to HK\$18 billion. As of the end of June 2000, capital adequacy ratio was maintained at around 22 percent, while average liquidity ratio for the first half of 2000 was 53.29 percent. Compared with the latest corresponding figure, loan-to-deposit ratio fell 4.52 percent to a mere 53.88 percent. The above financial highlights indicate that the Bank remains not only financially sound and amply liquid, but also consistently prudent when managing its business. On the deposit-taking and lending front, our fellow bankers are still fiercely competitive, while property buyers' lingering wait-and-see attitude has dampened the property market's trading volumes. Our fellow bankers have resorted to various measures (including the lowering of mortgage rates and the giving of cash rebates) so as to drum up more business. Although we have participated in the competition for more mortgage business, we still insist upon obtaining reasonable interest spreads for the loans involved. Besides, we managed to do a considerable amount of mortgage business through our customers' referrals. Hong Kong followed suit when US interest rates were raised during the first half of the year. However, the Bank managed to register a fairly steady interest margin income thanks to a stable interbank market. This has in turn helped the Bank to achieve a 27.13 percent growth in net profit. In line with the principles of a steady economy, we continued to provide for bad and doubtful debts to the tune of HK\$73.7 million for the first half of 2000. Although the local economy has in fact improved somewhat and market conditions have stabilized during the first half of the year, we made the provisions in question anyway as a prudential and precautionary measure.

Following concerted efforts and the mobilization of the huge customer networks to promote and strive for better results, the Bank Consortium Trust Company Limited, formed by the Bank and nine other fellow banks to conduct mandatory provident fund business, has already been quite successful. We remain optimistic about the future of this line of business as a source of non-interest income. It is expected that the Bank will achieve steady growth for the year on the back of a gradually improving economy.

By Order of the Board  
**Liu Lit Man**  
 Chairman & Managing Director  
 Hong Kong, 16 August 2000