

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the year ended 31 December 2000

4. 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:

	2000			
	US\$	MOP	THB	Total
Equivalent in thousands of HK\$				
Spot assets	6,774,270	10,000	35,094	6,819,364
Spot liabilities	(6,856,051)	(17,106)	(3)	(6,873,160)
Forward purchases	165,915	–	–	165,915
Forward sales	(60,280)	–	–	(60,280)
Net long (short) position	<u>23,854</u>	<u>(7,106)</u>	<u>35,091</u>	<u>51,839</u>
				MOP
Net structural position				<u>48,545</u>

5. OVERDUE AND RESCHEDULED LOANS

	2000			
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	Net amount of advances 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
	<u>1,909,266</u>	<u>10.3</u>	<u>264,056</u>	<u>1,645,210</u>
Rescheduled advances	<u>93,394</u>	<u>0.5</u>	<u>2,485</u>	<u>90,909</u>
Total overdue and rescheduled advances	<u>2,002,660</u>	<u>10.8</u>	<u>266,541</u>	<u>1,736,119</u>
Total overdue advances	<u>1,909,266</u>	<u>10.3</u>	<u>264,056</u>	<u>1,645,210</u>
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	<u>39,799</u>	<u>0.2</u>	<u>3,320</u>	<u>36,479</u>
Total non-performing advances	<u>1,119,272</u>	<u>6.0</u>	<u>267,376</u>	<u>851,896</u>

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5. OVERDUE AND RESCHEDULED LOANS - continued

	1999			
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	Net amount of advances HK\$'000
Advances overdue for				
– 6 months or less but over 3 months	100,103	0.5	9,182	90,921
– 1 year or less but over 6 months	301,325	1.6	22,819	278,506
– over 1 year	872,918	4.5	300,233	572,685
	<u>1,274,346</u>	<u>6.6</u>	<u>332,234</u>	<u>942,112</u>
Rescheduled advances	<u>149,905</u>	<u>0.8</u>	–	<u>149,905</u>
Total overdue and rescheduled advances	<u>1,424,251</u>	<u>7.4</u>	<u>332,234</u>	<u>1,092,017</u>
Total overdue advances	<u>1,274,346</u>	<u>6.6</u>	<u>332,234</u>	<u>942,112</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	89,317	0.4	893	88,424
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	–	–	–	–
Total non-performing advances	<u>1,185,029</u>	<u>6.2</u>	<u>331,341</u>	<u>853,688</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 are analysed as follows:

	2000 HK\$'000	1999 HK\$'000
Total overdue advances	<u>1,909,266</u>	<u>1,274,346</u>
Secured amount	<u>1,574,234</u>	<u>1,092,497</u>
Unsecured amount	<u>335,032</u>	<u>181,849</u>
	<u>1,909,266</u>	<u>1,274,346</u>
Market value of security	<u>2,355,506</u>	<u>988,797</u>

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.

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6. CAPITAL ADEQUACY AND LIQUIDITY RATIO

	2000	1999
	%	%
Capital adequacy ratio at 31 December		
– Unadjusted	<u>21.64</u>	<u>21.17</u>
– Adjusted	<u>21.60</u>	<u>21.12</u>
Average liquidity ratio for the year	<u>54.35</u>	<u>58.56</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 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 Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

7. 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:

	2000	1999
	HK\$'000	HK\$'000
Core capital		
– Paid up ordinary share capital	217,500	217,500
– Reserves (eligible for inclusion in core capital)	<u>4,352,773</u>	<u>4,144,838</u>
	4,570,273	4,362,338
Eligible supplemental capital		
– Reserves on revaluation of land and interests in land	525,919	517,810
– Reserves on revaluation of holding of securities not held for trading purposes	11,025	7,525
– General provisions for doubtful debts	<u>273,443</u>	<u>224,019</u>
Total capital base before deductions	5,380,660	5,111,692
Deductions from total capital base	527,338	472,893
Total capital base after deductions	<u>4,853,322</u>	<u>4,638,799</u>