

(1) Advances and other accounts

	30 June 2002	31 December 2001
	HK\$'000	HK\$'000
Advances to customers	19,682,555	18,928,272
Advances to banks and financial institutions	30,515	30,647
Accrued interest and other accounts	564,303	593,017
Provision for bad and doubtful debts		
- Specific	(331,837)	(279,131)
- General	(182,493)	(180,866)
Interest in suspense	(184,714)	(160,829)
	<u>19,578,329</u>	<u>18,931,110</u>

(2) Gross amount of advances by significant industry sectors

	30 June 2002	31 December 2001
	HK\$'000	HK\$'000
Loans for use in Hong Kong		
- Industrial, commercial and financial		
- Property development	817,737	772,242
- Property investment	3,610,040	3,510,885
- Financial concerns	1,296,070	1,397,976
- Stockbrokers	777,524	847,335
- Wholesale and retail trade	593,343	542,069
- Manufacturing	576,144	718,662
- Transport and transport equipment	176,843	257,578
- Others	3,513,958	3,287,069
- Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,037,300	986,409
- Loans for the purchase of other residential properties	2,970,097	3,092,503
- Credit card advances	90,792	75,727
- Others	942,387	952,653
Trade finance	822,469	853,591
Loans for use outside Hong Kong	2,457,851	1,633,573
	<u>19,682,555</u>	<u>18,928,272</u>

(3) Advance to Customers - by Geographical Areas

The Group's gross advances to customers by countries or geographical areas after taking into account any risk transfers are as follows:

	Total advances to customers		Non-performing advances		Advances overdue for over three months	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001	30 June 2002	31 December 2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	18,567,231	17,806,412	1,085,774	1,143,822	1,634,208	1,586,891
People's Republic of China	282,914	282,820	88,599	88,404	88,599	88,404
Macau	354,194	374,261	8,000	8,000	8,000	8,000
United States of America	179,789	180,314	-	-	-	-
Others	298,427	284,465	-	-	-	-
	<u>19,682,555</u>	<u>18,928,272</u>	<u>1,182,373</u>	<u>1,240,226</u>	<u>1,730,807</u>	<u>1,683,295</u>

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

	30 June 2002	% of total	31 December 2001	% of total
	HK\$'000	advances	HK\$'000	advances
Gross advances	1,182,373	6.0	1,240,226	6.6
Specific provision	<u>(323,717)</u>		<u>(240,870)</u>	
	<u>858,656</u>		<u>999,356</u>	
Market value of collateral pledged	<u>821,439</u>		<u>943,099</u>	
Interest in suspense	<u>(184,714)</u>		<u>(160,829)</u>	

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

(5) Cross-Border Claims

The Group's cross-border claims by countries or geographical areas which constitutes 10% or more of the relevant disclosure item after taking into account any risk transfers are as follows:

	30 June 2002				
	Banks and other financial institutions	Public sector entities	Others	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Asia Pacific excluding Hong Kong	5,697,505	88,537	928,977	6,715,019	
- of which Japan	2,169,794	-	-	2,169,794	
North and South America	2,217,980	14,049	454,449	2,686,478	
Europe	8,105,568	-	-	8,105,568	
- of which - Germany	2,272,746	-	-	2,272,746	
- United Kingdom	<u>2,389,387</u>	<u>-</u>	<u>-</u>	<u>2,389,387</u>	
		31 December 2001			
	Banks and other financial institutions	Public sector entities	Others	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Asia Pacific excluding Hong Kong	5,578,986	90,472	924,610	6,594,068	
- of which Japan	2,430,628	-	-	2,430,628	
North and South America	2,104,363	16,197	124,925	2,245,485	
Europe	8,237,841	-	-	8,237,841	
- of which - Germany	2,062,333	-	-	2,062,333	
- Netherlands	1,860,980	-	-	1,860,980	
- United Kingdom	<u>2,055,219</u>	<u>-</u>	<u>-</u>	<u>2,055,219</u>	

SUPPLEMENTARY INFORMATION

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

	30 June 2002			
	Advances HK\$'000	% of total advances	Specific provision HK\$'000	Net HK\$'000
Advances overdue for				
- 6 months or less but over 3 months	626,527	3.2	16,486	610,041
- 1 year or less but over 6 months	100,744	0.5	21,832	78,912
- Over 1 year	<u>1,003,536</u>	<u>5.1</u>	<u>284,944</u>	<u>718,592</u>
Overdue advances	<u>1,730,807</u>	<u>8.8</u>	<u>323,262</u>	<u>1,407,545</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(583,762)	(3.0)	(1,317)	(582,445)
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	35,328	0.2	1,772	33,556
Total non-performing advances	<u>1,182,373</u>	<u>6.0</u>	<u>323,717</u>	<u>858,656</u>
Rescheduled advances	<u>182,745</u>	<u>0.9</u>	<u>6,090</u>	<u>176,655</u>
	31 December 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	253,795	1.3	28,554	225,241
- 1 year or less but over 6 months	93,312	0.5	17,047	76,265
- Over 1 year	<u>1,336,188</u>	<u>7.1</u>	<u>221,240</u>	<u>1,114,948</u>
Overdue advances	<u>1,683,295</u>	<u>8.9</u>	<u>266,841</u>	<u>1,416,454</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	(495,726)	(2.6)	(32,003)	(463,723)
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	52,657	0.3	6,032	46,625
Total non-performing advances	<u>1,240,226</u>	<u>6.6</u>	<u>240,870</u>	<u>999,356</u>
Rescheduled advances	<u>171,857</u>	<u>0.9</u>	<u>8,590</u>	<u>163,267</u>

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

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

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

	30 June 2002	31 December 2001
	HK\$'000	HK\$'000
Total overdue advances	<u>1,730,807</u>	<u>1,683,295</u>
Secured amount	<u>1,382,870</u>	1,379,310
Unsecured amount	<u>347,937</u>	303,985
	<u>1,730,807</u>	<u>1,683,295</u>
Market value of security	<u>1,904,461</u>	<u>2,098,048</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 2002 and 31 December 2001 nor were there any rescheduled advances to banks and other financial institutions.

(7) Maturity Profiles

The maturity profiles of certain assets and liabilities of the Group as at 30 June 2002 are analysed as follows:

	Repayable on demand HK\$'000	Repayable within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HK\$'000	Repayable after more than 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
Assets							
Cash and short-term fund	<u>804,989</u>	<u>11,689,726</u>	<u>395,954</u>	<u>99,935</u>	<u>29,938</u>	-	<u>13,020,542</u>
Placements with other banks and financial institutions	<u>-</u>	<u>3,334,001</u>	<u>406,000</u>	<u>-</u>	<u>-</u>	-	<u>3,740,001</u>
Advances to banks and other financial institutions	<u>-</u>	<u>3,215</u>	<u>-</u>	<u>-</u>	<u>27,300</u>	-	<u>30,515</u>
Advances to customers	<u>3,370,856</u>	<u>1,057,767</u>	<u>2,563,198</u>	<u>6,914,243</u>	<u>4,241,737</u>	<u>1,534,754</u>	<u>19,682,555</u>
Debt securities							
Trading securities	<u>72,356</u>	<u>72,544</u>	<u>16,266</u>	<u>20,762</u>	<u>-</u>	-	<u>181,928</u>
Held-to-maturity securities	<u>-</u>	<u>9,075</u>	<u>12,540</u>	<u>793,956</u>	<u>52,696</u>	-	<u>868,267</u>
	<u>72,356</u>	<u>81,619</u>	<u>28,806</u>	<u>814,718</u>	<u>52,696</u>	-	<u>1,050,195</u>
Certificate of deposit held	<u>-</u>	<u>-</u>	<u>175,853</u>	<u>949,045</u>	<u>-</u>	-	<u>1,124,898</u>
Liabilities							
Deposits and balances with other banks and financial institutions	<u>7,245</u>	<u>452,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	-	<u>460,145</u>
Current, fixed, savings and other deposits of customers	<u>6,565,650</u>	<u>24,788,310</u>	<u>2,252,181</u>	<u>23,984</u>	<u>-</u>	-	<u>33,630,125</u>

(7) Maturity Profiles - continued

The maturity profiles of certain assets and liabilities of the Group as at 31 December 2001 are analysed as follows:

	Repayable on demand HK\$'000	Repayable within 3 months or less (except those repayable on demand) HK\$'000	Repayable after 3 months but within 1 year HK\$'000	Repayable after 1 year but within 5 years HK\$'000	Repayable after more than 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
Assets							
Cash and short-term fund	<u>668,677</u>	<u>13,141,485</u>	<u>356,782</u>	<u>72,958</u>	<u>29,937</u>	<u>-</u>	<u>14,269,839</u>
Placements with other banks and financial institutions	<u>-</u>	<u>2,200,011</u>	<u>1,001,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,201,738</u>
Advances to banks and other financial institutions	<u>3,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,291</u>	<u>-</u>	<u>30,647</u>
Advances to customers	<u>3,948,769</u>	<u>1,625,589</u>	<u>2,378,682</u>	<u>5,389,980</u>	<u>4,693,341</u>	<u>891,911</u>	<u>18,928,272</u>
Debt securities							
Trading securities	<u>49,605</u>	<u>42,965</u>	<u>52,400</u>	<u>26,965</u>	<u>-</u>	<u>-</u>	<u>171,935</u>
Held-to-maturity securities	<u>-</u>	<u>-</u>	<u>161,989</u>	<u>280,205</u>	<u>52,680</u>	<u>-</u>	<u>494,874</u>
	<u>49,605</u>	<u>42,965</u>	<u>214,389</u>	<u>307,170</u>	<u>52,680</u>	<u>-</u>	<u>666,809</u>
Certificate of deposit held	<u>-</u>	<u>-</u>	<u>76,466</u>	<u>399,728</u>	<u>-</u>	<u>-</u>	<u>476,194</u>
Liabilities							
Deposits and balances with other banks and financial institutions	<u>186,473</u>	<u>357,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,206</u>
Current, fixed, savings and other deposits of customers	<u>6,208,540</u>	<u>23,798,315</u>	<u>2,634,775</u>	<u>44,090</u>	<u>-</u>	<u>-</u>	<u>32,685,720</u>

(8) 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 2002		
	US\$	THB	Total
Equivalent in thousands of HK\$			
Spot assets	7,554,574	36,475	7,591,049
Spot liabilities	(7,602,526)	(3)	(7,602,529)
Forward purchases	152,505	–	152,505
Forward sales	(65,499)	–	(65,499)
Net long (short) position	<u>39,054</u>	<u>36,472</u>	<u>75,526</u>
			MOP
Net structural position			<u>48,545</u>

	31 December 2001		
	US\$	THB	Total
Equivalent in thousands of HK\$			
Spot assets	6,605,907	34,404	6,640,311
Spot liabilities	(6,683,549)	(3)	(6,683,552)
Forward purchases	157,073	–	157,073
Forward sales	(47,223)	–	(47,223)
Net long (short) position	<u>32,208</u>	<u>34,401</u>	<u>66,609</u>
			MOP
Net structural position			<u>48,545</u>

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

	30 June 2002	31 December 2001
	HK\$'000	HK\$'000
Contingent liabilities and commitments		
- Direct credit substitutes	1,061,384	390,897
- Trade-related contingencies	271,426	195,097
- Other commitments	5,592,459	5,074,515
- Forward assets purchases	184,739	136,322
	<u>7,110,008</u>	<u>5,796,831</u>
Derivatives		
- Exchange rate contracts	23,223	49,742

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

	30 June 2002		31 December 2001	
	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	1,799,412	n/a	1,220,452
Exchange rate contracts	45	139	895	696
	<u>45</u>	<u>1,799,551</u>	<u>895</u>	<u>1,221,148</u>

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

(10) Capital adequacy and liquidity ratio

	30 June 2002	31 December 2001
	%	%
Capital adequacy ratio	<u>20.96</u>	<u>20.92</u>
	30 June 2002	30 June 2001
	%	%
Average liquidity ratio for the period	<u>53.44</u>	<u>59.33</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.

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

	30 June 2002	31 December 2001
	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>3,031,744</u>	<u>2,932,283</u>
	4,792,061	4,692,600
Eligible supplementary capital		
Reserves on revaluation of land and interests in land	517,478	517,478
Reserves on revaluation of holding of securities not held for trading purposes	9,838	7,109
General provisions for doubtful debts	<u>181,486</u>	<u>179,858</u>
Total capital base before deductions	5,500,863	5,397,045
Deductions from total capital base	<u>(569,739)</u>	<u>(613,597)</u>
Total capital base after deductions	<u>4,931,124</u>	<u>4,783,448</u>

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