

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the year ended 31 December 2002

8. OVERDUE AND RESCHEDULED ASSETS - continued

| | 2001 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------------|------------------------------------------|
| | 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 | 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> |
| Total 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 | <u>52,657</u> | <u>0.3</u> | <u>6,032</u> | <u>46,625</u> |
| 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.

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

| | 2002 HK\$'000 | 2001 HK\$'000 |
|--------------------------|------------------|------------------|
| Total overdue advances | <u>1,383,082</u> | <u>1,683,295</u> |
| Secured amount | 1,102,602 | 1,379,310 |
| Unsecured amount | <u>280,480</u> | <u>303,985</u> |
| | <u>1,383,082</u> | <u>1,683,295</u> |
| Market value of security | <u>1,840,312</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 or other assets which were overdue for over 3 months as at 31 December 2002 and 31 December 2001, nor were there any rescheduled advances to banks and other financial institutions.

Reposessed assets held by the Group as at 31 December 2002 amounted to HK\$150,950,000 (2001: HK\$208,330,000).

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for the year ended 31 December 2002

9. CAPITAL ADEQUACY AND LIQUIDITY RATIO

| | 2002 | 2001 |
|---------------------------------------|--------------|--------------|
| | % | % |
| Capital adequacy ratio at 31 December | | |
| – Unadjusted | <u>20.09</u> | <u>20.92</u> |
| – Adjusted | <u>20.07</u> | <u>20.87</u> |
| Average liquidity ratio for the year | <u>55.39</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.

10. 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:

| | 2002 | 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>3,028,380</u> | <u>2,932,283</u> |
| | 4,788,697 | 4,692,600 |
| Eligible supplemental capital | | |
| Reserves on revaluation of land and interests in land | 506,710 | 517,478 |
| Reserves on revaluation of holding of securities not held for trading purposes | (2,208) | 7,109 |
| General provisions for doubtful debts | <u>201,331</u> | <u>179,858</u> |
| Total capital base before deductions | 5,494,530 | 5,397,045 |
| Deductions from total capital base | 587,262 | 613,597 |
| Total capital base after deductions | <u>4,907,268</u> | <u>4,783,448</u> |