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大眾金融控股有限公司*
PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 626; Website: www.publicfinancial.com.hk)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of Directors (the “Board”) of Public Financial Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the six months ended	
		2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Interest income	6	1,013,752	950,446
Interest expense	6	(543,042)	(443,358)
NET INTEREST INCOME		470,710	507,088
Fees and commission income	7	106,788	116,911
Fees and commission expenses	7	(916)	(1,013)
Net fees and commission income		105,872	115,898
Other operating income	8	17,327	18,913
OPERATING INCOME		593,909	641,899
Operating expenses	9	(432,844)	(425,236)
Changes in fair value of investment properties		(24,367)	6,570

* For identification purpose only

	<i>Notes</i>	For the six months ended	
		2024	2023
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING PROFIT BEFORE CREDIT LOSS EXPENSES		136,698	223,233
Credit loss expenses	10	<u>(164,303)</u>	<u>(79,851)</u>
(LOSS)/PROFIT BEFORE TAX		(27,605)	143,382
Tax	11	<u>(6,888)</u>	<u>(29,629)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(34,493)</u>	<u>113,753</u>
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company		<u>(34,493)</u>	<u>113,753</u>
(LOSS)/EARNINGS PER SHARE (HK\$)	13		
Basic		<u>(0.031)</u>	<u>0.104</u>
Diluted		<u>(0.031)</u>	<u>0.104</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
(LOSS)/PROFIT FOR THE PERIOD	(34,493)	113,753
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Net losses on debt securities investment measured at fair value through other comprehensive income (“FVOCI”), net of tax	(217)	–
Exchange differences on translating foreign operations, net of tax	(26,351)	(46,431)
Surplus on revaluation of properties	–	74,581
	–	74,581
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(61,061)	141,903
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:		
Owners of the Company	(61,061)	141,903

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Cash and short term placements		3,916,396	3,718,694
Placements with banks and financial institutions maturing after one month but not more than twelve months		2,027,516	977,141
Derivative financial instruments		86	10,743
Loans and advances and receivables	14	24,417,904	23,947,182
Equity investments at fair value through other comprehensive income		6,804	6,804
Debt securities investment	15	7,991,993	7,639,528
Investment properties		500,994	525,361
Property and equipment		218,036	210,057
Land held under finance leases		664,837	670,300
Right-of-use assets		104,968	90,722
Deferred tax assets		28,223	48,914
Tax recoverable		59,621	42,849
Goodwill		2,774,403	2,774,403
Intangible assets		232	232
Other assets		420,851	291,762
TOTAL ASSETS		<u>43,132,864</u>	<u>40,954,692</u>
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions at amortised cost		491,633	467,547
Derivative financial instruments		2,259	40
Customer deposits at amortised cost		31,746,368	29,536,440
Unsecured bank loans at amortised cost		1,517,721	1,611,754
Lease liabilities		114,031	97,346
Current tax payable		692	–
Deferred tax liabilities		54,666	54,775
Other liabilities		588,131	508,366
TOTAL LIABILITIES		<u>34,515,501</u>	<u>32,276,268</u>

	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Issued capital	109,792	109,792
Reserves	8,507,571	8,568,632
TOTAL EQUITY	8,617,363	8,678,424
TOTAL EQUITY AND LIABILITIES	43,132,864	40,954,692

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Debt securities revaluation reserve HK\$'000	Regulatory reserve [#] HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2024	109,792	4,013,296	829	96,116	78,563	-	34,316	4,365,121	(19,609)	8,678,424
Loss for the period	-	-	-	-	-	-	-	(34,493)	-	(34,493)
Other comprehensive loss	-	-	-	-	-	(217)	-	-	(26,351)	(26,568)
Transfer from regulatory reserve to retained profits	-	-	-	-	-	-	(14,053)	14,053	-	-
Dividends declared	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024 (Unaudited)	<u>109,792</u>	<u>4,013,296</u>	<u>829</u>	<u>96,116</u>	<u>78,563</u>	<u>(217)</u>	<u>20,263</u>	<u>4,344,681</u>	<u>(45,960)</u>	<u>8,617,363</u>
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Debt securities revaluation reserve HK\$'000	Regulatory reserve [#] HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2023	109,792	4,013,296	829	96,116	3,982	-	46,153	4,371,841	2,571	8,644,580
Profit for the period	-	-	-	-	-	-	-	113,753	-	113,753
Other comprehensive income	-	-	-	-	74,581	-	-	-	(46,431)	28,150
Transfer from retained profits to regulatory reserve	-	-	-	-	-	-	882	(882)	-	-
Dividends declared	-	-	-	-	-	-	-	(32,938)	-	(32,938)
As at 30 June 2023 (Unaudited)	109,792	4,013,296	829	96,116	78,563	-	47,035	4,451,774	(43,860)	8,753,545
Loss for the period	-	-	-	-	-	-	-	(99,372)	-	(99,372)
Other comprehensive income	-	-	-	-	-	-	-	-	24,251	24,251
Transfer from regulatory reserve to retained profits	-	-	-	-	-	-	(12,719)	12,719	-	-
Dividends declared	-	-	-	-	-	-	-	-	-	-
As at 31 December 2023 (Audited)	<u>109,792</u>	<u>4,013,296</u>	<u>829</u>	<u>96,116</u>	<u>78,563</u>	<u>-</u>	<u>34,316</u>	<u>4,365,121</u>	<u>(19,609)</u>	<u>8,678,424</u>

[#] *The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purpose. It is held as a buffer of capital to absorb potential financial losses in excess of the accounting standards' requirements pursuant to the guidelines issued by the Hong Kong Monetary Authority ("HKMA").*

NOTES TO INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), and in compliance with the Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They also contain certain disclosure information required under the Banking (Disclosure) Rules issued by the HKMA.

The interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group’s 2023 Annual Report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s 2023 Annual Report, except for the changes in accounting policies as set out in Note 4 below.

2. BASIS OF CONSOLIDATION

The unaudited interim condensed consolidated financial statements include the interim financial statements of the Company and its subsidiaries for the period ended 30 June 2024.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The interim financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The subsidiaries consolidated for accounting purposes are Public Bank (Hong Kong) Limited ("Public Bank (Hong Kong)"), Public Finance Limited ("Public Finance"), Winton (B.V.I.) Limited and their subsidiaries.

3. BASIS OF CAPITAL DISCLOSURES

The Group has complied with the capital requirements during the interim reporting period related to the capital base and capital adequacy ratios as stipulated by the HKMA, and has referred to the Banking (Disclosure) Rules.

Should the Group have not complied with the externally imposed capital requirements of the HKMA, capital management plans should be submitted to the HKMA for restoration of capital to the minimum required level as soon as possible.

The computation of the consolidated total capital ratio and other regulatory capital ratios is based on the consolidation of Public Bank (Hong Kong) and Public Finance for regulatory reporting purposes.

There are no major restrictions or impediments on the transfer of capital or funds among the members of the Company's consolidation group except that liquidity, capital and other performance indicators of Public Financial Securities Limited and Public Securities Limited should satisfy the minimum requirements of the Securities and Futures (Financial Resources) Rules issued by the Securities and Futures Commission.

A portion of retained profits, based on a percentage of gross loans and advances, is set aside as a non-distributable regulatory reserve as part of Common Equity Tier 1 ("CET1") capital and is included in the capital base pursuant to the HKMA capital requirements.

The Group has adopted the provisions of the Banking Ordinance relating to the Basel III capital standards and the Banking (Capital) Rules (the "Capital Rules"). The Capital Rules outline the general requirements on regulatory capital ratios, the components of eligible regulatory capital as well as the levels of those ratios at which banking institutions are required to operate. The Capital Rules have been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision. Under the Capital Rules, the required capital conservation buffer ratio for 2023 and 2024 is 2.5%, whilst the required countercyclical capital buffer ratio for 2023 and 2024 is 1.0%.

4. ACCOUNTING POLICIES

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's interim financial information.

- Amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
- Amendments to HKAS 1 *Non-current Liabilities with Covenants (the "2022 Amendments")*
- Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs that are applicable to the Group are described below.

Amendments to HKFRS 16 – *Lease Liability in a Sale and Leaseback*

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 1 – *Classification of Liabilities as Current or Non-current (the "2020 Amendments")* and Amendments to HKAS 1 – *Non-current Liabilities with Covenants (the "2022 Amendments")*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information of the Group.

Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that are expected to be relevant to the Group and have been issued but are not yet effective, in these interim financial statements:

- HKFRS 18 *Presentation and Disclosure in Financial Statements*⁴
- HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*⁴
- Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*³
- Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*¹
- Amendments to HKAS 21 *Lack of Exchangeability*²

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

5. SEGMENT INFORMATION

Operating segment information

In accordance with the Group's internal financial reporting, the Group has identified operating segments based on similar economic characteristics, products and services and delivery methods. The operating segments are identified by Senior Management who is designated as the "Chief Operating Decision Maker" to make decisions about resources allocation to the segments and assess their performance that is measured net of associated direct expenses. A summary of the operating segments is as follows:

- retail and commercial banking businesses segment mainly comprises the provision of deposit account services, the extension of mortgages and consumer lending, hire purchase and leasing, provision of financing to purchasers of licensed public vehicles such as taxis and public light buses, provision of services and financing activities for customers in trading, manufacturing and various business sectors, foreign exchange activities, centralised cash management for deposit-taking and lending, interest rate risk management and the overall funding management of the Group;
- wealth management services, stockbroking and securities management segment comprises management of investments in debt securities and equities, securities dealing and receipt of commission income and the provision of authorised wealth management products and services; and
- other businesses segment comprises taxi trading, leasing of taxis and letting of investment properties.

The following table discloses the revenue and profit information for operating segments for the six months ended 30 June 2024 and 30 June 2023.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue								
External:								
Net interest income/(expense)	470,632	508,705	78	(1,617)	-	-	470,710	507,088
Net fees and commission income	59,307	59,484	46,565	56,414	-	-	105,872	115,898
Other operating income/(expenses)	6,868	9,327	-	(23)	10,459	9,609	17,327	18,913
Operating income	536,807	577,516	46,643	54,774	10,459	9,609	593,909	641,899
Operating (loss)/profit after credit loss expenses before tax	(30,611)	119,088	22,326	15,055	(19,320)	9,239	(27,605)	143,382
Tax							(6,888)	(29,629)
(Loss)/profit for the period							(34,493)	113,753
Other segment information								
Depreciation of property and equipment and land held under finance leases	(24,305)	(22,839)	-	-	-	-	(24,305)	(22,839)
Depreciation of right-of-use assets	(28,382)	(28,969)	-	-	-	-	(28,382)	(28,969)
Changes in fair value of investment properties	-	-	-	-	(24,367)	6,570	(24,367)	6,570
Credit loss expenses	(164,303)	(79,851)	-	-	-	-	(164,303)	(79,851)
Net losses on disposal of property and equipment	(18)	(25)	-	-	-	-	(18)	(25)

The following table discloses certain assets and liabilities information regarding operating segments as at 30 June 2024 and 31 December 2023.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets other than intangible assets and goodwill	39,338,989	37,286,462	430,361	276,430	501,035	525,402	40,270,385	38,088,294
Intangible assets	-	-	232	232	-	-	232	232
Goodwill	2,774,403	2,774,403	-	-	-	-	2,774,403	2,774,403
Segment assets	<u>42,113,392</u>	<u>40,060,865</u>	<u>430,593</u>	<u>276,662</u>	<u>501,035</u>	<u>525,402</u>	<u>43,045,020</u>	<u>40,862,929</u>
Unallocated assets:								
Deferred tax assets and tax recoverable							87,844	91,763
Total assets							<u><u>43,132,864</u></u>	<u><u>40,954,692</u></u>
Segment liabilities	<u>34,208,146</u>	<u>32,130,852</u>	<u>245,091</u>	<u>83,624</u>	<u>6,906</u>	<u>7,017</u>	<u>34,460,143</u>	<u>32,221,493</u>
Unallocated liabilities:								
Deferred tax liabilities and tax payable							55,358	54,775
Total liabilities							<u><u>34,515,501</u></u>	<u><u>32,276,268</u></u>
Other segment information								
Additions to non-current assets - capital expenditure	<u>26,839</u>	<u>56,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,839</u>	<u>56,258</u>

Geographical information

Geographical information is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets.

The following table discloses the segment revenue information for geographical segments for the six months ended 30 June 2024 and 30 June 2023.

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Segment revenue from external customers:		
Hong Kong	542,586	582,189
Mainland China	51,323	59,710
	<u>593,909</u>	<u>641,899</u>

Segment revenue is allocated to the reportable segments with reference to interest, fees and commission income generated by these segments.

The following table discloses the non-current assets information for geographical segments as at 30 June 2024 and 31 December 2023.

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current assets:		
Hong Kong	4,246,447	4,251,128
Mainland China	17,023	19,947
	<u>4,263,470</u>	<u>4,271,075</u>

Non-current assets consist of investment properties, property and equipment, land held under finance leases, goodwill, right-of-use assets and intangible assets.

Operating income or revenue from major customers

Operating income or revenue from transactions with each external customer amounted to less than 10% (2023: less than 10%) of the Group's total operating income or revenue.

6. INTEREST INCOME AND EXPENSE

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from:		
Loans and advances and receivables	754,281	741,724
Short term placements and placements with banks	85,413	76,713
Debt securities investment	174,058	132,009
	<u>1,013,752</u>	<u>950,446</u>
Interest expense on:		
Deposits from banks and financial institutions	12,042	12,784
Deposits from customers	485,255	393,104
Bank loans	43,275	36,175
Others	2,470	1,295
	<u>543,042</u>	<u>443,358</u>

Interest income and interest expense for the six months ended 30 June 2024, calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss (“FVPL”), amounted to HK\$1,013,752,000 and HK\$543,042,000 (2023: HK\$950,446,000 and HK\$443,358,000) respectively.

7. NET FEES AND COMMISSION INCOME

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees and commission income:		
Retail and commercial banking	60,223	60,497
Wealth management services, stockbroking and securities management	46,565	56,414
	106,788	116,911
Less: Fees and commission expenses	(916)	(1,013)
	<u>105,872</u>	<u>115,898</u>

All fees and commission income and expenses are related to financial assets or financial liabilities which are not designated at FVPL. No fees and commission income and expenses are related to trust and other fiduciary activities.

8. OTHER OPERATING INCOME

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gross rental income	10,495	9,635
Less: Direct operating expenses	(36)	(36)
Net rental income	10,459	9,599
Gains less losses arising from dealing in foreign currencies	8,515	14,774
Net losses on derivative financial instruments	(2,173)	(5,936)
	6,342	8,838
Net losses on disposal of property and equipment	(18)	(25)
Dividend income from listed investments	118	102
Dividend income from unlisted investments	150	35
Others	276	364
	<u>17,327</u>	<u>18,913</u>

Direct operating expenses included repairs and maintenance expenses arising from investment properties.

There were no net gains or losses arising from equity/debt securities investments at FVOCI, loans and advances and receivables, financial assets and financial liabilities measured at amortised cost and financial assets and financial liabilities designated at FVPL for the six months ended 30 June 2024 and 30 June 2023.

9. OPERATING EXPENSES

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs:		
Salaries and other staff costs	263,517	254,316
Pension contributions	13,331	12,615
Less: Forfeited contributions	(76)	(111)
Net contribution to retirement benefit schemes	13,255	12,504
	276,772	266,820
Other operating expenses:		
Depreciation of right-of-use assets	28,382	28,969
Depreciation of property and equipment and land held under finance leases	24,305	22,839
Administrative and general expenses	37,521	37,528
Others	65,864	69,080
Operating expenses before changes in fair value of investment properties	432,844	425,236

As at 30 June 2024 and 30 June 2023, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years. The credits for the periods ended 30 June 2024 and 30 June 2023 arose in respect of staff who left the schemes during the periods.

10. CREDIT LOSS EXPENSES

The following tables show the changes in expected credit loss (“ECL”) on financial instruments for the periods recorded in the consolidated income statement.

	For the six months ended 30 June 2024			
	(Unaudited)			
	12-month expected credit loss (Stage 1) <i>HK\$’000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$’000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$’000</i>	Total <i>HK\$’000</i>
Net charge for/(write-back of)				
credit loss expenses:				
– loans and advances	9,721	6,474	123,640	139,835
– trade bills, accrued interest and other receivables	(41)	89	24,257	24,305
– cash and short term placements	25	–	–	25
– placements with banks and financial institutions	105	–	–	105
– debt securities investment	34	–	–	34
– loan commitments	(1)	–	–	(1)
	<u>9,843</u>	<u>6,563</u>	<u>147,897</u>	<u>164,303</u>

For the six months ended 30 June 2023
(Unaudited)

	12-month expected credit loss (Stage 1) <i>HK\$'000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$'000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net charge for/(write-back of) credit loss expenses:				
– loans and advances	(783)	(1,237)	81,539	79,519
– trade bills, accrued interest and other receivables	(63)	(9)	568	496
– cash and short term placements	(148)	–	–	(148)
– placements with banks and financial institutions	(11)	–	–	(11)
– debt securities investment	(5)	–	–	(5)
– loan commitments	–	–	–	–
	<u>(1,010)</u>	<u>(1,246)</u>	<u>82,107</u>	<u>79,851</u>

11. TAX

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current tax (credit)/charge:		
Hong Kong	(14,292)	21,767
Overseas	1,315	11,985
Deferred tax charge/(credit), net	19,865	(4,123)
	<u>6,888</u>	<u>29,629</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable overseas have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax expense applicable to (loss)/profit before tax using the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. statutory tax rates) to the effective tax rates, are as follows:

	For the six months ended 30 June 2024 (Unaudited)					
	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	<u>(56,840)</u>		<u>29,235</u>		<u>(27,605)</u>	
Tax at the applicable tax rate	(9,379)	16.5	7,309	25.0	(2,070)	7.5
Estimated tax effect of net expenses that are not deductible	<u>8,948</u>	<u>(15.7)</u>	<u>10</u>	<u>–</u>	<u>8,958</u>	<u>(32.5)</u>
Tax (credit)/charge at the Group's effective rate	<u>(431)</u>	<u>0.8</u>	<u>7,319</u>	<u>25.0</u>	<u>6,888</u>	<u>(25.0)</u>

For the six months ended 30 June 2023

(Unaudited)

	Hong Kong		Mainland China		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Profit before tax	<u>100,071</u>		<u>43,311</u>		<u>143,382</u>	
Tax at the applicable tax rate	16,512	16.5	10,828	25.0	27,340	19.1
Estimated tax effect of net expenses that are not deductible	<u>2,289</u>	<u>2.3</u>	<u>–</u>	<u>–</u>	<u>2,289</u>	<u>1.6</u>
Tax charge at the Group's effective rate	<u>18,801</u>	<u>18.8</u>	<u>10,828</u>	<u>25.0</u>	<u>29,629</u>	<u>20.7</u>

12. DIVIDENDS

(a) Dividends declared during the interim period

	For the six months ended 30 June			
	2024 (Unaudited) <i>HK\$ per ordinary share</i>	2023 (Unaudited) <i>HK\$ per ordinary share</i>	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Interim dividend	<u>–</u>	<u>0.03</u>	<u>–</u>	<u>32,938</u>

(b) Dividends attributable to the previous financial year and paid during the interim period

	For the six months ended 30 June			
	2024 (Unaudited) <i>HK\$ per ordinary share</i>	2023 (Unaudited) <i>HK\$ per ordinary share</i>	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Second interim dividend in respect of the previous period	<u>–</u>	<u>0.11</u>	<u>–</u>	<u>120,771</u>

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss for the period ended 30 June 2024 of HK\$34,493,000 (profit for the period ended 30 June 2023 of HK\$113,753,000) and on the weighted average number of ordinary shares in issue of 1,097,917,618 shares (2023: 1,097,917,618 shares) during the period.

(b) Diluted (loss)/earnings per share

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 30 June 2023.

14. LOANS AND ADVANCES AND RECEIVABLES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Loans and advances to customers	24,567,139	24,165,100
Trade bills	7,869	525
Loans and advances, and trade bills	24,575,008	24,165,625
Accrued interest	89,532	114,993
Other receivables	24,664,540 7,494	24,280,618 7,106
Gross loans and advances and receivables	24,672,034	24,287,724
Less: Impairment allowances		
– specifically assessed	(111,447)	(214,102)
– collectively assessed	(142,683)	(126,440)
	(254,130)	(340,542)
Loans and advances and receivables	24,417,904	23,947,182

Over 90% (31 December 2023: over 90%) of the loans and advances and receivables were unrated exposures. Over 90% (31 December 2023: over 90%) of the collateral for the secured loans and advances and receivables were customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles.

Loans and advances and receivables are summarised as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Neither past due nor impaired loans and advances and receivables	22,823,730	22,426,539
Past due but not impaired loans and advances and receivables	908,183	929,948
Credit impaired loans and advances	921,279	885,192
Credit impaired receivables	18,842	46,045
	24,672,034	24,287,724

About 70% (31 December 2023: about 70%) of “Neither past due nor impaired loans and advances and receivables” were property mortgage loans and hire purchase loans secured by properties, taxi licences, public light bus licences and vehicles.

(a) (i) Ageing analysis of overdue and impaired loans and advances

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Gross amount HK\$'000	Percentage of total loans and advances %	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for:				
Six months or less				
but over three months	148,294	0.60	88,717	0.37
One year or less				
but over six months	113,206	0.46	634,339	2.62
Over one year	568,408	2.32	121,325	0.50
Loans and advances overdue for more than three months	829,908	3.38	844,381	3.49
Rescheduled loans and advances overdue for three months or less	25,910	0.10	24,811	0.10
Impaired loans and advances overdue for three months or less	65,461	0.27	16,000	0.07
Total overdue and impaired loans and advances	921,279	3.75	885,192	3.66

(a) (ii) Ageing analysis of overdue and impaired trade bills, accrued interest and other receivables

	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
Trade bills, accrued interest and other receivables overdue for:		
Six months or less but over three months	2,114	1,006
One year or less but over six months	4,353	30,407
Over one year	<u>11,586</u>	<u>14,517</u>
Trade bills, accrued interest and other receivables overdue for more than three months	18,053	45,930
Impaired trade bills, accrued interest and other receivables overdue for three months or less	<u>789</u>	<u>115</u>
Total overdue and impaired trade bills, accrued interest and other receivables	<u><u>18,842</u></u>	<u><u>46,045</u></u>

Impaired loans and advances and receivables are individually determined to be impaired after considering the overdue ageing analysis and other qualitative factors such as bankruptcy proceedings and individual voluntary arrangements.

(b) Geographical analysis of overdue and impaired loans and advances and receivables, and impairment allowances

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
(i) Analysis of overdue loans and advances and receivables						
Loans and advances and receivables overdue for more than three months	<u>759,905</u>	<u>88,056</u>	<u>847,961</u>	<u>817,418</u>	<u>72,893</u>	<u>890,311</u>
Impairment allowances specifically assessed	<u>83,046</u>	<u>622</u>	<u>83,668</u>	<u>192,478</u>	<u>10,115</u>	<u>202,593</u>
Current market value and fair value of collateral			<u>876,392</u>			<u>806,204</u>
(ii) Analysis of impaired loans and advances and receivables						
Impaired loans and advances and receivables	<u>850,901</u>	<u>89,220</u>	<u>940,121</u>	<u>858,231</u>	<u>73,006</u>	<u>931,237</u>
Impairment allowances specifically assessed	<u>110,825</u>	<u>622</u>	<u>111,447</u>	<u>203,874</u>	<u>10,228</u>	<u>214,102</u>
Current market value and fair value of collateral			<u>960,457</u>			<u>863,513</u>

Over 90% (31 December 2023: over 90%) of the Group's gross loans and advances and receivables were derived from operations carried out in Hong Kong. Accordingly, no geographical segment information of gross loans and advances and receivables is presented herein.

- (c) **The value of collateral held in respect of the overdue loans and advances and the split between the portion of the overdue loans and advances covered by credit protection (covered portion) and the remaining portion (uncovered portion) are as follows:**

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	<u><u>876,392</u></u>	<u><u>806,204</u></u>
Covered portion of overdue loans and advances	<u><u>755,820</u></u>	<u><u>693,319</u></u>
Uncovered portion of overdue loans and advances	<u><u>74,088</u></u>	<u><u>151,062</u></u>

The assets taken as collateral should satisfy the following criteria:

- The market value of the asset is readily determinable or can be reasonably established and verified.
- The asset is marketable and there exists a readily available secondary market for disposal of the asset.
- The Group's right to repossess the asset is legally enforceable without impediment.
- The Group is able to secure control over the asset if necessary.

The main types of guarantors for credit risk mitigation are as follows:

- Central governments with a grading of Aa3 or above
- Unrated public sector enterprises
- Banks with a grading of Baa2 or above
- Unrated corporations
- Individual shareholders and directors of corporate customers

(d) Repossessed assets

As at 30 June 2024, the total value of repossessed assets of the Group amounted to HK\$579,628,000 (31 December 2023: HK\$699,135,000).

(e) Past due but not impaired loans and advances and receivables

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Gross	Percentage of	Gross	Percentage of
	amount	total loans	amount	total loans
	and advances	and advances	and advances	and advances
	HK\$'000	%	HK\$'000	%
Loans and advances overdue for three months or less	<u><u>902,495</u></u>	<u><u>3.67</u></u>	<u><u>923,613</u></u>	<u><u>3.82</u></u>
Trade bills, accrued interest and other receivables overdue for three months or less	<u><u>5,688</u></u>		<u><u>6,335</u></u>	

(f) **Impairment allowances on loans and advances and receivables**

An analysis of changes in the gross amount of loans and advances and receivables is as follows:

	30 June 2024			
	(Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross loans and advances and receivables as at 1 January 2024	22,985,925	370,562	931,237	24,287,724
New loans/financing originated	4,062,460	1,082	2,417	4,065,959
Loans/financing derecognised or repaid during the period (other than write-offs)	(3,285,975)	(39,190)	(62,949)	(3,388,114)
Transfer to 12-month expected credit loss (Stage 1)	97,807	(88,689)	(9,118)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(204,889)	205,030	(141)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(257,196)	(115,014)	372,210	–
Total transfer between stages	(364,278)	1,327	362,951	–
Write-offs	–	–	(293,535)	(293,535)
As at 30 June 2024	<u>23,398,132</u>	<u>333,781</u>	<u>940,121</u>	<u>24,672,034</u>
Arising from:				
Loans and advances	23,315,250	330,610	921,279	24,567,139
Trade bills, accrued interest and other receivables	82,882	3,171	18,842	104,895
	<u>23,398,132</u>	<u>333,781</u>	<u>940,121</u>	<u>24,672,034</u>

The amount outstanding on financial assets that were written off during the period and are still subject to enforcement action amounted to HK\$259,922,000.

	31 December 2023 (Audited)			
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross loans and advances and receivables as at 1 January 2023	23,788,204	772,750	321,351	24,882,305
New loans/financing originated	5,507,572	23,706	3,249	5,534,527
Loans/financing derecognised or repaid during the year (other than write-offs)	(5,746,231)	(29,207)	(69,816)	(5,845,254)
Transfer to 12-month expected credit loss (Stage 1)	59,403	(48,522)	(10,881)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(277,911)	278,834	(923)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(345,112)	(626,999)	972,111	–
Total transfer between stages	(563,620)	(396,687)	960,307	–
Write-offs	–	–	(283,854)	(283,854)
As at 31 December 2023	<u>22,985,925</u>	<u>370,562</u>	<u>931,237</u>	<u>24,287,724</u>
Arising from:				
Loans and advances	22,913,307	366,601	885,192	24,165,100
Trade bills, accrued interest and other receivables	<u>72,618</u>	<u>3,961</u>	<u>46,045</u>	<u>122,624</u>
	<u>22,985,925</u>	<u>370,562</u>	<u>931,237</u>	<u>24,287,724</u>

The amount outstanding on financial assets that were written off during the year and are still subject to enforcement action amounted to HK\$190,183,000.

An analysis of credit risk exposure by the Group's internal credit rating system is as follows:

30 June 2024				
(Unaudited)				
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Internal rating grades:				
Performing				
Pass	23,035,488	–	–	23,035,488
Special Mention	362,644	333,781	–	696,425
Non-performing				
Substandard	–	–	207,857	207,857
Doubtful	–	–	674,834	674,834
Loss	–	–	57,430	57,430
Total	<u>23,398,132</u>	<u>333,781</u>	<u>940,121</u>	<u>24,672,034</u>
31 December 2023				
(Audited)				
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Internal rating grades:				
Performing				
Pass	22,821,125	–	–	22,821,125
Special Mention	164,800	370,562	–	535,362
Non-performing				
Substandard	–	–	110,782	110,782
Doubtful	–	–	787,161	787,161
Loss	–	–	33,294	33,294
Total	<u>22,985,925</u>	<u>370,562</u>	<u>931,237</u>	<u>24,287,724</u>

An analysis of changes in the corresponding ECL allowances is as follows:

	30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	87,528	38,912	214,102	340,542
New loans/financing originated	35,515	3	133	35,651
Loans/financing derecognised or repaid during the period (other than write-offs)	(34,989)	(2,520)	(48,835)	(86,344)
Transfer to 12-month expected credit loss (Stage 1)	2,464	(700)	(1,764)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,830)	1,880	(50)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(3,386)	(29,554)	32,940	–
Total transfer between stages	(2,752)	(28,374)	31,126	–
Impact on period end expected credit loss of exposures transferred between stages during the period	(1,233)	36,974	118,818	154,559
Movements due to changes in credit risk	13,139	480	46,655	60,274
Recoveries	–	–	42,983	42,983
Write-offs	–	–	(293,535)	(293,535)
As at 30 June 2024	97,208	45,475	111,447	254,130
Arising from:				
Loans and advances	96,094	45,290	110,280	251,664
Trade bills, accrued interest and other receivables	1,114	185	1,167	2,466
	97,208	45,475	111,447	254,130

	31 December 2023 (Audited)			
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	85,668	32,232	84,823	202,723
New loans/financing originated	53,880	39	74	53,993
Loans/financing derecognised or repaid during the year (other than write-offs)	(50,215)	(3,362)	(100,821)	(154,398)
Transfer to 12-month expected credit loss (Stage 1)	1,729	(356)	(1,373)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,730)	1,902	(172)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(7,782)	(25,300)	33,082	–
Total transfer between stages	(7,783)	(23,754)	31,537	–
Impact on year end expected credit loss of exposures transferred between stages during the year	(708)	32,400	361,623	393,315
Movements due to changes in credit risk	6,686	1,357	23,529	31,572
Recoveries	–	–	97,191	97,191
Write-offs	–	–	(283,854)	(283,854)
As at 31 December 2023	<u>87,528</u>	<u>38,912</u>	<u>214,102</u>	<u>340,542</u>
Arising from:				
Loans and advances	86,373	38,816	206,269	331,458
Trade bills, accrued interest and other receivables	1,155	96	7,833	9,084
	<u>87,528</u>	<u>38,912</u>	<u>214,102</u>	<u>340,542</u>

(g) **Finance lease receivables**

Included in loans and advances and receivables were receivables in respect of assets leased under finance leases as set out below:

	Undiscounted lease payments		Net investment in finance leases	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts receivable under finance leases:				
Within one year	487,925	485,971	299,815	297,957
Over one year but within two years	444,560	441,018	286,997	282,276
Over two years but within three years	391,983	397,102	246,916	250,600
Over three years but within four years	343,409	350,469	207,808	213,467
Over four years but within five years	317,931	320,613	189,788	190,836
Over five years	4,842,086	4,881,659	3,684,201	3,723,815
	6,827,894	6,876,832	4,915,525	4,958,951
Less: Unearned finance income	(1,912,369)	(1,917,881)		
Net investment in finance leases	4,915,525	4,958,951		

The Group has entered into finance lease arrangements with customers in respect of motor vehicles and equipment. The terms of the finance leases entered into range from 1 to 30 years.

15. DEBT SECURITIES INVESTMENT

	30 June 2024 (Unaudited)		
	Financial assets at amortised cost <i>HK\$'000</i>	Financial assets at FVOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
Certificates of deposit held	3,670,229	–	3,670,229
Treasury bills and government bonds (including Exchange Fund Bills)	2,378,348	397,884	2,776,232
Other debt securities	1,546,336	–	1,546,336
Gross debt securities investment	7,594,913	397,884	7,992,797
Less: Impairment allowances collectively assessed			
As at 1 January 2024	(770)	–	(770)
Credit loss expenses released/(charged) to the consolidated income statement during the period	6	(40)	(34)
	(764)	(40)	(804)
	7,594,149	397,844	7,991,993
Listed or unlisted:			
– Listed in Hong Kong	402,183	–	402,183
– Listed outside Hong Kong	340,330	–	340,330
– Unlisted	6,852,400	397,884	7,250,284
	7,594,913	397,884	7,992,797
Analysed by types of issuers:			
– Central governments	2,378,348	397,884	2,776,232
– Public sector entities	496,900	–	496,900
– Corporates	200,000	–	200,000
– Banks and other financial institutions	4,519,665	–	4,519,665
	7,594,913	397,884	7,992,797

	31 December 2023 (Audited)		
	Financial assets at amortised cost <i>HK\$'000</i>	Financial assets at FVOCI <i>HK\$'000</i>	Total <i>HK\$'000</i>
Certificates of deposit held	3,739,234	–	3,739,234
Treasury bills and government bonds (including Exchange Fund Bills)	2,657,313	–	2,657,313
Other debt securities	1,243,751	–	1,243,751
Gross debt securities investment	7,640,298	–	7,640,298
Less: Impairment allowances collectively assessed			
As at 1 January 2023	(746)	–	(746)
Credit loss expenses charged to the consolidated income statement during the year	(24)	–	(24)
	<u>(770)</u>	<u>–</u>	<u>(770)</u>
	<u>7,639,528</u>	<u>–</u>	<u>7,639,528</u>
Listed or unlisted:			
– Listed in Hong Kong	756,804	–	756,804
– Listed outside Hong Kong	318,564	–	318,564
– Unlisted	6,564,930	–	6,564,930
	<u>7,640,298</u>	<u>–</u>	<u>7,640,298</u>
Analysed by types of issuers:			
– Central governments	2,657,313	–	2,657,313
– Public sector entities	169,992	–	169,992
– Corporates	200,000	–	200,000
– Banks and other financial institutions	4,612,993	–	4,612,993
	<u>7,640,298</u>	<u>–</u>	<u>7,640,298</u>

There were no impairment allowances specifically assessed made against debt securities investment as at 30 June 2024 and 31 December 2023.

There were neither impaired nor overdue debt securities investment as at 30 June 2024 and 31 December 2023.

Over 90% (31 December 2023: over 90%) of debt securities investment were rated with a grading of A3 or above based on the credit rating of Moody's Investors Service, an external credit agency.

16. LEASES

(a) As lessor

The Group leases its investment properties under operating lease arrangements, and the terms of the leases range from 1 to 4 years.

As at 30 June 2024 and 31 December 2023, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within one year	11,862	14,494
Over one year but within two years	5,582	7,594
Over two years but within three years	950	195
Over three years but within four years	<u>—</u>	<u>—</u>
	<u>18,394</u>	<u>22,283</u>

(b) As lessee

The Group has entered into certain future lease arrangements with landlords, and the terms of the leases range from 1 to 3 years. As at 30 June 2024 and 31 December 2023, the Group had total future lease payments for leases committed but not yet commenced falling due as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within one year	1,651	8,983
In the second to fifth years, inclusive	<u>4,046</u>	<u>20,439</u>
	<u>5,697</u>	<u>29,422</u>

17. OFF-BALANCE SHEET EXPOSURE

Contingent liabilities, commitments and derivatives

The following is a summary of the contractual amount of each significant class of contingent liabilities, commitments and derivatives of the Group outstanding at the end of the period:

	Contractual amount <i>HK\$'000</i>	Credit equivalent amount <i>HK\$'000</i>	30 June 2024 (Unaudited) Credit risk- weighted amount <i>HK\$'000</i>	Positive fair value- assets <i>HK\$'000</i>	Negative fair value- liabilities <i>HK\$'000</i>
Direct credit substitutes	27,805	27,805	24,826	-	-
Transaction-related contingencies	18,590	9,295	944	-	-
Trade-related contingencies	2,426	485	485	-	-
Forward forward deposits placed	-	-	-	-	-
Forward asset purchases	-	-	-	-	-
	<u>48,821</u>	<u>37,585</u>	<u>26,255</u>	-	-
Derivatives held for trading:					
Foreign exchange contracts	467,485	4,566	913	86	2,259
Other commitments with an original maturity of:					
Not more than one year	-	-	-	-	-
More than one year	184,009	92,004	92,004	-	-
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	<u>1,749,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>2,450,135</u></u>	<u><u>134,155</u></u>	<u><u>119,172</u></u>	<u><u>86</u></u>	<u><u>2,259</u></u>
				30 June 2024 (Unaudited) Contractual amount <i>HK\$'000</i>	
Capital commitments contracted for, but not provided in the consolidated statement of financial position				<u><u>41,075</u></u>	

	31 December 2023 (Audited)				
	Contractual amount <i>HK\$'000</i>	Credit equivalent amount <i>HK\$'000</i>	Credit risk- weighted amount <i>HK\$'000</i>	Positive fair value- assets <i>HK\$'000</i>	Negative fair value- liabilities <i>HK\$'000</i>
Direct credit substitutes	27,929	27,929	23,556	–	–
Transaction-related contingencies	17,846	8,923	1,259	–	–
Trade-related contingencies	3,046	609	524	–	–
Forward forward deposits placed	–	–	–	–	–
Forward asset purchases	–	–	–	–	–
	<u>48,821</u>	<u>37,461</u>	<u>25,339</u>	–	–
Derivatives held for trading:					
Foreign exchange contracts	452,813	20,787	4,157	10,743	40
Other commitments with an original maturity of:					
Not more than one year	–	–	–	–	–
More than one year	123,280	61,640	61,640	–	–
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	<u>2,235,181</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u><u>2,860,095</u></u>	<u><u>119,888</u></u>	<u><u>91,136</u></u>	<u><u>10,743</u></u>	<u><u>40</u></u>

31 December 2023
(Audited)
Contractual
amount
HK\$'000

Capital commitments contracted for, but not provided
in the consolidated statement of financial position 25,817

As at 30 June 2024 and 31 December 2023, the corresponding ECLs for the outstanding off-balance sheet exposures, including loan commitments and financial guarantees and letters of credit under stage 1, amounted to HK\$20,000 and HK\$21,000 respectively.

18. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The tables below show an analysis of financial assets and financial liabilities (including key off-balance sheet items) analysed by principal according to the periods that they are expected to be recovered or settled.

	30 June 2024 (Unaudited)							Total HK\$'000
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	
Financial assets:								
Gross cash and short term placements	563,940	3,352,834	-	-	-	-	-	3,916,774
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,787,891	239,828	-	-	-	2,027,719
Gross loans and advances and receivables	936,340	1,486,384	592,563	1,977,572	6,537,887	12,143,436	997,852	24,672,034
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804
Gross debt securities investment	-	897,331	3,101,541	3,633,290	360,635	-	-	7,992,797
Other assets	396	297,555	25,206	30,195	2,600	-	64,899	420,851
Gross foreign exchange contracts	-	467,485	-	-	-	-	-	467,485
Total financial assets	1,500,676	6,501,589	5,507,201	5,880,885	6,901,122	12,143,436	1,069,555	39,504,464
Financial liabilities:								
Deposits and balances of banks and other financial institutions at amortised cost	122,186	169,447	50,000	150,000	-	-	-	491,633
Customer deposits at amortised cost	8,609,397	6,741,655	10,848,103	5,543,972	3,241	-	-	31,746,368
Unsecured bank loans at amortised cost	-	1,517,721	-	-	-	-	-	1,517,721
Lease liabilities	-	4,170	8,142	34,962	63,334	3,423	-	114,031
Other liabilities	9,255	362,122	83,711	85,667	100	-	47,276	588,131
Gross foreign exchange contracts	-	469,658	-	-	-	-	-	469,658
Total financial liabilities	8,740,838	9,264,773	10,989,956	5,814,601	66,675	3,423	47,276	34,927,542
Net liquidity gap	(7,240,162)	(2,763,184)	(5,482,755)	66,284	6,834,447	12,140,013	1,022,279	4,576,922

	31 December 2023 (Audited)							Repayable within an indefinite period HK\$'000	Total HK\$'000
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Over 5 years HK\$'000		
Financial assets:									
Gross cash and short term placements	802,410	2,916,637	-	-	-	-	-	-	3,719,047
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	733,407	243,832	-	-	-	-	977,239
Gross loans and advances and receivables	535,361	1,577,296	597,620	2,162,980	6,336,806	12,099,268	978,393	24,287,724	
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804	
Gross debt securities investment	-	983,474	2,860,749	3,178,344	617,731	-	-	7,640,298	
Other assets	564	176,711	23,596	12,803	3,952	-	74,136	291,762	
Gross foreign exchange contracts	-	452,813	-	-	-	-	-	452,813	
Total financial assets	1,338,335	6,106,931	4,215,372	5,597,959	6,958,489	12,099,268	1,059,333	37,375,687	
Financial liabilities:									
Deposits and balances of banks and other financial institutions at amortised cost	78,015	199,532	140,000	50,000	-	-	-	467,547	
Customer deposits at amortised cost	8,257,320	5,750,278	9,693,187	5,832,069	3,416	170	-	29,536,440	
Unsecured bank loans at amortised cost	-	1,611,754	-	-	-	-	-	1,611,754	
Lease liabilities	-	4,234	7,861	27,770	52,768	4,713	-	97,346	
Other liabilities	7,231	223,483	104,087	113,745	117	-	59,703	508,366	
Gross foreign exchange contracts	-	442,110	-	-	-	-	-	442,110	
Total financial liabilities	8,342,566	8,231,391	9,945,135	6,023,584	56,301	4,883	59,703	32,663,563	
Net liquidity gap	(7,004,231)	(2,124,460)	(5,729,763)	(425,625)	6,902,188	12,094,385	999,630	4,712,124	

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023: HK\$0.03 per ordinary share).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the period under review, the economy of Hong Kong experienced a gradual recovery, but the general operating environment remained challenging. Whilst real Gross Domestic Product (GDP) grew by 2.7% year-on-year in the first quarter of 2024, retail sales remained sluggish and dropped by 11.5% in the first 5 months against last year affected by changes in consumption pattern by both Mainland China visitors and local citizens.

During the period under review, the US Federal Reserve continued to maintain a comparatively high benchmark rate and Hong Kong dollars (“HKD”) interest rates also stayed high under the Linked Exchange Rate System. Under the higher interest rate environment, corporates were conservative in business expansion with dampened loan demands. Investor confidence was also weak and property price declined further. However, an increase in turnover in property transactions was noted after the Hong Kong Government’s upliftment of all property market cooling measures in February 2024.

Under the aforesaid challenging operating environment, the Group conducted its loan business cautiously with strategic focus on secured lending segments at reasonable interest yields to contain credit risk whilst managing the pace of its funding cost escalation to minimise the adverse impact on its net interest margin. The Group continued to diversify revenue sources into fee-based businesses amidst weaker consumer sentiment and subdued corporate loan demands and will continue to pursue long-term business growth with sustainable profit growth.

FINANCIAL REVIEW

Revenue and earnings

For the six months ended 30 June 2024, the Group recorded a loss after tax of HK\$34.5 million, representing a significant decline of HK\$148.3 million as compared with the corresponding period of last year.

The Group’s basic loss per share for the six months ended 30 June 2024 was HK\$0.03. The Board did not declare an interim dividend after considering the uncertainties in the operating environment and its financial results.

During the period under review, total interest income of the Group increased by HK\$63.3 million or 6.7% to HK\$1,013.8 million contributed mainly from the growth in interest income from investments in debt securities under the higher interest rate environment. Total interest expenses increased by HK\$99.7 million to HK\$543.0 million mainly due to the higher interest cost on fixed deposits coupled with the migration of lower cost savings and demand deposits to time deposits. As a result, the Group's net interest income decreased by HK\$36.4 million or 7.2% to HK\$470.7 million. Non-interest income of the Group decreased by HK\$11.6 million or 8.6% to HK\$123.2 million mainly due to the lower fees and commission income from wealth management services, stockbroking and securities management driven by a lower turnover in Hong Kong stock market in the period under review.

Operating expenses of the Group increased by HK\$7.6 million or 1.8% to HK\$432.8 million mainly due to the increase in staff costs as the competition for talents in banking sector remained intense.

Fair value of investment properties decreased by HK\$24.4 million during the period under review as compared to a revaluation gain of HK\$6.6 million in the corresponding period of last year.

Credit loss expenses increased by HK\$84.5 million or 105.8% to HK\$164.3 million mainly due to the escalation in credit charges for hire purchase loans and unsecured personal lending affected by the further devaluation of public vehicle licence value and escalated bankruptcy cases respectively during the period under review.

Loans and advances, customer deposits and total assets

The Group's total loans and advances (including trade bills) recorded a growth of HK\$409.4 million or 1.7% to HK\$24.58 billion as at 30 June 2024 from HK\$24.17 billion as at 31 December 2023. Customer deposits of the Group increased by HK\$2.21 billion or 7.5% to HK\$31.75 billion as at 30 June 2024 from HK\$29.54 billion as at 31 December 2023.

As at 30 June 2024, total assets of the Group stood at HK\$43.13 billion.

Business performance of key subsidiaries

Public Bank (Hong Kong)

During the period under review, total loans and advances (including trade bills) of Public Bank (Hong Kong), a licensed bank and a direct subsidiary of the Company, recorded a growth of HK\$285.5 million or 1.5% to HK\$18.97 billion as at 30 June 2024 from HK\$18.69 billion as at 31 December 2023. Customer deposits (excluding deposits from a subsidiary) increased by HK\$2.34 billion or 9.3% to HK\$27.52 billion as at 30 June 2024 from HK\$25.18 billion as at 31 December 2023. Impaired loans to total loans ratio of Public Bank (Hong Kong) decreased by 0.13% to 4.11% as at 30 June 2024 from 4.24% as at 31 December 2023, but remained at a relatively high level as the operating environment remained challenging. Excluding intra-group dividend income, Public Bank (Hong Kong) recorded a loss of HK\$4.1 million for the six months ended 30 June 2024 as compared with a profit of HK\$65.3 million in the corresponding period in 2023, mainly due to higher credit loss expenses on hire purchase loan portfolio affected by the headwind on taxi and public light bus industry with declining licence value.

Public Bank (Hong Kong) will continue to develop and expand its retail and commercial banking businesses and its core customer base, expedite the pace of its digital transformation and develop its banking and financial services and stockbroking businesses.

Public Finance

Total loans and advances of Public Finance, a deposit-taking company and a direct subsidiary of Public Bank (Hong Kong), recorded a growth of HK\$56.3 million or 1.1% to HK\$5.14 billion as at 30 June 2024 from HK\$5.08 billion as at 31 December 2023. Customer deposits decreased by HK\$141.8 million or 3.2% to HK\$4.26 billion as at 30 June 2024 from HK\$4.41 billion as at 31 December 2023. Impaired loans to total loans ratio of Public Finance increased slightly to 1.65% as at 30 June 2024 compared with 1.63% as at 31 December 2023. Excluding intra-group dividend income, profit of Public Finance for the six months ended 30 June 2024 decreased by HK\$29.8 million or 82.2% to HK\$6.5 million mainly due to the increase in credit loss expenses on unsecured personal lending affected by escalated bankruptcy cases.

Public Finance will continue to focus on its consumer financing business and deposit-taking business, and also embark on its digital transformation.

Segmental information

The Group's businesses comprise three main segments: (i) retail and commercial banking businesses, (ii) wealth management services, stockbroking and securities management, and (iii) other businesses. For the period under review, 90.4% and 7.9% of the Group's operating income were contributed by (i) retail and commercial banking businesses and (ii) wealth management services, stockbroking and securities management, respectively.

Compared with the first half of 2023, the Group's operating income from retail and commercial banking businesses decreased by HK\$40.7 million or 7.0% to HK\$536.8 million mainly due to the decrease in net interest income of the Group. A loss before tax of HK\$30.6 million was reported for the segment, representing a decrease of HK\$149.7 million as compared with the first half of 2023, mainly attributed to the higher credit loss expenses on hire purchase loans and unsecured personal lending as well as the aforesaid decrease in net interest income.

The Group's operating income from wealth management services, stockbroking and securities management decreased by HK\$8.2 million or 15.0% to HK\$46.6 million. Profit before tax from this segment increased by HK\$7.2 million or 47.7% to HK\$22.3 million during the period under review mainly due to the lower operating cost arising from the integration of stockbroking and securities businesses operated by Public Bank (Hong Kong) and Public Securities Limited in the fourth quarter of 2023.

Group's branch network

Public Bank (Hong Kong) has a branch network of 30 branches in Hong Kong and 5 branches in Shenzhen in the People's Republic of China to provide a broad range of commercial and retail banking services. Public Finance has a branch network of 40 branches in Hong Kong to focus on its core business in personal lending. Winton Financial Limited ("Winton Financial"), another operating subsidiary of the Company which operates under a money lenders licence, has a branch network of 3 branches in Hong Kong to provide personal financing to its targeted customer segment. In total, the Group has a combined branch network of 78 branches to serve its customers. The Group also undertakes securities trading business through Public Bank (Hong Kong).

Significant investments

The Company has a significant investment, with a value of 5% or more of the Company's total assets, in Public Bank (Hong Kong). The principal businesses of Public Bank (Hong Kong) are the provision of retail and commercial banking services. The investment cost in the subsidiary amounted to HK\$6.59 billion or 74.1% of total assets of the Company, and such cost reflected the fair value of the Company's investment. Public Bank (Hong Kong) strategically focuses on loan business development, deposit-taking, stockbroking and bancassurance business operations; and continues to strike a balance between pursuing business growth and maintaining sound liquidity and asset quality. Public Bank (Hong Kong) and its subsidiaries recorded a profit of HK\$1.2 million on consolidated basis, which represented an annualised return of 0.04% from the Company's investment. Dividend income received from Public Bank (Hong Kong) was HK\$100.0 million during the period under review. Further details of such investment (including the number and percentage of shares held) in Public Bank (Hong Kong) will be disclosed in the 2024 Interim Report.

Contingent liabilities and commitments

The Group had no material contingent liabilities (other than those in the normal course of its banking and finance businesses related to treasury and trade finance activities and loan commitments as disclosed in the notes to the interim financial statements) as at the end of the period under review. The Group did not incur any material capital expenditure or enter into any material commitments in respect of capital expenditure during the period under review. There was no material funding required for capital expenditure and its commitments. The Group did not have plans for material investments or purchases of capital assets in the near term. As at 30 June 2024, there was no charge over the assets of the Group. There was also no significant event affecting the Group which had occurred since 30 June 2024.

OPERATIONAL REVIEW

Funding and capital management

The main objective of the Group's funding activities is to ensure the availability of funds at reasonable cost to meet all contractual financial commitments, to fund growth in loans and advances and to generate reasonable returns from available funds. The Group also encourages its subsidiaries to be self-sufficient in funding their business growth. The Group did not have material acquisitions or disposals of subsidiaries or associates during the period under review.

The Group relies principally on its internally generated capital, customer deposits and deposits from financial institutions to fund its retail and commercial banking businesses and its consumer financing business. The Group's cash and cash equivalents are mainly denominated in HKD or United States dollars. Its bank borrowings are in the form of term loans denominated in HKD at floating interest rates and stood at approximately HK\$1.52 billion as at 30 June 2024. Based on the level of bank borrowings as compared to the equity of the Group, the Group's gearing ratio remained at a healthy level of 0.18 times as at 30 June 2024, which was relatively the same as compared to the position of 31 December 2023. The bank borrowings as at 30 June 2024 had remaining maturity periods of less than one year. In the normal course of its commercial banking business, Public Bank (Hong Kong) had entered into foreign exchange swaps and forward contracts to reduce the foreign exchange rate risk exposures of the Group. Exposures to fluctuations in foreign exchange rates were minimal. There were no foreign currency investments hedged by foreign currency borrowings and other hedging instruments during the period under review.

The consolidated CET1 capital ratio and total capital ratio of Public Bank (Hong Kong) Group (inclusive of Public Bank (Hong Kong) and Public Finance) stood at 23.9% and 24.7% respectively as at 30 June 2024.

The Group continues to safeguard its capital adequacy position and manage key risks cautiously.

Asset quality and credit management

The Group's impaired loans to total loans ratio increased mildly by 0.1% to 3.8% as at 30 June 2024 from 3.7% as at 31 December 2023 amidst the challenging operating environment and soft asset price. The Group will continue to manage credit risk cautiously and undertake prudent yet flexible business development strategies to strike a balance between business/income growth and prudent risk management.

The direct exposures to Europe and Russia were assessed as insignificant and manageable as the core operations of the Group are principally based in Hong Kong.

Human resources management

The Group is committed to promoting a sound corporate culture by setting out cultural values including (but not limited to) caring attitude; discipline; ethics and integrity; excellence; trust; and prudence. The cultural values are articulated in policies, procedures and processes that are relevant to the day-to-day or routine business/supporting operations, training and performance appraisal of the Group's staff. Dedicated heads of key departments are responsible to assist the Board to set out the culture related behavioural expectations of staff in carrying out their day-to-day responsibilities; build up an effective, continual and regular communication channel to share examples of misconduct, improper behaviour and disciplines with the staff for their alerts; promote an open exchange of views in relation to culture and behavioural standards; and put in place a clear ownership structure for core risks and culture reform initiatives.

The objective of the Group's human resources management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives taking into account both business performance and the adherence to the Group's culture and behavioural standards, and to promote career development and progression within the Group. Staff enrolled in external training courses, seminars, professional and technical courses in order to update their technical knowledge and skills, to increase their awareness of the market and regulatory developments, and to improve their management and business skills. Staff also participated in social/charitable activities organised by the Group/non-profit making organisations to promote team spirit and social responsibility to the community.

As at 30 June 2024, the Group's staff force stood at 1,209 employees. For the six months ended 30 June 2024, the Group's total staff related costs amounted to HK\$276.8 million.

PROSPECTS

The economies of Hong Kong and Mainland China are anticipated to continue on a slow post-pandemic recovery path in the second half of 2024, but the prospects remain highly uncertain driven by the adverse impact of high interest rate environment for longer period on business activities and development in geopolitical situation. The risk appetite for corporate investments/business expansion is expected to remain conservative in the near term in view of the interest rate outlook. Accordingly, loan growth momentum in Hong Kong and Mainland China will continue to be constrained. Despite the uncertainty over the timing and magnitude of interest rate cuts by the US Federal Reserve, market interest rates are projected to trend down and the pressure on the funding cost can be alleviated then.

Notwithstanding the foregoing challenges, the Group will continue to pursue long-term business and profitability growth to be in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead. The Group will continue to seek loan growth at reasonable yields and manage its funding cost to grow net interest income.

The Group will continue to adopt sound and flexible marketing strategies to expand customer base and channels of services, launch attractive marketing promotions at reasonable costs, and optimise the utilisation of system resources to enhance service quality and efficiency of banking operations. The Group will also strive for the diversification of income streams by development of fee-based businesses in stockbroking and insurance businesses.

The Group will continue to focus on expanding its retail and commercial banking businesses and its consumer financing business through its extensive branch network of Public Bank (Hong Kong), Public Finance and Winton Financial, supporting its growth in loan business developments, deposit-taking and fee-based businesses, and implementing appropriate marketing strategies. The Group will continue to optimise and refine the existing products and services to grow its retail and commercial lending businesses and consumer financing business. Moving forward, the Group will also allocate more resources to drive the digitalisation process of its financial services and business growth from electronic channels for long term productivity and cost efficiency; whilst restructuring its operating processes to achieve higher operational efficiency and cost synergy amongst group companies. The Group will also integrate sustainable development into its business initiatives and expand green financing business.

The Group will stay vigilant of the uncertainties and challenges ahead and strive to expand its banking and financing businesses with disciplined cost control and prudent risk management in the second half of 2024. The Group is also committed to fostering a healthy and strong corporate culture to enhance the Group's cohesiveness with shared vision and values by every staff in the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the 2024 Interim Report, in compliance with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-Executive Directors, namely Ms. Phe Kheng Peng, Mr. Lee Chin Guan and Mr. Lim Chao Li, and two Non-Executive Directors, namely Mr. Lai Wan and Mr. Quah Poh Keat. The unaudited interim results for the six months ended 30 June 2024 as set out in this announcement has been reviewed by the Audit Committee.

PUBLICATION OF 2024 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement of the Group for the six months ended 30 June 2024 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.publicfinancial.com.hk. The 2024 Interim Report containing all applicable information required by the Listing Rules will be published on the above websites in or around early-August 2024.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and staff of the Group for their commitment and contribution during the period. I would also like to express my appreciation to the guidance from the regulatory authorities and continued support from our shareholders and customers.

By Order of the Board
Public Financial Holdings Limited
Lai Wan
Chairman

18 July 2024

As at the date of this announcement, the Board of the Company comprises Mr. Lai Wan, Dato' Chang Kat Kiam, Mr. Quah Poh Keat and Mr. Lee Huat Oon as Non-Executive Directors, Mr. Chong Yam Kiang as Executive Director, and Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng as Independent Non-Executive Directors.