

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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](http://www.publicfinancial.com.hk))

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 (the “Group”) for the six months ended 30 June 2017 with comparative figures as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Interest income	6	866,412	832,752
Interest expense	6	(191,344)	(163,924)
<b>NET INTEREST INCOME</b>		<b>675,068</b>	668,828
Other operating income	7	110,022	100,718
<b>OPERATING INCOME</b>		<b>785,090</b>	769,546
Operating expenses	8	(421,803)	(396,065)
Changes in fair value of investment properties		4,501	(439)
<b>OPERATING PROFIT BEFORE IMPAIRMENT ALLOWANCES</b>		<b>367,788</b>	373,042
Impairment allowances for loans and advances and receivables	9	(74,659)	(128,058)

\* For identification purpose only

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2017</b>	2016
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT BEFORE TAX</b>		<b>293,129</b>	244,984
Tax	<i>10</i>	<u>(54,987)</u>	<u>(44,619)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>238,142</u></b>	<b><u>200,365</u></b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b><u>238,142</u></b>	<b><u>200,365</u></b>
<b>EARNINGS PER SHARE (HK\$)</b>	<i>12</i>		
Basic		<b><u>0.217</u></b>	<b><u>0.182</u></b>
Diluted		<b><u>0.217</u></b>	<b><u>0.182</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>238,142</b>	<b>200,365</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange gain/(loss) on translating foreign operations, net of tax	<u>39,271</u>	<u>(16,025)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>277,413</u></b>	<b><u>184,340</u></b>
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b><u>277,413</u></b>	<b><u>184,340</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2017 (Unaudited) <i>HK\$'000</i>	31 December 2016 (Audited) <i>HK\$'000</i>
<b>ASSETS</b>			
Cash and short term placements		5,009,921	4,256,779
Placements with banks and financial institutions maturing after one month but not more than twelve months		1,861,022	2,222,825
Derivative financial instruments		9,604	412
Loans and advances and receivables	13	28,834,217	29,053,368
Available-for-sale financial assets		6,804	6,804
Held-to-maturity investments	14	5,435,313	5,693,861
Investment properties		318,899	314,398
Property and equipment		125,852	128,083
Land held under finance leases		638,314	642,260
Interest in a joint venture		1,606	1,606
Deferred tax assets		22,178	28,496
Tax recoverable		5,309	10,241
Goodwill		2,774,403	2,774,403
Intangible assets		718	718
Other assets		150,273	98,281
<b>TOTAL ASSETS</b>		<b>45,194,433</b>	<b>45,232,535</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions at amortised cost		537,974	929,392
Derivative financial instruments		1,667	23,157
Customer deposits at amortised cost		34,321,617	33,721,280
Certificates of deposit issued at amortised cost		752,845	1,072,778
Dividends payable		54,896	142,729
Unsecured bank loans at amortised cost		1,599,173	1,606,143
Current tax payable		39,327	12,974
Deferred tax liabilities		31,943	31,719
Other liabilities		353,169	413,058
<b>TOTAL LIABILITIES</b>		<b>37,692,611</b>	<b>37,953,230</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Issued capital		109,792	109,792
Reserves	15	7,392,030	7,169,513
<b>TOTAL EQUITY</b>		<b>7,501,822</b>	<b>7,279,305</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,194,433</b>	<b>45,232,535</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
	<i>Note</i>	
<b>TOTAL EQUITY</b>		
Balance at the beginning of the period	7,279,305	7,122,551
Profit for the period	238,142	200,365
Other comprehensive income in translation reserve	39,271	(16,025)
Total comprehensive income for the period	277,413	184,340
Dividends declared on shares	11(a) (54,896)	(54,896)
Balance at the end of the period	7,501,822	7,251,995

## 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 “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 (the “HKICPA”). They also contain certain disclosure information required under the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority (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 2016 Annual Report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s 2016 Annual Report, except for the changes in accounting policies as set out in note 4 below.

### 2. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the interim financial statements of the Company and its subsidiaries for the period ended 30 June 2017.

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:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 purpose are Public Bank (Hong Kong) Limited ("Public Bank (Hong Kong)"), Public Finance Limited ("Public Finance"), Winton (B.V.I.) Limited and their subsidiaries and a joint venture which is now in members' voluntary liquidation.

### **3. BASIS OF CAPITAL DISCLOSURES**

The Group has complied with the capital requirements during the interim reporting period related to capital base and the capital adequacy ratio 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 of the Group is based on the ratio of the aggregate of risk-weighted exposures to the aggregate of capital bases of the Company, Public Bank (Hong Kong) and Public Finance for regulatory reporting purpose.

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 of Hong Kong.

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 capital and is included in the capital base pursuant to the HKMA capital requirements.

The Group has adopted the provisions of the Banking (Amendment) Ordinance 2012 relating to the Basel III capital standards and the amended 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 minimum capital ratio requirements are progressively increased during the period from 1 January 2013 to 1 January 2019, and include a phased introduction of a new capital conservation buffer ("CCB") ratio of 2.5%. Additional capital requirements, including a new countercyclical capital buffer ("CCyB") ratio ranging from 0% to 2.5%, have been implemented since 1 January 2016. The required CCyB ratio for 2017 is 1.25%. Public Bank (Hong Kong) and Public Finance monitor leverage ratio to ensure compliance with regulatory requirements.

## 4. ACCOUNTING POLICIES

### Changes in accounting policies and disclosures

The HKICPA has issued a number of revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are generally effective for accounting periods beginning on or after 1 January 2017. The Group has adopted the following revised standards for the first time for the current period’s interim financial statements:

- Amendments to HKAS 7 *Disclosure Initiative*
- Amendments to HKAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group is not required to provide additional disclosure in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied the amendments retrospectively. However, the application has no effect on the Group’s financial position and performance as the Group has no deductible temporary differences that are in the scope of the amendments.

### Issued but not yet effective HKFRSs

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

- Amendments to HKFRS 2 *Classification and Measurement of Share-based Payment Transactions<sup>1</sup>*
- Amendments to HKFRS 4 *Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup>*
- HKFRS 9 *Financial Instruments<sup>1</sup>*
- HKFRS 15 *Revenue from Contracts with Customers<sup>1</sup>*
- Amendments to HKFRS 15 *Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup>*
- HKFRS 16 *Leases<sup>2</sup>*
- Annual Improvements 2014-2016 Cycle *Amendments to a number of HKFRSs<sup>1</sup>*
- Amendments to HKAS 40 *Transfers of Investment Property<sup>1</sup>*
- HK(IFRIC)-Int 22 *Foreign Currency Transactions and Advance Consideration<sup>1</sup>*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

Further information about those HKFRSs that are expected to be relevant to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The classification and measurement of financial assets will depend on the entity's business model for their management and their contractual cash flow characteristics and result in financial assets being classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss. The classification of financial liabilities is essentially unchanged, except that, for certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in OCI.

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, certain loan commitments and financial guarantee contracts. At initial recognition, impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ("ECL") resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ("lifetime ECL").

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the probability of default occurring over the remaining life of the financial instrument.

As a result of the final HKFRS 9, the recognition and measurement of impairment is intended to be more forward-looking than under HKAS 39.

Currently, most of the Group's financial assets, including loans and advances, held-to-maturity debt securities and placements with banks and financial institutions are classified and measured at amortised cost, and the Group does not expect the adoption of HKFRS 9 to have material impact on the classification and measurement of its financial assets.

The Group expects to adopt HKFRS 9 from 1 January 2018. Based on the Group's exposures of financial assets and commitments as at 30 June 2017, the estimated impact on equity upon the adoption of HKFRS 9 would not be more than HK\$255 million. The Group intends to quantify the potential impact of HKFRS 9 in more details once it is practicable to provide reliable estimates.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group has assessed the impact of this standard and expects that the standard will not have significant impact, when applied, on the consolidated financial statements of the Group.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. As at 30 June 2017, the Group had non-cancellable operating lease commitments of HK\$117,127,000 as set out in note 16(b) to the interim financial statements. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by “right-of-use asset” and “lease liability” in the balance sheet of the Group. Other than the above, the Group does not anticipate that the application of this standard will have material impact on the consolidated financial statements of the Group.

The HKICPA issued amendments to HKAS 40 in April 2017 to clarify that, to transfer to or from investment properties, there must be a change in use. A change in use would involve (i) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (ii) supporting evidence that a change in use has occurred. The amendments also re-characterised the list of circumstances in HKAS 40.57(a)-(d) as a non-exhaustive list of examples to allow for other circumstances to be accounted for as a transfer, as long as that change is supported by appropriate evidence. The amendments are effective for annual periods beginning on or after 1 January 2018. The Group has assessed the impact of the amendments and expects that the amendments will not have significant impact, when applied, on the consolidated financial statements of the Group.

The HKICPA issued HK(IFRIC)-Int 22 in June 2017 to address the exchange rate to be used in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective for annual periods beginning on or after 1 January 2018. The Group has assessed the impact of this interpretation and expects that the interpretation will not have significant impact, when applied, on the consolidated financial statements of the Group.

## **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. 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 Group's inter-segment transactions during the period were mainly related to dealers' commission from referrals of taxi financing loans, and these transactions were entered into on similar terms and conditions as those contracted with third parties at the dates of the transactions.

The following table discloses the revenue and profit information for operating segments for the six months ended 30 June 2017 and 2016.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Eliminated on consolidation		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		For the six months ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>										
External:										
Net interest income/(expense)	675,111	668,824	(43)	4	-	-	-	-	675,068	668,828
Other operating income:										
Fees and commission income	73,442	71,749	17,267	14,126	194	217	-	-	90,903	86,092
Others	9,942	5,769	8	7	9,169	8,850	-	-	19,119	14,626
Inter-segment transactions:										
Fees and commission income	-	-	-	-	9	8	(9)	(8)	-	-
Operating income	<u>758,495</u>	<u>746,342</u>	<u>17,232</u>	<u>14,137</u>	<u>9,372</u>	<u>9,075</u>	<u>(9)</u>	<u>(8)</u>	<u>785,090</u>	<u>769,546</u>
Operating profit after impairment allowance before tax	<u>279,107</u>	<u>238,786</u>	<u>5,964</u>	<u>3,445</u>	<u>8,058</u>	<u>2,753</u>	<u>-</u>	<u>-</u>	<u>293,129</u>	<u>244,984</u>
Tax									<u>(54,987)</u>	<u>(44,619)</u>
<b>Profit for the period</b>									<u><u>238,142</u></u>	<u><u>200,365</u></u>
<b>Other segment information</b>										
Depreciation of property and equipment and land held under finance leases	(14,341)	(13,735)	-	-	-	-	-	-	(14,341)	(13,735)
Changes in fair value of investment properties	-	-	-	-	4,501	(439)	-	-	4,501	(439)
Impairment allowances for loans and advances and receivables	(74,659)	(128,058)	-	-	-	-	-	-	(74,659)	(128,058)
Net losses on disposal of property and equipment	<u>(67)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67)</u>	<u>(11)</u>

The following table discloses certain assets and liabilities information regarding operating segments as at 30 June 2017 and 31 December 2016.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Eliminated on consolidation		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets other than intangible assets and goodwill	41,776,794	41,773,603	293,766	327,618	319,659	315,850	-	-	42,390,219	42,417,071
Intangible assets	-	-	718	718	-	-	-	-	718	718
Goodwill	2,774,403	2,774,403	-	-	-	-	-	-	2,774,403	2,774,403
<b>Segment assets</b>	<b>44,551,197</b>	<b>44,548,006</b>	<b>294,484</b>	<b>328,336</b>	<b>319,659</b>	<b>315,850</b>	<b>-</b>	<b>-</b>	<b>45,165,340</b>	<b>45,192,192</b>
Unallocated assets:										
Interest in a joint venture									1,606	1,606
Deferred tax assets and tax recoverable									27,487	38,737
<b>Total assets</b>									<b>45,194,433</b>	<b>45,232,535</b>
Segment liabilities	37,468,415	37,637,035	90,193	120,472	7,837	8,301	-	-	37,566,445	37,765,808
Unallocated liabilities:										
Deferred tax liabilities and tax payable									71,270	44,693
Dividends payable									54,896	142,729
<b>Total liabilities</b>									<b>37,692,611</b>	<b>37,953,230</b>
<b>Other segment information</b>										
Additions to non-current assets – capital expenditure	8,231	88,482	-	-	-	-	-	-	8,231	88,482

## 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 2017 and 2016.

	For the six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Segment revenue from external customers:		
Hong Kong	721,852	731,067
Mainland China	63,238	38,479
	<u>785,090</u>	<u>769,546</u>

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

The following table discloses the non-current assets information for geographical segments as at 30 June 2017 and 31 December 2016.

	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current assets:		
Hong Kong	3,842,583	3,843,400
Mainland China	17,209	18,068
	<u>3,859,792</u>	<u>3,861,468</u>

Non-current assets consist of investment properties, property and equipment, land held under finance leases, interest in a joint venture, goodwill and intangible assets.

## Operating income or revenue from major customers

Operating income or revenue from transactions with each external customer, including a group of entities which are known to be under common control with that customer, amounts to less than 10% (2016: less than 10%) of the Group's total operating income or revenue.

## 6. INTEREST INCOME AND EXPENSE

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<hr/>		
Interest income from:		
Loans and advances and receivables	<b>773,318</b>	775,631
Short term placements and placements with banks	<b>56,291</b>	29,675
Held-to-maturity investments	<b>36,803</b>	27,446
	<hr/>	<hr/>
	<b>866,412</b>	832,752
	<hr/> <hr/>	<hr/> <hr/>
Interest expense on:		
Deposits from banks and financial institutions	<b>4,092</b>	8,019
Deposits from customers	<b>170,192</b>	140,177
Bank loans	<b>17,060</b>	15,728
	<hr/>	<hr/>
	<b>191,344</b>	163,924
	<hr/> <hr/>	<hr/> <hr/>

Interest income and interest expense for the six months ended 30 June 2017, calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss, amounted to HK\$866,412,000 and HK\$191,344,000 (2016: HK\$832,752,000 and HK\$163,924,000) respectively. Interest income on the impaired loans and advances for the six months ended 30 June 2017 amounted to HK\$6,050,000 (2016: HK\$2,802,000).

## 7. OTHER OPERATING INCOME

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Fees and commission income:		
Retail and commercial banking and other businesses	<b>74,291</b>	72,672
Wealth management services, stockbroking and securities management	<b>17,267</b>	14,126
	<b>91,558</b>	86,798
Less: Fees and commission expenses	<b>(655)</b>	(706)
Net fees and commission income	<b>90,903</b>	86,092
Gross rental income	<b>8,915</b>	8,828
Less: Direct operating expenses	<b>(39)</b>	(49)
Net rental income	<b>8,876</b>	8,779
Gains less losses arising from dealing in foreign currencies	<b>512</b>	2,481
Net gains on derivative financial instruments	<b>7,937</b>	1,860
	<b>8,449</b>	4,341
Net losses on disposal of property and equipment	<b>(67)</b>	(11)
Dividend income from listed investments	<b>45</b>	39
Dividend income from unlisted investments	<b>700</b>	700
Others	<b>1,116</b>	778
	<b>110,022</b>	100,718

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

There were no net gains or losses arising from available-for-sale financial assets, held-to-maturity investments, loans and advances and receivables, financial liabilities measured at amortised cost and financial assets and liabilities designated at fair value through profit or loss for the six months ended 30 June 2017 and 2016.

All fees and commission income and expenses are related to financial assets or financial liabilities which are not designated at fair value through profit or loss. No fees and commission income and expenses are related to trust and other fiduciary activities.

## 8. OPERATING EXPENSES

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Staff costs:		
Salaries and other staff costs	256,359	239,379
Pension contributions	10,859	10,924
Less: Forfeited contributions	(6)	(10)
Net contribution to retirement benefit schemes	10,853	10,914
	<b>267,212</b>	<b>250,293</b>
Other operating expenses:		
Operating lease rentals on leasehold buildings	33,723	33,413
Depreciation of property and equipment and land held under finance leases	14,341	13,735
Administrative and general expenses	39,167	36,336
Others	67,360	62,288
Operating expenses before changes in fair value of investment properties	<b>421,803</b>	<b>396,065</b>

As at 30 June 2017 and 2016, 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 2017 and 2016 arose in respect of staff who left the schemes during the periods.

## 9. IMPAIRMENT ALLOWANCES

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net charge for/(write-back of) impairment losses and allowances:		
– loans and advances	76,983	128,097
– trade bills, accrued interest and receivables	(2,324)	(39)
	<b>74,659</b>	<b>128,058</b>
Net charge for/(write-back of) impairment losses and allowances:		
– individually assessed	77,673	129,310
– collectively assessed	(3,014)	(1,252)
	<b>74,659</b>	<b>128,058</b>
Of which:		
– new impairment losses and allowances (including any amount directly written off during the period)	152,025	198,616
– releases and recoveries	(77,366)	(70,558)
Net charge to the consolidated income statement	<b>74,659</b>	<b>128,058</b>

There were no impairment allowances for financial assets other than loans and advances and receivables for the six months ended 30 June 2017 and 2016.

## 10. TAX

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current tax charge:		
Hong Kong	38,841	36,685
Overseas	9,178	5,010
Under-provision in prior periods	426	–
Deferred tax charge, net	6,542	2,924
	<u>54,987</u>	<u>44,619</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 profit before tax using the statutory tax rates for the jurisdictions in which the Company, its subsidiaries and a joint venture 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 2017 (Unaudited)					
	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>242,283</u>		<u>50,846</u>		<u>293,129</u>	
Tax at the applicable tax rate	39,977	16.5	12,711	25.0	52,688	18.0
Estimated tax losses from previous periods utilised	(12)	–	–	–	(12)	–
Estimated tax effect of net expenses that are not deductible	1,875	0.8	10	–	1,885	0.6
Adjustments in respect of current tax of previous periods	–	–	426	0.8	426	0.1
Tax charge at the Group's effective rate	<u>41,840</u>	<u>17.3</u>	<u>13,147</u>	<u>25.8</u>	<u>54,987</u>	<u>18.7</u>

	Hong Kong		(Unaudited) Mainland China		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Profit before tax	<u>220,359</u>		<u>24,625</u>		<u>244,984</u>	
Tax at the applicable tax rate	36,359	16.5	6,156	25.0	42,515	17.4
Estimated tax losses from previous periods utilised	(16)	–	–	–	(16)	–
Estimated tax effect of net expenses that are not deductible	2,105	1.0	15	0.1	2,120	0.9
Adjustments in respect of current tax of previous periods	–	–	–	–	–	–
Tax charge at the Group's effective rate	<u>38,448</u>	<u>17.5</u>	<u>6,171</u>	<u>25.1</u>	<u>44,619</u>	<u>18.3</u>

## 11. DIVIDENDS

### (a) Dividends declared during the interim period

	For the six months ended 30 June		For the six months ended 30 June	
	2017 (Unaudited) <i>HK\$ per ordinary share</i>	2016 (Unaudited) <i>HK\$ per ordinary share</i>	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Interim dividend	<u>0.05</u>	<u>0.05</u>	<u>54,896</u>	<u>54,896</u>

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

	For the six months ended 30 June		For the six months ended 30 June	
	2017 (Unaudited) <i>HK\$ per ordinary share</i>	2016 (Unaudited) <i>HK\$ per ordinary share</i>	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Second interim dividend in respect of the previous period	<u>0.13</u>	<u>0.13</u>	<u>142,729</u>	<u>142,729</u>

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period of HK\$238,142,000 (2016: HK\$200,365,000) and on the weighted average number of ordinary shares in issue of 1,097,917,618 (2016: 1,097,917,618) during the period.

### (b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2017 and 2016.

## 13. LOANS AND ADVANCES AND RECEIVABLES

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Loans and advances to customers	<b>28,783,902</b>	29,027,711
Trade bills	<b>53,718</b>	53,012
Loans and advances, and trade bills	<b>28,837,620</b>	29,080,723
Accrued interest	<b>73,403</b>	82,155
Other receivables	<b>28,911,023</b> <b>22,140</b>	29,162,878 24,119
Gross loans and advances and receivables	<b>28,933,163</b>	29,186,997
Less: Impairment allowances for loans and advances and receivables		
– individually assessed	<b>(89,583)</b>	(121,272)
– collectively assessed	<b>(9,363)</b>	(12,357)
	<b>(98,946)</b>	(133,629)
Loans and advances and receivables	<b>28,834,217</b>	29,053,368

Over 90% (2016: over 90%) of the loans and advances and receivables were unrated exposures. Over 90% (2016: 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:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Neither past due nor impaired loans and advances and receivables	<b>28,329,774</b>	28,384,836
Past due but not impaired loans and advances and receivables	<b>400,029</b>	542,779
Individually impaired loans and advances	<b>199,544</b>	253,652
Individually impaired receivables	<b>3,816</b>	5,730
	<hr/>	<hr/>
Gross loans and advances and receivables	<b>28,933,163</b>	29,186,997
	<hr/> <hr/>	<hr/> <hr/>

About 65% (2016: 67%) 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**

	<b>30 June 2017 (Unaudited)</b>		31 December 2016 (Audited)	
	<b>Gross amount HK\$'000</b>	<b>Percentage of total loans and advances %</b>	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for:				
Six months or less but over three months	<b>60,973</b>	<b>0.21</b>	82,655	0.29
One year or less but over six months	<b>19,169</b>	<b>0.07</b>	44,716	0.15
Over one year	<b>35,117</b>	<b>0.12</b>	23,696	0.08
	<hr/>	<hr/>	<hr/>	<hr/>
Loans and advances overdue for more than three months	<b>115,259</b>	<b>0.40</b>	151,067	0.52
Rescheduled loans and advances overdue for three months or less	<b>50,971</b>	<b>0.17</b>	62,449	0.21
Impaired loans and advances overdue for three months or less	<b>33,314</b>	<b>0.12</b>	40,136	0.14
	<hr/>	<hr/>	<hr/>	<hr/>
Total overdue and impaired loans and advances	<b>199,544</b>	<b>0.69</b>	253,652	0.87
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Trade bills, accrued interest and other receivables overdue for:		
Six months or less but over three months	<b>135</b>	287
One year or less but over six months	<b>701</b>	1,781
Over one year	<b>2,717</b>	3,169
Trade bills, accrued interest and other receivables overdue for more than three months	<b>3,553</b>	5,237
Impaired trade bills, accrued interest and other receivables overdue for three months or less	<b>263</b>	493
Total overdue and impaired trade bills, accrued interest and other receivables	<b>3,816</b>	5,730

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, impairment allowances**

	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
	Mainland		Total	Mainland		Total
	Hong Kong HK\$'000	China HK\$'000		Hong Kong HK\$'000	China HK\$'000	
<b>(i) Analysis of overdue loans and advances and receivables</b>						
Loans and advances and receivables overdue for more than three months	<u>100,401</u>	<u>18,411</u>	<u>118,812</u>	<u>131,717</u>	<u>24,587</u>	<u>156,304</u>
Individual impairment allowances	<u>51,597</u>	<u>9,500</u>	<u>61,097</u>	<u>61,208</u>	<u>22,429</u>	<u>83,637</u>
Collective impairment allowances	<u>1</u>	<u>2</u>	<u>3</u>	<u>–</u>	<u>–</u>	<u>–</u>
Current market value and fair value of collateral			<u>87,216</u>			<u>104,214</u>
<b>(ii) Analysis of impaired loans and advances and receivables</b>						
Impaired loans and advances and receivables	<u>174,952</u>	<u>28,408</u>	<u>203,360</u>	<u>234,795</u>	<u>24,587</u>	<u>259,382</u>
Individual impairment allowances	<u>80,083</u>	<u>9,500</u>	<u>89,583</u>	<u>98,843</u>	<u>22,429</u>	<u>121,272</u>
Collective impairment allowances	<u>4</u>	<u>2</u>	<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>
Current market value and fair value of collateral			<u>174,391</u>			<u>180,108</u>

Over 90% (2016: 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:**

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	<u><u>87,216</u></u>	<u><u>104,214</u></u>
Covered portion of overdue loans and advances	<u><u>42,027</u></u>	<u><u>57,424</u></u>
Uncovered portion of overdue loans and advances	<u><u>73,232</u></u>	<u><u>93,643</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 2017, the total value of repossessed assets of the Group amounted to HK\$27,650,000 (31 December 2016: HK\$7,210,000).

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

	30 June 2017 (Unaudited)		31 December 2016 (Audited)	
	Gross amount <i>HK\$'000</i>	Percentage of total loans and advances %	Gross amount <i>HK\$'000</i>	Percentage of total loans and advances %
Loans and advances overdue for three months or less	<u>398,436</u>	<u>1.38</u>	<u>526,139</u>	<u>1.81</u>
Trade bills, accrued interest and other receivables overdue for three months or less	<u>1,593</u>		<u>16,640</u>	

(f) Movements in impairment losses and allowances on loans and advances and receivables

	30 June 2017 (Unaudited)		Total <i>HK\$'000</i>
	Individual impairment allowances <i>HK\$'000</i>	Collective impairment allowances <i>HK\$'000</i>	
As at 1 January 2017	121,272	12,357	133,629
Amounts written off	(178,226)	–	(178,226)
Impairment losses and allowances charged to the consolidated income statement	151,909	116	152,025
Impairment losses and allowances released to the consolidated income statement	(74,236)	(3,130)	(77,366)
Net charge/(release) of impairment losses and allowances	77,673	(3,014)	74,659
Loans and advances and receivables recovered	68,700	–	68,700
Exchange difference	164	20	184
As at 30 June 2017	<u>89,583</u>	<u>9,363</u>	<u>98,946</u>
Deducted from:			
Loans and advances	89,515	9,257	98,772
Trade bills, accrued interest and other receivables	68	106	174
	<u>89,583</u>	<u>9,363</u>	<u>98,946</u>

	31 December 2016 (Audited)		
	Individual impairment allowances <i>HK\$'000</i>	Collective impairment allowances <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2016	106,509	15,764	122,273
Amounts written off	(382,302)	–	(382,302)
Impairment losses and allowances charged to the consolidated income statement	408,852	154	409,006
Impairment losses and allowances released to the consolidated income statement	(149,753)	(3,516)	(153,269)
Net charge/(release) of impairment losses and allowances	259,099	(3,362)	255,737
Loans and advances and receivables recovered	138,630	–	138,630
Exchange difference	(664)	(45)	(709)
As at 31 December 2016	<u>121,272</u>	<u>12,357</u>	<u>133,629</u>
Deducted from:			
Loans and advances	119,157	12,072	131,229
Trade bills, accrued interest and other receivables	2,115	285	2,400
	<u>121,272</u>	<u>12,357</u>	<u>133,629</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:

	<b>30 June 2017 (Unaudited) Minimum lease payments HK\$'000</b>	<b>31 December 2016 (Audited) HK\$'000</b>	<b>30 June 2017 (Unaudited) Present value of minimum lease payments HK\$'000</b>	<b>31 December 2016 (Audited) HK\$'000</b>
Amounts receivable under finance leases:				
Within one year	<b>359,858</b>	364,112	<b>266,978</b>	270,685
In the second to fifth years, inclusive	<b>1,058,851</b>	1,064,155	<b>753,356</b>	759,367
Over five years	<b>3,778,955</b>	3,717,836	<b>3,144,952</b>	3,088,024
	<b>5,197,664</b>	5,146,103	<b>4,165,286</b>	4,118,076
Less: Unearned finance income	<b>(1,032,378)</b>	(1,028,027)		
Present value of minimum lease payments receivable	<b>4,165,286</b>	4,118,076		

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 25 years.

**14. HELD-TO-MATURITY INVESTMENTS**

	<b>30 June 2017 (Unaudited) HK\$'000</b>	<b>31 December 2016 (Audited) HK\$'000</b>
Certificates of deposit held	<b>2,384,604</b>	2,530,788
Treasury bills and government bonds (including Exchange Fund Bills)	<b>1,630,046</b>	1,682,974
Other debt securities	<b>1,420,663</b>	1,480,099
	<b>5,435,313</b>	5,693,861
Listed or unlisted:		
– Listed in Hong Kong	<b>1,715,013</b>	1,617,360
– Listed outside Hong Kong	<b>29,991</b>	81,784
– Unlisted	<b>3,690,309</b>	3,994,717
	<b>5,435,313</b>	5,693,861
Analysed by type of issuers:		
– Central governments	<b>1,630,046</b>	1,682,974
– Banks and other financial institutions	<b>3,805,267</b>	4,010,887
	<b>5,435,313</b>	5,693,861

There were no impairment allowances made against held-to-maturity investments as at 30 June 2017 and 31 December 2016. There were no movements in impairment allowances for the period ended 30 June 2017 and for the year ended 31 December 2016.

There were neither impaired nor overdue held-to-maturity investments as at 30 June 2017 and 31 December 2016.

All exposures attributed to the held-to-maturity investments were rated with a grading of A3 or above based on the credit rating of Moody's, an external credit agency, as at 30 June 2017 and 31 December 2016.

## 15. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Regulatory reserve (Note) HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2016	4,013,296	829	96,116	455,443	2,404,893	42,182	7,012,759
Profit for the year	-	-	-	-	406,561	-	406,561
Other comprehensive income	-	-	-	-	-	(52,182)	(52,182)
Transfer to retained profits	-	-	-	(16,705)	16,705	-	-
Dividends for 2016	-	-	-	-	(197,625)	-	(197,625)
As at 31 December 2016 and 1 January 2017 (Audited)	<b>4,013,296</b>	<b>829</b>	<b>96,116</b>	<b>438,738</b>	<b>2,630,534</b>	<b>(10,000)</b>	<b>7,169,513</b>
Profit for the period	-	-	-	-	238,142	-	238,142
Other comprehensive income	-	-	-	-	-	39,271	39,271
Transfer to retained profits	-	-	-	(10,838)	10,838	-	-
Dividends declared	-	-	-	-	(54,896)	-	(54,896)
As at 30 June 2017 (Unaudited)	<b>4,013,296</b>	<b>829</b>	<b>96,116</b>	<b>427,900</b>	<b>2,824,618</b>	<b>29,271</b>	<b>7,392,030</b>

Note:

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 HKMA's guidelines.

## 16. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leases its investment properties under operating lease arrangements, and the terms of the leases range from 1 to 5 years.

As at 30 June 2017 and 31 December 2016, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within one year	<b>10,008</b>	8,969
In the second to fifth years, inclusive	<b>5,427</b>	5,341
	<b>15,435</b>	14,310

### (b) As lessee

The Group has entered into non-cancellable operating lease arrangements with landlords, and the terms of the leases range from 1 to 10 years.

As at 30 June 2017 and 31 December 2016, the Group had total future minimum lease rental payables under non-cancellable operating leases falling due as follows:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within one year	<b>59,055</b>	58,432
In the second to fifth years, inclusive	<b>57,314</b>	45,832
Over five years	<b>758</b>	872
	<b>117,127</b>	105,136

## 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 reporting period:

	Contractual amount <i>HK\$'000</i>	Credit equivalent amount <i>HK\$'000</i>	30 June 2017 (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	27,870	27,870	22,485	-	-
Transaction-related contingencies	14,406	7,203	2,112	-	-
Trade-related contingencies	62,894	12,579	11,928	-	-
Forward forward deposits placed	5,754	5,754	1,151	-	-
Forward asset purchases	-	-	-	-	-
	<u>110,924</u>	<u>53,406</u>	<u>37,676</u>	-	-
Derivatives held for trading:					
Foreign exchange rate contracts	1,680,117	26,412	5,283	9,604	1,667
Other commitments with an original maturity of:					
Not more than one year	-	-	-	-	-
More than one year	10,000	5,000	5,000	-	-
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	<u>3,424,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,225,899</u></u>	<u><u>84,818</u></u>	<u><u>47,959</u></u>	<u><u>9,604</u></u>	<u><u>1,667</u></u>
				<b>30 June 2017 (Unaudited) Contractual amount <i>HK\$'000</i></b>	
Capital commitments contracted for, but not provided in the consolidated statement of financial position				<u><u>11,866</u></u>	

	31 December 2016 (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	723,281	723,281	197,661	–	–
Transaction-related contingencies	15,235	7,618	2,569	–	–
Trade-related contingencies	101,475	20,294	5,687	–	–
Forward forward deposits placed	–	–	–	–	–
Forward asset purchases	–	–	–	–	–
	<u>839,991</u>	<u>751,193</u>	<u>205,917</u>	<u>–</u>	<u>–</u>
Derivatives held for trading:					
Foreign exchange rate contracts	1,214,516	12,557	2,529	412	23,157
Other commitments with an original maturity of:					
Not more than one year	–	–	–	–	–
More than one year	–	–	–	–	–
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	<u>3,789,134</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u><u>5,843,641</u></u>	<u><u>763,750</u></u>	<u><u>208,446</u></u>	<u><u>412</u></u>	<u><u>23,157</u></u>

31 December 2016  
(Audited)  
Contractual  
amount  
*HK\$'000*

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

11,643

The Group had not entered into any bilateral netting arrangements and accordingly the above amounts are shown on a gross basis. The credit risk-weighted amounts are calculated in accordance with the Capital Rules and guidelines issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities, commitments and derivatives.

As at 30 June 2017 and 31 December 2016, the Group had no material outstanding contingent liabilities and commitments save as disclosed above.

## 18. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows an analysis of financial assets and financial liabilities analysed by principal according to the period that they are expected to be recovered or settled.

	30 June 2017 (Unaudited)							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		
<b>Financial assets:</b>									
Cash and short term placements	959,859	4,050,062	-	-	-	-	-	-	5,009,921
Placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,226,717	634,305	-	-	-	-	1,861,022
Loans and advances and receivables (gross)	893,207	1,815,043	2,026,299	2,825,008	6,162,909	15,007,337	203,360	28,933,163	
Available-for-sale financial assets	-	-	-	-	-	-	6,804	6,804	
Held-to-maturity investments	-	99,918	501,447	3,112,663	1,721,285	-	-	5,435,313	
Other assets	229	64,591	13,651	26,201	-	-	45,601	150,273	
Foreign exchange contracts (gross)	-	1,545,159	134,958	-	-	-	-	1,680,117	
<b>Total financial assets</b>	<b>1,853,295</b>	<b>7,574,773</b>	<b>3,903,072</b>	<b>6,598,177</b>	<b>7,884,194</b>	<b>15,007,337</b>	<b>255,765</b>	<b>43,076,613</b>	
<b>Financial liabilities:</b>									
Deposits and balances of banks and other financial institutions at amortised cost	48,639	379,335	50,000	60,000	-	-	-	537,974	
Customer deposits at amortised cost	9,614,872	7,101,945	10,423,347	5,894,975	1,286,478	-	-	34,321,617	
Certificates of deposit issued at amortised cost	-	-	-	752,845	-	-	-	752,845	
Unsecured bank loans at amortised cost	-	55,000	-	450,000	1,094,173	-	-	1,599,173	
Other liabilities	1,263	91,412	21,375	20,534	21,813	-	196,772	353,169	
Foreign exchange contracts (gross)	-	1,538,216	133,964	-	-	-	-	1,672,180	
<b>Total financial liabilities</b>	<b>9,664,774</b>	<b>9,165,908</b>	<b>10,628,686</b>	<b>7,178,354</b>	<b>2,402,464</b>	<b>-</b>	<b>196,772</b>	<b>39,236,958</b>	
<b>Net liquidity gap</b>	<b>(7,811,479)</b>	<b>(1,591,135)</b>	<b>(6,725,614)</b>	<b>(580,177)</b>	<b>5,481,730</b>	<b>15,007,337</b>	<b>58,993</b>	<b>3,839,655</b>	

	31 December 2016 (Audited)							
	Repayable on demand <i>HK\$'000</i>	Up to 1 month <i>HK\$'000</i>	Over 1 month but not more than 3 months <i>HK\$'000</i>	Over 3 months but not more than 12 months <i>HK\$'000</i>	Over 1 year but not more than 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Repayable within an indefinite period <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Financial assets:</b>								
Cash and short term placements	1,378,755	2,878,024	-	-	-	-	-	4,256,779
Placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,750,984	471,841	-	-	-	2,222,825
Loans and advances and receivables (gross)	715,197	1,989,010	1,424,888	2,858,509	6,315,552	15,624,459	259,382	29,186,997
Available-for-sale financial assets	-	-	-	-	-	-	6,804	6,804
Held-to-maturity investments	-	155,009	1,244,144	3,094,868	1,199,840	-	-	5,693,861
Other assets	293	31,631	15,413	31,197	-	-	19,747	98,281
Foreign exchange contracts (gross)	-	824,229	208,616	181,671	-	-	-	1,214,516
<b>Total financial assets</b>	<b>2,094,245</b>	<b>5,877,903</b>	<b>4,644,045</b>	<b>6,638,086</b>	<b>7,515,392</b>	<b>15,624,459</b>	<b>285,933</b>	<b>42,680,063</b>
<b>Financial liabilities:</b>								
Deposits and balances of banks and other financial institutions at amortised cost	58,788	597,212	151,152	122,240	-	-	-	929,392
Customer deposits at amortised cost	8,957,430	6,713,868	11,244,633	6,170,097	635,252	-	-	33,721,280
Certificates of deposit issued at amortised cost	-	529,990	542,788	-	-	-	-	1,072,778
Unsecured bank loans at amortised cost	-	414,000	-	100,000	1,092,143	-	-	1,606,143
Other liabilities	361	56,776	19,709	27,110	10,788	-	298,314	413,058
Foreign exchange contracts (gross)	-	841,281	212,083	183,897	-	-	-	1,237,261
<b>Total financial liabilities</b>	<b>9,016,579</b>	<b>9,153,127</b>	<b>12,170,365</b>	<b>6,603,344</b>	<b>1,738,183</b>	<b>-</b>	<b>298,314</b>	<b>38,979,912</b>
<b>Net liquidity gap</b>	<b>(6,922,334)</b>	<b>(3,275,224)</b>	<b>(7,526,320)</b>	<b>34,742</b>	<b>5,777,209</b>	<b>15,624,459</b>	<b>(12,381)</b>	<b>3,700,151</b>

## **INTERIM DIVIDEND**

The Board has on 29 June 2017 declared an interim dividend of HK\$0.05 (2016: HK\$0.05) per share payable on 9 August 2017 to shareholders whose names appear on the register of members of the Company on 26 July 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

During the period under review, the operating environment for financial institutions in Hong Kong remained very challenging and affected by volatilities of fund flows, slowdown of economic growth momentum and conservative market sentiment due to uncertainties in the global economic environment. The moderation of economic activities, partly due to deleveraging efforts of enterprises in some industry sectors in Mainland China also had profound impact on business developments of Hong Kong enterprises which have core operations in Mainland China. The slowdown in domestic retail sales and the volatilities in local property prices further dampened economic sentiment and constrained domestic credit demand in the banking sector of Hong Kong. In light of the uncertainties, the Group adopted a cautious approach in growing its loans with reasonable interest yields during the period under review.

### **FINANCIAL REVIEW**

#### **Revenue and earnings**

For the six months ended 30 June 2017, the Group's profit after tax increased by HK\$37.8 million or 18.9% to HK\$238.1 million as compared to the corresponding period in 2016. The Group's basic earnings per share for the six months ended 30 June 2017 was HK\$0.22. The Board of Directors has declared an interim dividend of HK\$0.05 per share on 29 June 2017, payable on 9 August 2017.

During the period under review, total interest income of the Group increased by HK\$33.7 million or 4.0% to HK\$866.4 million from increase in interest on bank placements and held-to-maturity debt securities, whilst total interest expense increased by HK\$27.5 million or 16.7% to HK\$191.3 million due to increase in cost of funding of customer deposits. As a result, the Group's net interest income increased by HK\$6.2 million or 0.9% to HK\$675.1 million. Other operating income from loan transactions, stockbroking, insurance and other business activities of the Group increased by HK\$9.3 million or 9.2% to HK\$110.0 million in the period under review.

Operating expenses of the Group increased by HK\$25.7 million or 6.5% to HK\$421.8 million mainly due to the increase in staff related costs.

Impairment allowance for loans and advances decreased by HK\$53.4 million or 41.7% to HK\$74.7 million due to improvement of loan asset quality and increase in recovery of impaired loans 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 decrease of HK\$243.1 million or 0.8% to HK\$28.84 billion as at 30 June 2017 from HK\$29.08 billion as at 31 December 2016, partly due to repayments of foreign currency loans of some customers based in Mainland China driven by the volatilities of Renminbi during the period under review. The Group's customer deposits grew by HK\$600.3 million or 1.8% to HK\$34.32 billion as at 30 June 2017 from HK\$33.72 billion as at 31 December 2016. Total assets of the Group stood at HK\$45.19 billion as at 30 June 2017.

### **Group's branch network**

Public Bank (Hong Kong), a subsidiary of the Company, has 32 branches in Hong Kong and 4 branches in Shenzhen in the People's Republic of China to provide a broad range of commercial and retail banking services. Public Finance, a subsidiary of Public Bank (Hong Kong), has a network of 42 branches in Hong Kong. Another operating subsidiary of the Company, Winton Financial Limited which operates under a money lenders license, has a network of 7 branches in Hong Kong to provide personal financing to its target customer segment. In total, the Group has a combined branch network of 85 branches as at 30 June 2017 to serve its customers.

### **Business performance in loans and customer deposits**

#### ***Public Bank (Hong Kong)***

During the period under review, total loans and advances (including trade bills) of Public Bank (Hong Kong) decreased by HK\$443.3 million or 1.9% to HK\$23.05 billion as at 30 June 2017 from HK\$23.49 billion as at 31 December 2016. Customer deposits increased by HK\$311.3 million or 1.1% to HK\$29.46 billion as at 30 June 2017 from HK\$29.15 billion as at 31 December 2016. Impaired loans to total loans ratio of Public Bank (Hong Kong) was 0.30% as at 30 June 2017.

Public Bank (Hong Kong) will continue to develop and expand its retail and commercial banking businesses and its customer base, identify suitable locations for the establishment of new branches and the relocation of its existing branches in order to expand its reach of existing and potential customers, and develop its banking related financial services and stockbroking businesses.

#### ***Public Finance***

Total loans and advances of Public Finance increased by HK\$174.4 million or 3.3% to HK\$5.54 billion as at 30 June 2017 from HK\$5.36 billion as at 31 December 2016. Customer deposits increased by HK\$162.3 million or 3.3% to HK\$5.14 billion as at 30 June 2017 from HK\$4.98 billion as at 31 December 2016. Impaired loans to total loans ratio of Public Finance was 1.85% as at 30 June 2017.

Public Finance will continue to focus on its consumer financing business and deposit takings business.

## **Segmental information**

The Group's businesses comprise three main segments: (i) retail and commercial banking businesses, (ii) stockbroking and wealth management services, and (iii) other businesses. 96.6% of the Group's operating income and 95.2% of the profit before tax were contributed by retail and commercial banking businesses for the period under review. When compared to the first half of 2016, the Group's operating income from retail and commercial banking businesses increased by HK\$12.2 million or 1.6% to HK\$758.5 million due to increase in net interest income and stockbroking commission fee income. Profit before tax from retail and commercial banking businesses also increased by HK\$40.3 million or 16.9% to HK\$279.1 million due to a decrease in impairment allowance for loans and advances from decline in impaired loans during the period under review.

## **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 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 2017, there was no charge over the assets of the Group. There was no important event affecting the Group which has occurred since 30 June 2017.

## **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, deposits from financial institutions and the issuance of certificates of deposit to fund its retail and commercial banking business and its consumer financing business. The Group's bank borrowings in the form of term loans denominated in Hong Kong dollars at floating interest rates stood at approximately HK\$1.60 billion as at 30 June 2017. 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 0.21 times as at 30 June 2017 as compared to 0.22 times as at 31 December 2016. The bank borrowings have remaining average maturity period of less than one year. In the normal course of its commercial banking business, Public Bank (Hong Kong) had entered into foreign exchange and interest rate swaps and forward contracts to reduce the foreign exchange rate risk and interest rate risk exposures of the Group. Exposures to fluctuations in foreign exchange rates and interest rates were minimal. There were also no foreign currency net investments hedged by foreign currency borrowings and other hedging instruments during the period under review.

The consolidated common equity tier 1 capital ratio and total capital ratio of Public Bank (Hong Kong) Group (inclusive of Public Bank (Hong Kong) and Public Finance) stood at 17.9% and 19.0% respectively as at 30 June 2017.

### **Asset quality and credit management**

The Group's impaired loans to total loans ratio improved to a healthy level of 0.69% as at 30 June 2017 due to the recovery of some large impaired loans and also improvement in overall loan asset quality as compared to the level of 0.87% as at 31 December 2016.

As the core operations of the Group are principally based in Hong Kong, the direct exposures to United Kingdom and Europe were assessed as insignificant and manageable.

The Group will continue to safeguard its capital adequacy position, manage risks cautiously and undertake prudent yet flexible business development strategies to strike a balance between business growth and prudent risk management.

### **Human resources management**

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, 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 participate in social activities organised by the Group to promote team spirit and social responsibility to the community.

As at 30 June 2017, the Group's staff force stood at 1,367 employees. For the six months ended 30 June 2017, the Group's total staff related costs amounted to HK\$267.2 million.

## **PROSPECTS**

The volatilities of global fund flows are expected to continue into the second half of the year amid a possible faster pace of central banks' interest rate normalisation and downsizing of their balance sheets. Potential shift of paradigm from easing to tightening monetary policies, uncertainties of fiscal policy developments surrounding the new United States administration, and the complexities of Brexit process and geopolitical risks in Europe will continue to cause uncertainties to the global economic conditions. Increase in the United States dollars interest rates will also impact Hong Kong dollars interest rate to rise and affect market sentiments, constrain private consumption growth and risk appetite for corporate investments and business expansions in Hong Kong and China.

Competition in the banking and financing industry is also expected to intensify with financial institutions seeking greater market share in loans and advances, deposit takings and fee income. The Group's loan business and fee-based business growth is expected to be more challenging in the near term. However, the Group will continue to safeguard its financial strength, manage risks cautiously and undertake prudent yet flexible business development strategies to diversify income streams from loan businesses and fee-based businesses.

The increasing compliance related resources costs coupled with rising system related costs in meeting the increased regulatory and supervisory requirements are expected to have an impact on the earnings growth and cost efficiency of financial institutions in Hong Kong. Despite the foregoing, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will also adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead.

The Group will continue to focus on expanding its retail and commercial banking business and its consumer financing business through its branch network, offering of premium business service, support of growth in fee-based businesses and implementation of appropriate marketing strategies at reasonable costs. The Group will also continue to target selected market segments of Public Bank (Hong Kong), Public Finance and Winton Financial Limited to grow its retail and commercial lending business and consumer financing business. The Group does not plan to launch new products, services or businesses in material aspects in the near term.

Barring unforeseen circumstances, the Group expects to register moderate growth in its banking and financing businesses and improvement in its financial performance in the second half of 2017. 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 2017.

## **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 2017 Interim Report, in compliance with the code provisions ("Code Provision(s)") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviations under Code Provision A.4.1 and Code Provision E.1.2 of the CG Code as explained below with considered reasons for such deviations.

Under Code Provision A.4.1 of the CG Code, non-executive directors shall be appointed for a specific term and subject to re-election. The Board is of the view that the current practice of appointing Non-Executive Directors without a specific term but otherwise subject to rotation and re-election by shareholders at an annual general meeting ("AGM") of the Company is fair and reasonable, and does not intend to change the current practice at the moment.

Under Code Provision E.1.2 of the CG Code, the chairman of the board shall attend the AGM. Tan Sri Dato' Sri Dr. Teh Hong Piow, the Board Chairman of the Company, was absent from the 2017 AGM of the Company held in March 2017 due to other engagement. The 2017 AGM was chaired by the Co-Chairman of the Board, Mr. Lai Wan. The Chairmen of the Company's Audit Committee, Remuneration Committee and Nomination Committee, and the respective Chairman of the Risk Management Committees of Public Bank (Hong Kong) and Public Finance also attended the 2017 AGM to answer questions raised therein, if any.

The Board will keep on reviewing the relevant Bye-laws and propose any amendments, if necessary, to ensure compliance with the CG Code as set out in the Listing Rules.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company comprises three Independent Non-Executive Directors, namely Mr. Tang Wing Chew, Mr. Lee Chin Guan and Mr. Lai Wan, and one Non-Executive Director, namely Mr. Quah Poh Keat. The unaudited interim results for the six months ended 30 June 2017 as set out in this announcement has been reviewed by the Audit Committee.

## **PUBLICATION OF 2017 INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement of the Group for the six months ended 30 June 2017 is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.publicfinancial.com.hk](http://www.publicfinancial.com.hk). The 2017 Interim Report containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in or around mid-August 2017.

## **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 regulators and continued support from our shareholders and customers.

By Order of the Board  
**Tan Sri Dato' Sri Dr. Teh Hong Piow**  
Chairman

20 July 2017

*As at the date of this announcement, the Board of Directors of the Company comprises Tan Sri Dato' Sri Dr. Teh Hong Piow, Mr. Quah Poh Keat, Dato' Chang Kat Kiam and Mr. Chong Yam Kiang as Non-Executive Directors, Mr. Tan Yoke Kong and Mr. Lee Huat Oon as Executive Directors, and Mr. Lai Wan, Mr. Lee Chin Guan and Mr. Tang Wing Chew as Independent Non-Executive Directors.*