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## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020 with comparative figures as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended 30 June</b>	
		<b>2020</b> <b>(Unaudited)</b>	<b>2019</b> <b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	6	<b>876,347</b>	985,418
Interest expense	6	<b>(273,039)</b>	(295,969)
<b>NET INTEREST INCOME</b>		<b>603,308</b>	689,449
Other operating income	7	<b>130,440</b>	120,421
<b>OPERATING INCOME</b>		<b>733,748</b>	809,870
Operating expenses	8	<b>(427,104)</b>	(439,289)
Changes in fair value of investment properties		<b>(11,731)</b>	35,250
<b>OPERATING PROFIT BEFORE CREDIT LOSS EXPENSES</b>		<b>294,913</b>	405,831
Credit loss expenses	9	<b>(116,929)</b>	(96,809)

\* For identification purpose only

		<b>For the six months ended 30 June</b>	
		<b>2020</b> <b>(Unaudited)</b>	<b>2019</b> <b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT BEFORE TAX</b>		<b>177,984</b>	309,022
Tax	10	<b>(36,859)</b>	(52,052)
<b>PROFIT FOR THE PERIOD</b>		<b>141,125</b>	<b>256,970</b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>141,125</b>	<b>256,970</b>
<b>EARNINGS PER SHARE (HK\$)</b>	12		
Basic		<b>0.129</b>	0.234
Diluted		<b>0.129</b>	0.234

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>141,125</b>	256,970
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations, net of tax	(20,124)	(1,209)
Surplus on revaluation of properties	–	3,982
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>121,001</b>	259,743
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>121,001</b>	259,743

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June 2020 (Unaudited) Notes</b>	<b>31 December 2019 (Audited) HK\$'000</b>
<b>ASSETS</b>		
Cash and short term placements	<b>4,255,638</b>	4,444,441
Placements with banks and financial institutions maturing after one month but not more than twelve months	<b>2,172,641</b>	1,532,536
Derivative financial instruments	<b>5,205</b>	15,445
Loans and advances and receivables	<b>13 27,152,069</b>	28,630,953
Equity investments at fair value through other comprehensive income	<b>6,804</b>	6,804
Held-to-collect debt securities at amortised cost	<b>14 6,476,755</b>	6,078,760
Investment properties	<b>379,585</b>	391,316
Property and equipment	<b>183,862</b>	168,169
Land held under finance leases	<b>684,100</b>	688,036
Right-of-use assets	<b>120,986</b>	128,668
Deferred tax assets	<b>31,121</b>	35,233
Tax recoverable	<b>424</b>	–
Goodwill	<b>2,774,403</b>	2,774,403
Intangible assets	<b>718</b>	718
Other assets	<b>260,996</b>	327,358
<b>TOTAL ASSETS</b>	<b>44,505,307</b>	<b>45,222,840</b>
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
Deposits and balances of banks and other financial institutions at amortised cost	<b>414,157</b>	787,235
Derivative financial instruments	<b>6,480</b>	4,651
Customer deposits at amortised cost	<b>33,781,569</b>	33,917,425
Dividends payable	<b>32,938</b>	164,688
Unsecured bank loans at amortised cost	<b>1,555,214</b>	1,542,693
Lease liabilities	<b>125,715</b>	132,944
Current tax payable	<b>15,803</b>	63,253
Deferred tax liabilities	<b>41,556</b>	41,186
Other liabilities	<b>466,426</b>	591,379
<b>TOTAL LIABILITIES</b>	<b>36,439,858</b>	<b>37,245,454</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Issued capital	<b>109,792</b>	109,792
Reserves	<b>15 7,955,657</b>	7,867,594
<b>TOTAL EQUITY</b>	<b>8,065,449</b>	7,977,386
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,505,307</b>	<b>45,222,840</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>For the six months ended 30 June</b>	2020 <b>(Unaudited)</b>	2019 <b>(Unaudited)</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>TOTAL EQUITY</b>			
Balance at the beginning of the period		<b>7,977,386</b>	7,741,223
Profit for the period		<b>141,125</b>	256,970
Other comprehensive income in translation reserve		<b>(20,124)</b>	(1,209)
Other comprehensive income in property revaluation reserve		—	3,982
Total comprehensive income for the period		<b>121,001</b>	259,743
Dividends declared on shares	11(a)	<b>(32,938)</b>	(54,896)
Balance at the end of the period		<b>8,065,449</b>	<b>7,946,070</b>

## **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 2019 Annual Report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s 2019 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 2020.

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 (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.

### **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 and other regulatory capital ratios of the Group is based on the consolidation of the Company, 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 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 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 2019 and 2020 is 2.5%, whilst the required countercyclical capital buffer ratio for 2019 and 2020 is 2.0% and 1.0%, respectively.

## 4. ACCOUNTING POLICIES

### Changes in accounting policies and disclosures

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are generally effective for accounting periods beginning on or after 1 January 2020. The Group has adopted the following revised standards for the first time for the interim financial statements:

- |  |  |
|--|--|
| • Amendments to HKFRS 3                      | <i>Definition of a Business</i>          |
| • Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | <i>Interest Rate Benchmark Reform</i>    |
| • Amendments to HKAS 1 and HKAS 8            | <i>Definition of Material</i>            |
| • Amendment to HKFRS 16                      | <i>COVID-19 Related Rent Concessions</i> |

Except for the amendments included in Amendments to HKFRS 9, HKAS 39 and HKFRS 7, which are not relevant to the preparation of the Group’s interim condensed consolidated financial statements, the nature and impact of the amendments are described below.

The amendments to HKFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Furthermore, a business can exist without including all of the inputs and processes needed to create outputs. These amendments have no impact on the Group’s financial statements, but may impact future periods should the Group enter into any business combinations.

The amendments to HKAS 1 and HKAS 8 provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments have no impact on the Group’s financial statements, nor are expected to have any future impact to the Group.

The amendment to HKFRS 16 provides relief to lessees from applying lease modification accounting to coronavirus disease (“COVID-19”) related rent concessions. The relief applies to lessees only. Lessors are required to apply the existing requirements of HKFRS 16. The amendment applies to annual reporting periods beginning on or after 1 June 2020 and early application is permitted.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group has assessed all COVID-19 related rent concessions given by lessors. All necessary lease modifications have been made and the Group did not apply the practical expedient provided in the amendment.

### **Issued but not yet effective HKFRSs**

The Group has not applied the following 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:

- Amendments to HKFRS 10 and HKAS 28 (2011) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup>*

<sup>1</sup> *No mandatory effective date yet determined but available for adoption*

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) 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 when the sale or contribution of assets between an investor and its associate or joint venture 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 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. 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. 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 2020 and 30 June 2019.

	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Total	
	For the six months ended 30 June 2020	2019	For the six months ended 30 June 2020	2019	For the six months ended 30 June 2020	2019	For the six months ended 30 June 2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	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)	603,642	689,856	(334)	(407)	-	-	603,308	689,449
Other operating income:								
Net fees and commission income	62,192	72,945	35,967	27,002	52	151	98,211	100,098
Others	24,791	12,895	186	(1)	7,252	7,429	32,229	20,323
Operating income	690,625	775,696	35,819	26,594	7,304	7,580	733,748	809,870
Operating profit/(loss) after credit loss expenses before tax	173,527	268,036	16,228	13,895	(11,771)	27,091	177,984	309,022
Tax							(36,859)	(52,052)
<b>Profit for the period</b>							141,125	256,970
<b>Other segment information</b>								
Depreciation of property and equipment and land held under finance leases	(20,435)	(17,734)	-	-	-	-	(20,435)	(17,734)
Depreciation of right-of-use assets	(32,628)	(32,855)	-	-	-	-	(32,628)	(32,855)
Changes in fair value of investment properties	-	-	-	-	(11,731)	35,250	(11,731)	35,250
Credit loss expenses	(116,929)	(96,809)	-	-	-	-	(116,929)	(96,809)
Net gains/(losses) on disposal of property and equipment	7	(54)	-	-	-	-	7	(54)

The following table discloses certain assets and liabilities information regarding operating segments as at 30 June 2020 and 31 December 2019.

	Wealth management services, stockbroking				Retail and commercial banking businesses				Other businesses				Total	
	30 June 2020		31 December 2019		30 June 2020		31 December 2019		30 June 2020		31 December 2019		30 June 2020	31 December 2019
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000		
Segment assets other than intangible assets and goodwill	40,943,768	41,595,033	374,969	425,413	379,904	392,040	41,698,641	42,412,486						
Intangible assets	—	—	718	718	—	—	—	718	—	—	718	718		
Goodwill	2,774,403	2,774,403	—	—	—	—	—	—	—	—	2,774,403	2,774,403		
Segment assets	43,718,171	44,369,436	375,687	426,131	379,904	392,040	44,473,762	45,187,607						
Unallocated assets:														
Deferred tax assets and tax recoverable											31,545	35,233		
Total assets											44,505,307	45,222,840		
Segment liabilities	36,226,769	36,784,169	117,529	184,779	5,263	7,379	36,349,561	36,976,327						
Unallocated liabilities:														
Deferred tax liabilities and tax payable											57,359	104,439		
Dividends payable											32,938	164,688		
Total liabilities											36,439,858	37,245,454		
Other segment information														
Additions to non-current assets – capital expenditure	32,323	49,289	—	—	—	—	—	—	—	—	32,323	49,289		

## 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 2020 and 30 June 2019.

	<b>For the six months ended 30 June</b>	
	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Segment revenue from external customers:		
Hong Kong	<b>671,362</b>	743,087
Mainland China	<b>62,386</b>	66,783
	<b>733,748</b>	809,870

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 asset information for geographical segments as at 30 June 2020 and 31 December 2019.

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December 2019</b> <b>(Audited)</b> <b>HK\$'000</b>
Non-current assets:		
Hong Kong	<b>4,121,671</b>	4,126,160
Mainland China	<b>21,983</b>	25,150
	<b>4,143,654</b>	4,151,310

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% (2019: 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>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Interest income from:		
Loans and advances and receivables	<b>779,516</b>	854,291
Short term placements and placements with banks	<b>38,096</b>	60,758
Held-to-collect debt securities at amortised cost	<b>58,735</b>	70,369
	<b>876,347</b>	<b>985,418</b>
Interest expense on:		
Deposits from banks and financial institutions	<b>3,929</b>	7,830
Deposits from customers	<b>243,302</b>	263,403
Bank loans	<b>24,069</b>	22,946
Others	<b>1,739</b>	1,790
	<b>273,039</b>	<b>295,969</b>

Interest income and interest expense for the six months ended 30 June 2020, 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\$876,347,000 and HK\$273,039,000 (2019: HK\$985,418,000 and HK\$295,969,000) respectively.

## 7. OTHER OPERATING INCOME

	<b>For the six months ended 30 June</b>	
	<b>2020 (Unaudited) HK\$'000</b>	<b>2019 (Unaudited) HK\$'000</b>
Fees and commission income:		
Retail and commercial banking and other businesses	<b>63,305</b>	74,099
Wealth management services, stockbroking and securities management	<b>35,967</b>	27,002
	<b>99,272</b>	101,101
Less: Fees and commission expenses	<b>(1,061)</b>	(1,003)
Net fees and commission income	<b>98,211</b>	100,098
Gross rental income	<b>7,290</b>	7,419
Less: Direct operating expenses	<b>(38)</b>	(37)
Net rental income	<b>7,252</b>	7,382
Gains less losses arising from dealing in foreign currencies	<b>13,159</b>	2,988
Net (losses)/gains on derivative financial instruments	<b>(1,275)</b>	7,877
	<b>11,884</b>	10,865
Net gains/(losses) on disposal of property and equipment	<b>7</b>	(54)
Gain on termination of leases	<b>709</b>	916
Dividend income from listed investments	<b>79</b>	69
Dividend income from unlisted investments	<b>35</b>	35
Government subsidies	<b>11,495</b>	–
Others	<b>768</b>	1,110
	<b>130,440</b>	<b>120,421</b>

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

The government subsidies were granted from the Employment Support Scheme and Subsidy Scheme for the Securities Industry under the Anti-epidemic Fund of the Hong Kong Government, which aim to retain employment and combat COVID-19. As a condition of receiving the subsidies from the Employment Support Scheme, the Group undertakes not to make redundancies by 31 August 2020.

There were no net gains or losses arising from equity investments at fair value through other comprehensive income (“FVOCI”), loans and advances and receivables, financial assets and liabilities measured at amortised cost and financial assets and liabilities designated at FVPL for the six months ended 30 June 2020 and 30 June 2019.

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. OPERATING EXPENSES

	<b>For the six months ended</b> <b>30 June</b>	
	<b>2020</b> <b>(Unaudited)</b>	<b>2019</b> <b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Staff costs:</b>		
Salaries and other staff costs	<b>252,158</b>	266,100
Pension contributions	<b>13,632</b>	12,354
Less: Forfeited contributions	<b>(50)</b>	(82)
Net contribution to retirement benefit schemes	<b>13,582</b>	12,272
	<b>265,740</b>	278,372
<b>Other operating expenses:</b>		
Depreciation of right-of-use assets	<b>32,628</b>	32,855
Depreciation of property and equipment and land held under finance leases	<b>20,435</b>	17,734
Administrative and general expenses	<b>41,610</b>	42,238
Others	<b>66,691</b>	68,090
Operating expenses before changes in fair value of investment properties	<b>427,104</b>	439,289

As at 30 June 2020 and 30 June 2019, 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 2020 and 30 June 2019 arose in respect of staff who left the schemes during the periods.

## 9. CREDIT LOSS EXPENSES

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

	For the six months ended 30 June 2020 (Unaudited)			
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected not credit impaired (Stage 2) HK\$'000	Lifetime expected credit impaired (Stage 3) HK\$'000	Total HK\$'000
<b>Net charge for/(write-back of) credit loss expenses:</b>				
– loans and advances	(12,648)	(6,147)	135,961	117,166
– trade bills, accrued interest and other receivables	(390)	(14)	80	(324)
– cash and short term placements	(12)	–	–	(12)
– placements with banks and financial institutions	64	–	–	64
– held-to-collect debt securities at amortised cost	38	–	–	38
– loan commitments	(3)	–	–	(3)
	<b>(12,951)</b>	<b>(6,161)</b>	<b>136,041</b>	<b>116,929</b>
 <b>For the six months ended 30 June 2019 (Unaudited)</b>				
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected not credit impaired (Stage 2) HK\$'000	Lifetime expected credit impaired (Stage 3) HK\$'000	Total HK\$'000
<b>Net charge for/(write-back of) credit loss expenses:</b>				
– loans and advances	134	5,370	91,089	96,593
– trade bills, accrued interest and other receivables	98	4	21	123
– cash and short term placements	50	–	–	50
– placements with banks and financial institutions	5	–	–	5
– held-to-collect debt securities at amortised cost	46	–	–	46
– loan commitments	(8)	–	–	(8)
	<b>325</b>	<b>5,374</b>	<b>91,110</b>	<b>96,809</b>

## 10. TAX

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax charge:		
Hong Kong	21,441	40,421
Overseas	11,466	12,770
Deferred tax charge/(credit), net	3,952	(1,139)
	<b>36,859</b>	<b>52,052</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 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 2020 (Unaudited)					
	Hong Kong HK\$'000	%	Mainland China HK\$'000	%	Total HK\$'000	%
Profit before tax	<b>131,709</b>		<b>46,275</b>		<b>177,984</b>	
Tax at the applicable tax rate	21,732	16.5	11,569	25.0	33,301	18.7
Estimated tax effect of net expenses that are not deductible	3,339	2.5	219	0.5	3,558	2.0
Tax charge at the Group's effective rate	<b>25,071</b>	<b>19.0</b>	<b>11,788</b>	<b>25.5</b>	<b>36,859</b>	<b>20.7</b>

	For the six months ended 30 June 2019 (Unaudited)					
	Hong Kong HK\$'000	%	Mainland China HK\$'000	%	Total HK\$'000	%
Profit before tax	259,029		49,993		309,022	
Tax at the applicable tax rate	42,740	16.5	12,498	25.0	55,238	17.8
Estimated tax effect of net (income)/expenses that is/are not (taxable)/deductible	(3,238)	(1.2)	52	0.1	(3,186)	(1.0)
Tax charge at the Group's effective rate	39,502	15.3	12,550	25.1	52,052	16.8

## 11. DIVIDENDS

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

	For the six months ended 30 June			
	2020 (Unaudited) HK\$ per ordinary share	2019 (Unaudited) HK\$ per ordinary share	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interim dividend	0.03	0.05	32,938	54,896

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

	For the six months ended 30 June			
	2020 (Unaudited) HK\$ per ordinary share	2019 (Unaudited) HK\$ per ordinary share	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Second interim dividend in respect of the previous period	0.15	0.17	164,688	186,646

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period of HK\$141,125,000 (2019: HK\$256,970,000) and on the weighted average number of ordinary shares in issue of 1,097,917,618 (2019: 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 2020 and 30 June 2019.

## 13. LOANS AND ADVANCES AND RECEIVABLES

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Loans and advances to customers	<b>27,250,353</b>	28,720,607
Trade bills	<b>20,445</b>	34,195
	<hr/>	<hr/>
Loans and advances, and trade bills	<b>27,270,798</b>	28,754,802
Accrued interest	<b>70,528</b>	78,340
	<hr/>	<hr/>
Other receivables	<b>27,341,326</b>	28,833,142
	<b>14,773</b>	16,257
	<hr/>	<hr/>
Gross loans and advances and receivables	<b>27,356,099</b>	28,849,399
	<hr/>	<hr/>
Less: Impairment allowances*		
– specifically assessed	<b>(73,869)</b>	(69,083)
– collectively assessed	<b>(130,161)</b>	(149,363)
	<hr/>	<hr/>
	<b>(204,030)</b>	(218,446)
	<hr/>	<hr/>
Loans and advances and receivables	<b>27,152,069</b>	28,630,953
	<hr/>	<hr/>

Over 90% (31 December 2019: over 90%) of the loans and advances and receivables were unrated exposures. Over 90% (31 December 2019: 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.

\* The balances also include the impairment allowances of HK\$69,000 and HK\$72,000 on off-balance sheet credit exposures as at 30 June 2020 and 31 December 2019 respectively.

Loans and advances and receivables are summarised as follows:

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Neither past due nor impaired loans and advances and receivables	<b>26,533,189</b>	28,109,726
Past due but not impaired loans and advances and receivables	<b>611,409</b>	542,502
Credit impaired loans and advances	<b>205,935</b>	192,737
Credit impaired receivables	<b>5,566</b>	4,434
 Gross loans and advances and receivables	<b>27,356,099</b>	28,849,399

About 65% (31 December 2019: about 63%) 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 2020 (Unaudited) Gross amount HK\$'000	Percentage of total loans and advances %	31 December 2019 (Audited) Gross amount HK\$'000	Percentage of total loans and advances %
<b>Loans and advances overdue for:</b>				
Six months or less but over three months	83,099	0.31	69,725	0.24
One year or less but over six months	16,192	0.06	10,869	0.04
Over one year	<b>35,711</b>	<b>0.13</b>	<b>30,646</b>	<b>0.11</b>
 Loans and advances overdue for more than three months	 <b>135,002</b>	 <b>0.50</b>	 111,240	 0.39
Rescheduled loans and advances overdue for three months or less	62,149	0.23	67,422	0.23
Impaired loans and advances overdue for three months or less	8,784	0.03	14,075	0.05
 Total overdue and impaired loans and advances	 <b>205,935</b>	 <b>0.76</b>	 192,737	 0.67

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	<b>31 December 2019 (Audited) HK\$'000</b>
Trade bills, accrued interest and other receivables overdue for:		
Six months or less but over three months	393	430
One year or less but over six months	527	562
Over one year	<u>4,614</u>	<u>3,265</u>
Trade bills, accrued interest and other receivables overdue for more than three months	<u>5,534</u>	<u>4,257</u>
Impaired trade bills, accrued interest and other receivables overdue for three months or less	<u>32</u>	<u>177</u>
Total overdue and impaired trade bills, accrued interest and other receivables	<b><u>5,566</u></b>	<b><u>4,434</u></b>

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 2020 (Unaudited) Mainland			31 December 2019 (Audited) Mainland		
	Hong Kong HK\$'000	China HK\$'000	Total HK\$'000	Hong Kong HK\$'000	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	<b>96,613</b>	<b>43,923</b>	<b>140,536</b>	<b>75,678</b>	<b>39,819</b>	<b>115,497</b>
Impairment allowances specifically assessed	<b>52,178</b>	<b>4</b>	<b>52,182</b>	<b>46,187</b>	<b>4</b>	<b>46,191</b>
Current market value and fair value of collateral			<b>119,947</b>			<b>87,374</b>

**(ii) Analysis of impaired loans and advances and receivables**

Impaired loans and advances and receivables	<b>167,578</b>	<b>43,923</b>	<b>211,501</b>	<b>157,352</b>	<b>39,819</b>	<b>197,171</b>
Impairment allowances specifically assessed	<b>73,865</b>	<b>4</b>	<b>73,869</b>	<b>69,079</b>	<b>4</b>	<b>69,083</b>
Current market value and fair value of collateral			<b>129,833</b>			<b>117,829</b>

Over 90% (31 December 2019: 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 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	<u>119,947</u>	<u>87,374</u>
Covered portion of overdue loans and advances	<u>67,858</u>	<u>50,011</u>
Uncovered portion of overdue loans and advances	<u>67,144</u>	<u>61,229</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 2020, the total value of repossessed assets of the Group amounted to HK\$15,430,000 (31 December 2019: HK\$10,170,000).

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

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Percentage of Gross amount HK\$'000	Percentage of Gross amount HK\$'000
	total loans and advances %	total loans and advances %
Loans and advances overdue for three months or less	<u>607,411</u>	<u>2.23</u>
Trade bills, accrued interest and other receivables overdue for three months or less	<u>3,998</u>	<u>2,921</u>

**(f) Impairment allowances on loans and advances and receivables and off-balance sheet credit exposures**

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

	30 June 2020 (Unaudited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross loans and advances and receivables as at 1 January 2020	28,402,801	249,427	197,171	28,849,399
New loans/financing originated	4,951,454	229	479	4,952,162
Loans/financing derecognised or repaid during the period (other than write-offs)	(6,213,106)	(37,506)	(13,095)	(6,263,707)
Transfer to 12-month expected credit loss (Stage 1)	84,772	(51,482)	(33,290)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(222,227)	224,304	(2,077)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(183,401)	(60,667)	244,068	-
Total transfer between stages	(320,856)	112,155	208,701	-
Write-offs	-	-	(181,755)	(181,755)
<b>As at 30 June 2020</b>	<b>26,820,293</b>	<b>324,305</b>	<b>211,501</b>	<b>27,356,099</b>
Arising from:				
Loans and advances	26,723,019	321,399	205,935	27,250,353
Trade bills, accrued interest and other receivables	97,274	2,906	5,566	105,746
	<b>26,820,293</b>	<b>324,305</b>	<b>211,501</b>	<b>27,356,099</b>

The amount outstanding on financial assets that were written off during the period and are still subject to enforcement action amounted to HK\$149,152,000.

	31 December 2019 (Audited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross loans and advances and receivables as at 1 January 2019	29,701,281	172,349	198,525	30,072,155
New loans/financing originated	8,290,617	142	1,325	8,292,084
Loans/financing derecognised or repaid during the year (other than write-offs)	(9,112,871)	(40,771)	(43,947)	(9,197,589)
Transfer to 12-month expected credit loss (Stage 1)	51,973	(25,148)	(26,825)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(176,976)	186,288	(9,312)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(351,223)	(43,433)	394,656	–
Total transfer between stages	(476,226)	117,707	358,519	–
Write-offs	–	–	(317,251)	(317,251)
As at 31 December 2019	<u>28,402,801</u>	<u>249,427</u>	<u>197,171</u>	<u>28,849,399</u>
Arising from:				
Loans and advances	28,280,321	247,549	192,737	28,720,607
Trade bills, accrued interest and other receivables	122,480	1,878	4,434	128,792
	<u>28,402,801</u>	<u>249,427</u>	<u>197,171</u>	<u>28,849,399</u>

The amount outstanding on financial assets that were written off during the year and are still subject to enforcement action amounted to HK\$254,695,000.

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

	30 June 2020 (Unaudited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
<b>Internal rating grades:</b>				
<b>Performing</b>				
Pass	26,451,259	-	-	26,451,259
Special Mention	369,034	324,305	-	693,339
<b>Non-performing</b>				
Substandard	-	-	140,525	140,525
Doubtful	-	-	19,070	19,070
Loss	-	-	51,906	51,906
<b>Total</b>	<b>26,820,293</b>	<b>324,305</b>	<b>211,501</b>	<b>27,356,099</b>
31 December 2019 (Audited)				
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
<b>Internal rating grades:</b>				
<b>Performing</b>				
Pass	28,229,561	-	-	28,229,561
Special Mention	173,240	249,427	-	422,667
<b>Non-performing</b>				
Substandard	-	-	134,448	134,448
Doubtful	-	-	50,870	50,870
Loss	-	-	11,853	11,853
<b>Total</b>	<b>28,402,801</b>	<b>249,427</b>	<b>197,171</b>	<b>28,849,399</b>

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

	30 June 2020 (Unaudited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2020	111,417	37,946	69,083	218,446
New loans/financing originated	39,604	-	66	39,670
Loans/financing derecognised or repaid during the period (other than write-offs)	(48,184)	(5,488)	(54,758)	(108,430)
Transfer to 12-month expected credit loss (Stage 1)	5,804	(1,010)	(4,794)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(2,171)	2,692	(521)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(6,658)	(27,684)	34,342	-
Total transfer between stages	(3,025)	(26,002)	29,027	-
Impact on period end expected credit loss of exposures transferred between stages during the period	(2,570)	25,270	136,405	159,105
Movements due to changes in credit risk	1,134	59	25,301	26,494
Recoveries	-	-	50,500	50,500
Write-offs	-	-	(181,755)	(181,755)
As at 30 June 2020	<b>98,376</b>	<b>31,785</b>	<b>73,869</b>	<b>204,030</b>
Arising from:				
Loans and advances	96,956	31,774	73,658	202,388
Trade bills, accrued interest and other receivables	1,351	11	211	1,573
Loan commitments	66	-	-	66
Financial guarantees and letters of credit	3	-	-	3
	<b>98,376</b>	<b>31,785</b>	<b>73,869</b>	<b>204,030</b>

	31 December 2019 (Audited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2019	108,901	29,569	56,106	194,576
New loans/financing originated	78,392	–	34	78,426
Loans/financing derecognised or repaid during the year (other than write-offs)	(70,368)	(5,788)	(125,890)	(202,046)
Transfer to 12-month expected credit loss (Stage 1)	3,486	(532)	(2,954)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(2,374)	2,697	(323)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(9,708)	(23,109)	32,817	–
Total transfer between stages	(8,596)	(20,944)	29,540	–
Impact on year end expected credit loss of exposures transferred between stages during the year	(413)	35,109	282,289	316,985
Movements due to changes in credit risk	3,501	–	25,228	28,729
Recoveries	–	–	119,027	119,027
Write-offs	–	–	(317,251)	(317,251)
As at 31 December 2019	<b>111,417</b>	<b>37,946</b>	<b>69,083</b>	<b>218,446</b>
Arising from:				
Loans and advances	109,604	37,921	68,952	216,477
Trade bills, accrued interest and other receivables	1,741	25	131	1,897
Loan commitments	69	–	–	69
Financial guarantees and letters of credit	3	–	–	3
	<b>111,417</b>	<b>37,946</b>	<b>69,083</b>	<b>218,446</b>

**(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:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Minimum lease payments HK\$'000	HK\$'000	Present value of minimum lease payments HK\$'000	HK\$'000
Amounts receivable under finance leases:				
Within one year	<b>355,750</b>	435,909	<b>227,174</b>	307,461
In the second to fifth years, inclusive	<b>1,010,763</b>	1,287,254	<b>601,570</b>	900,142
Over five years	<b>5,109,157</b>	4,303,929	<b>3,883,784</b>	3,529,219
	<b>6,475,670</b>	6,027,092	<b>4,712,528</b>	4,736,822
Less: Unearned finance income	<b>(1,763,142)</b>	(1,290,270)		
Present value of minimum lease payments receivables	<b>4,712,528</b>	<b>4,736,822</b>		

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-COLLECT DEBT SECURITIES AT AMORTISED COST**

	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Certificates of deposit held	<b>3,007,067</b>	2,212,500
Treasury bills and government bonds (including Exchange Fund Bills)	<b>2,210,346</b>	2,473,783
Other debt securities	<b>1,259,990</b>	1,393,087
 Gross held-to-collect debt securities at amortised cost	 <b>6,477,403</b>	 6,079,370
 Less: Impairment allowances collectively assessed		
As at 1 January 2020 and 2019	(610)	(623)
Credit loss expenses (charged)/released to the consolidated income statement during the period/year	(38)	13
	(648)	(610)
	<b>6,476,755</b>	6,078,760
 Listed or unlisted:		
– Listed in Hong Kong	683,337	1,112,965
– Listed outside Hong Kong	31,810	126,267
– Unlisted	5,762,256	4,840,138
	<b>6,477,403</b>	6,079,370
 Analysed by type of issuers:		
– Central governments	2,210,346	2,473,783
– Public sector entities	299,816	199,982
– Banks and other financial institutions	3,967,241	3,405,605
	<b>6,477,403</b>	6,079,370

There were no impairment allowances specifically assessed made against held-to-collect debt securities at amortised cost as at 30 June 2020 and 31 December 2019.

There were neither impaired nor overdue held-to-collect debt securities at amortised cost as at 30 June 2020 and 31 December 2019.

All exposures attributed to the held-to-collect debt securities at amortised cost were rated with a grading of A3 or above based on the credit rating of Moody's Investors Service, an external credit agency, as at 30 June 2020 and 31 December 2019.

## 15. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Regulatory reserve <sup>#</sup> HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2019	4,013,296	829	96,116	–	296,540	3,212,481	12,169	7,631,431
Profit for the year	–	–	–	–	–	466,340	–	466,340
Other comprehensive income	–	–	–	3,982	–	–	(14,575)	(10,593)
Transfer from regulatory reserve to retained profits	–	–	–	–	(88,805)	88,805	–	–
Dividends for 2019	–	–	–	–	–	(219,584)	–	(219,584)
As at 31 December 2019 and 1 January 2020 (Audited)	4,013,296	829	96,116	3,982	207,735	3,548,042	(2,406)	7,867,594
Profit for the period	–	–	–	–	–	141,125	–	141,125
Other comprehensive income	–	–	–	–	–	–	(20,124)	(20,124)
Transfer from regulatory reserve to retained profits	–	–	–	–	(156,187)	156,187	–	–
Dividends declared	–	–	–	–	–	(32,938)	–	(32,938)
As at 30 June 2020 (Unaudited)	<b>4,013,296</b>	<b>829</b>	<b>96,116</b>	<b>3,982</b>	<b>51,548</b>	<b>3,812,416</b>	<b>(22,530)</b>	<b>7,955,657</b>

<sup>#</sup> 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. LEASES

### (a) As lessor

The Group leases its investment properties under operating lease arrangements, and the terms of the leases range from 1 to 3 years.

As at 30 June 2020 and 31 December 2019, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December 2019</b> <b>(Audited)</b> <b>HK\$'000</b>
Within one year	8,358	10,222
In the second to fifth years, inclusive	1,231	4,975
	<b>9,589</b>	<b>15,197</b>

### (b) As lessee

The Group has entered into certain future lease arrangements with landlords with a lease term of 3 years during the period. As at 30 June 2020 and 31 December 2019, the Group had total future lease payments for leases committed but not yet commenced falling due as follows:

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December 2019</b> <b>(Audited)</b> <b>HK\$'000</b>
Within one year	1,847	1,271
In the second to fifth years, inclusive	4,475	1,992
	<b>6,322</b>	<b>3,263</b>

## 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 HK\$'000	Credit equivalent amount HK\$'000	Credit risk- weighted amount HK\$'000	Positive fair value- assets HK\$'000	Negative fair value- liabilities HK\$'000	30 June 2020 (Unaudited)
Direct credit substitutes	25,402	25,402	22,887	-	-	
Transaction-related contingencies	6,449	3,224	775	-	-	
Trade-related contingencies	17,639	3,528	1,749	-	-	
Forward forward deposits placed	451,753	451,753	90,351	-	-	
Forward asset purchases	-	-	-	-	-	
	<b>501,243</b>	<b>483,907</b>	<b>115,762</b>			
Derivatives held for trading:						
Foreign exchange rate contracts	937,463	14,579	2,917	5,205	6,480	
Other commitments with an original maturity of:						
More than one year	-	-	-	-	-	
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	3,636,610	-	-	-	-	
	<b>5,075,316</b>	<b>498,486</b>	<b>118,679</b>	<b>5,205</b>	<b>6,480</b>	
						<b>30 June 2020 (Unaudited) Contractual amount HK\$'000</b>
Capital commitments contracted for, but not provided in the consolidated statement of financial position						<b>9,880</b>

	31 December 2019 (Audited)				
	Contractual amount HK\$'000	Credit equivalent amount HK\$'000	Credit risk- weighted amount HK\$'000	Positive fair value- assets HK\$'000	Negative fair value- liabilities HK\$'000
Direct credit substitutes	26,492	26,492	21,787	–	–
Transaction-related contingencies	8,410	4,204	775	–	–
Trade-related contingencies	9,507	1,901	1,811	–	–
Forward forward deposits placed	–	–	–	–	–
Forward asset purchases	–	–	–	–	–
	44,409	32,597	24,373	–	–
Derivatives held for trading:					
Foreign exchange rate contracts	1,013,380	25,620	7,107	15,445	4,651
Other commitments with an original maturity of:					
More than one year	519	260	260	–	–
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	3,231,474	–	–	–	–
	4,289,782	58,477	31,740	15,445	4,651
	31 December 2019 (Audited) Contractual amount HK\$'000				

Capital commitments contracted for, but not provided in the consolidated statement of financial position 21,191

The corresponding ECLs for the outstanding off-balance sheet exposures are included in the analysis of changes in ECL allowances in note 13(f) to the interim financial statements.

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 2020 and 31 December 2019, the Group had no material outstanding contingent liabilities and commitments save as disclosed above.

## 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 2020 (Unaudited)								
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over more than 3 months HK\$'000	Over 3 months but not 12 months HK\$'000	Over 1 year but not 5 years HK\$'000	Over more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total HK\$'000
<b>Financial assets:</b>									
Gross cash and short term placements	1,113,839	3,142,206	-	-	-	-	-	-	4,256,045
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,883,633	289,225	-	-	-	-	2,172,858
Gross loans and advances and receivables	215,541	2,003,042	836,548	3,170,968	7,005,461	13,913,038	211,501	27,356,099	
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804	
Gross held-to-collect debt securities at amortised cost	-	477,775	781,567	4,408,162	809,899	-	-	-	6,477,403
Other assets	84	166,047	14,064	43,224	1,504	-	36,073	260,996	
Gross foreign exchange contracts	55,363	882,100	-	-	-	-	-	937,463	
Total financial assets	1,384,827	6,671,170	3,515,812	7,911,579	7,816,864	13,913,038	254,378	41,467,668	
<b>Financial liabilities:</b>									
Deposits and balances of banks and other financial institutions at amortised cost	46,441	277,716	50,000	40,000	-	-	-	-	414,157
Customer deposits at amortised cost	11,196,279	6,606,321	11,962,339	4,009,894	6,736	-	-	-	33,781,569
Unsecured bank loans at amortised cost	-	86,000	-	375,000	1,094,214	-	-	-	1,555,214
Lease liabilities	-	5,003	9,783	37,462	65,689	7,778	-	-	125,715
Other liabilities	2,787	213,318	38,430	14,721	115	-	197,055	466,426	
Gross foreign exchange contracts	55,398	883,340	-	-	-	-	-	-	938,738
Total financial liabilities	11,300,905	8,071,698	12,060,552	4,477,077	1,166,754	7,778	197,055	37,281,819	
Net liquidity gap	(9,916,078)	(1,400,528)	(8,544,740)	3,434,502	6,650,110	13,905,260	57,323	4,185,849	

31 December 2019 (Audited)							
Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over but not more than 3 months HK\$'000	Over but not more than 12 months HK\$'000	Over but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total HK\$'000
<b>Financial assets:</b>							
Gross cash and short term placements	1,128,726	3,316,134	–	–	–	–	4,444,860
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	–	–	1,158,967	373,722	–	–	1,532,689
Gross loans and advances and receivables	622,577	2,700,333	1,113,429	2,933,967	7,772,135	13,509,787	197,171
Equity investments at fair value through other comprehensive income	–	–	–	–	–	–	6,804
Gross held-to-collect debt securities at amortised cost	–	896,703	899,327	3,145,272	1,138,068	–	6,079,370
Other assets	227	226,216	18,484	48,690	5,314	–	28,427
Gross foreign exchange contracts	–	522,902	102,926	387,552	–	–	1,013,380
Total financial assets	1,751,530	7,662,288	3,293,133	6,889,203	8,915,517	13,509,787	232,402
							42,253,860
<b>Financial liabilities:</b>							
Deposits and balances of banks and other financial institutions at amortised cost	161,350	535,885	90,000	–	–	–	787,235
Customer deposits at amortised cost	10,815,799	8,018,572	10,474,590	4,601,386	7,078	–	33,917,425
Unsecured bank loans at amortised cost	–	370,000	–	80,000	1,092,693	–	1,542,693
Lease liabilities	–	5,289	10,548	41,052	68,078	7,977	–
Other liabilities	3,098	276,801	88,347	33,425	113	–	189,595
Gross foreign exchange contracts	–	512,182	102,907	387,497	–	–	1,002,586
Total financial liabilities	10,980,247	9,718,729	10,766,392	5,143,360	1,167,962	7,977	189,595
							37,974,262
Net liquidity gap	(9,228,717)	(2,056,441)	(7,473,259)	1,745,843	7,747,555	13,501,810	42,807
							4,279,598

## **INTERIM DIVIDEND**

The Board has on 30 June 2020 declared an interim dividend of HK\$0.03 (2019: HK\$0.05) per share payable on 5 August 2020 to shareholders whose names appear on the register of members of the Company on 22 July 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

During the period under review, the economy of Hong Kong was adversely affected by the outbreak of COVID-19 and entered into a recession with negative Gross Domestic Product (“GDP”) of 8.9% in the first quarter of 2020 and escalation of unemployment rate to 5.9% in May 2020. The pandemic outbreak of COVID-19 also threatened the global economic outlook, causing the US Federal Reserve to cut the federal funds rate to near 0%. Market interest rates were falling with lower return on interest-bearing assets. Financial market became more volatile amidst epidemic situation coupled with volatilities of fund flows from the monetary policies adopted by nations.

Under the aforesaid challenging operating environment in the period under review, the Group conducted its loan and customer deposit businesses cautiously at reasonable interest yields and costs to minimise credit and liquidity risk. The Group also diversified revenue sources into fee-based businesses amidst weaker consumer sentiment and subdued corporate loan demands.

### **FINANCIAL REVIEW**

#### **Revenue and earnings**

For the six months ended 30 June 2020, the Group’s profit after tax decreased by HK\$115.9 million or 45.1% to HK\$141.1 million as compared to the corresponding period in 2019.

The Group’s basic earnings per share for the six months ended 30 June 2020 was HK\$0.13. The Board of Directors has declared an interim dividend of HK\$0.03 per share on 30 June 2020, payable on 5 August 2020.

During the period under review, total interest income of the Group decreased by HK\$109.1 million or 11.1% to HK\$876.3 million contributed mainly from the decrease in interest on loans and advances and placements with banks; whilst total interest expense decreased by HK\$23.0 million or 7.7% to HK\$273.0 million mainly due to decrease in funding cost of customer deposits. As a result, the Group’s net interest income decreased by HK\$86.1 million or 12.5% to HK\$603.3 million. The lower net interest income in the period under review was mainly due to the subdued loan demand and the compression of net interest margin amidst the low interest rate environment. Other operating income from stockbroking, foreign exchange earnings and other business activities of the Group increased by HK\$10.0 million or 8.3% to HK\$130.4 million in the period under review.

Fair value of investment properties decreased by HK\$11.7 million during the period under review as compared to a revaluation gain of HK\$35.3 million in the corresponding period of last year.

Operating expenses of the Group decreased by HK\$12.2 million or 2.8% to HK\$427.1 million mainly due to the decrease in performance-related staff costs.

Credit loss expense increased by HK\$20.1 million or 20.8% to HK\$116.9 million mainly due to increase in impairment allowances for consumer financing loans and advances 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\$1.48 billion or 5.2% to HK\$27.27 billion as at 30 June 2020 from HK\$28.75 billion as at 31 December 2019. The Group's customer deposits declined slightly by HK\$135.9 million or 0.4% to HK\$33.78 billion as at 30 June 2020 from HK\$33.92 billion as at 31 December 2019. Total assets of the Group stood at HK\$44.51 billion as at 30 June 2020.

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

As at 30 June 2020, Public Bank (Hong Kong), a subsidiary of the Company, has a branch network of 32 branches in Hong Kong and 5 branches in Shenzhen in the PRC to provide a broad range of commercial and retail banking services. Public Finance, a subsidiary of Public Bank (Hong Kong), has a network of 44 branches in Hong Kong. Winton Financial Limited ("Winton Financial"), another operating subsidiary of the Company which operates under a money lenders licence, has a network of 3 branches in Hong Kong to provide personal financing to its target customer segment. In total, the Group has a combined branch network of 84 branches as at 30 June 2020 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\$1.01 billion or 4.5% to HK\$21.28 billion as at 30 June 2020 from HK\$22.29 billion as at 31 December 2019. Customer deposits (excluding a deposit from a subsidiary) increased by HK\$0.30 billion or 1.1% to HK\$28.87 billion as at 30 June 2020 from HK\$28.57 billion as at 31 December 2019. Impaired loans to total loans ratio of Public Bank (Hong Kong) was 0.32% as at 30 June 2020.

Public Bank (Hong Kong) will continue to develop and expand its retail and commercial banking businesses and its core customer base, and promote its banking related financial services and stockbroking businesses in order to expand its reach of existing and potential customers.

## **Public Finance**

Total loans and advances of Public Finance decreased by HK\$0.47 billion or 7.6% to HK\$5.67 billion as at 30 June 2020 from HK\$6.14 billion as at 31 December 2019. Customer deposits decreased by HK\$0.43 billion or 7.6% to HK\$5.15 billion as at 30 June 2020 from HK\$5.58 billion as at 31 December 2019. Impaired loans to total loans ratio of Public Finance was 2.33% as at 30 June 2020.

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

## **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 discussed under the "Group's branch network" of this section. The investment cost in the subsidiary amounted to HK\$6.59 billion or 69.9% of total assets of the Company, and such cost reflected the fair value of the Company's investment. Public Bank (Hong Kong)'s business strategy focuses on its loan 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\$155.4 million on consolidated basis, which represented 4.7% in regard to the annualised return of the Company's investment.

## **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. For the period under review, 94.1% of the Group's operating income and 97.5% of the profit before tax were contributed by retail and commercial banking businesses. When compared to the first half of 2019, the Group's operating income from retail and commercial banking businesses decreased by HK\$85.1 million or 11.0% to HK\$690.6 million mainly due to decrease in net interest income. Profit before tax from retail and commercial banking businesses also decreased by HK\$94.5 million or 35.3% to HK\$173.5 million during the period under review. The Group's operating income from stockbroking and wealth management services increased by HK\$9.2 million or 34.6% to HK\$35.8 million. Profit before tax from stockbroking and wealth management services increased by HK\$2.3 million or 16.5% to HK\$16.2 million 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 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 2020, there was no charge over the assets of the Group. There was also no important event affecting the Group which had occurred since 30 June 2020.

## **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\$1.56 billion as at 30 June 2020. 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 0.19 times as at 30 June 2020, which was relatively the same as compared to the position of 31 December 2019. The bank borrowings have remaining maturity periods of less than two years. 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 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 20.3% and 21.1% respectively as at 30 June 2020.

## **Asset quality and credit management**

The Group's impaired loans to total loans ratio stood at a healthy level of 0.76% as at 30 June 2020. 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/income growth and prudent risk management.

The direct exposures to Europe 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 culture values including (but not limited to) caring attitude; discipline; ethics and integrity; excellence; trust; and prudence. The culture 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 enroll 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 2020, the Group's staff force stood at 1,354 employees. For the six months ended 30 June 2020, the Group's total staff related costs amounted to HK\$265.7 million.

## **PROSPECTS**

The economic outlook and operating environment of Hong Kong and Mainland China are anticipated to be more challenging in the second half of 2020. Notwithstanding that the Hong Kong Government has introduced a series of relief measures to cope with the challenges arising from COVID-19 outbreak, the pace of economic recovery in Hong Kong is anticipated to be slow with low GDP growth and high unemployment rate for a considerable period. It is anticipated that credit charge on its consumer loans for the Group would remain at a relatively high level in the second half of 2020, and the Group will continue with the provision of debt relief measures (e.g. principal moratorium or extension of due dates) to eligible borrowers to support their business operations and alleviate their financial difficulties in the tough epidemic situation. The risk appetites for corporate investments/business expansion and individuals' private consumption are expected to remain conservative in the near term with weak loan demand and loan growth momentum in Hong Kong and Mainland China.

Competition in the banking and financing industry in Hong Kong is also expected to intensify with the entrance of virtual banks, which will continue to exert pressure on the pricing of banking and financing products. The increase in compliance-related and system-related costs in meeting the regulatory and supervisory requirements are expected to impact the cost efficiency and earnings growth of banks and 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 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 loans at reasonable yields and manage down its funding cost under the low interest rate environment. 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 business 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 developments, deposit takings and fee-based businesses, and implementing appropriate marketing strategies at reasonable costs. The Group will continue to optimise and refine the existing products and services in the near term to grow its retail and commercial lending business and consumer financing business.

Barring unforeseen circumstances, the Group will strive to maintain its banking and financing businesses and improve its financial performance in the second half of 2020. 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 2020.

## **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 2020 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 2020 AGM of the Company held in March 2020 due to other engagement. The 2020 AGM was chaired by the Executive Director, Mr. Tan Yoke Kong, with the consent of members present. The Chairmen of the Company's Audit Committee and Nomination and Remuneration Committee, and the respective Chairmen of the Board Committees of Public Bank (Hong Kong) and Public Finance also participated in the 2020 AGM by means of tele-conferencing in Malaysia due to the outbreak of COVID-19 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 2020 as set out in this announcement has been reviewed by the Audit Committee.

## **PUBLICATION OF 2020 INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement of the Group for the six months ended 30 June 2020 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 2020 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 2020.

## **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*

16 July 2020

*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 as Executive Director, and Mr. Lai Wan, Mr. Lee Chin Guan and Mr. Tang Wing Chew as Independent Non-Executive Directors.*