



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

(Incorporated in Bermuda with limited liability) Stock Code: 626



ANNUAL REPORT 2024





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# Corporate Information

## BOARD OF DIRECTORS

### Non-Executive Chairman

Lai Wan

### Executive Director

Chong Yam Kiang

### Non-Executive Directors

Dato' Chang Kat Kiam

Quah Poh Keat

Lee Huat Oon

### Independent Non-Executive Directors

Lee Chin Guan

Lim Chao Li

Phe Kheng Peng

## COMPANY SECRETARY

Chan Sau Kuen

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2/F, Public Bank Centre

120 Des Voeux Road Central

Central, Hong Kong

Telephone : (852) 2541 9222

Facsimile : (852) 2815 9232

Website : [www.publicfinancial.com.hk](http://www.publicfinancial.com.hk)

## SHARE LISTING

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code : 626

## PRINCIPAL REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HONG KONG BRANCH REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Telephone : (852) 2980 1333

Facsimile : (852) 2810 8185

Email : [is-enquiries@vistra.com](mailto:is-enquiries@vistra.com)

## AUDITORS

Ernst & Young

Certified Public Accountants

## LEGAL ADVISERS

Charles Yeung Clement Lam Liu & Yip

Deacons

Siao, Wen and Leung

## PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited

CIMB Bank Berhad

JPMorgan Chase Bank, N.A. Hong Kong Branch

Oversea-Chinese Banking Corporation Limited

Public Bank Berhad

Public Bank (L) Ltd

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited

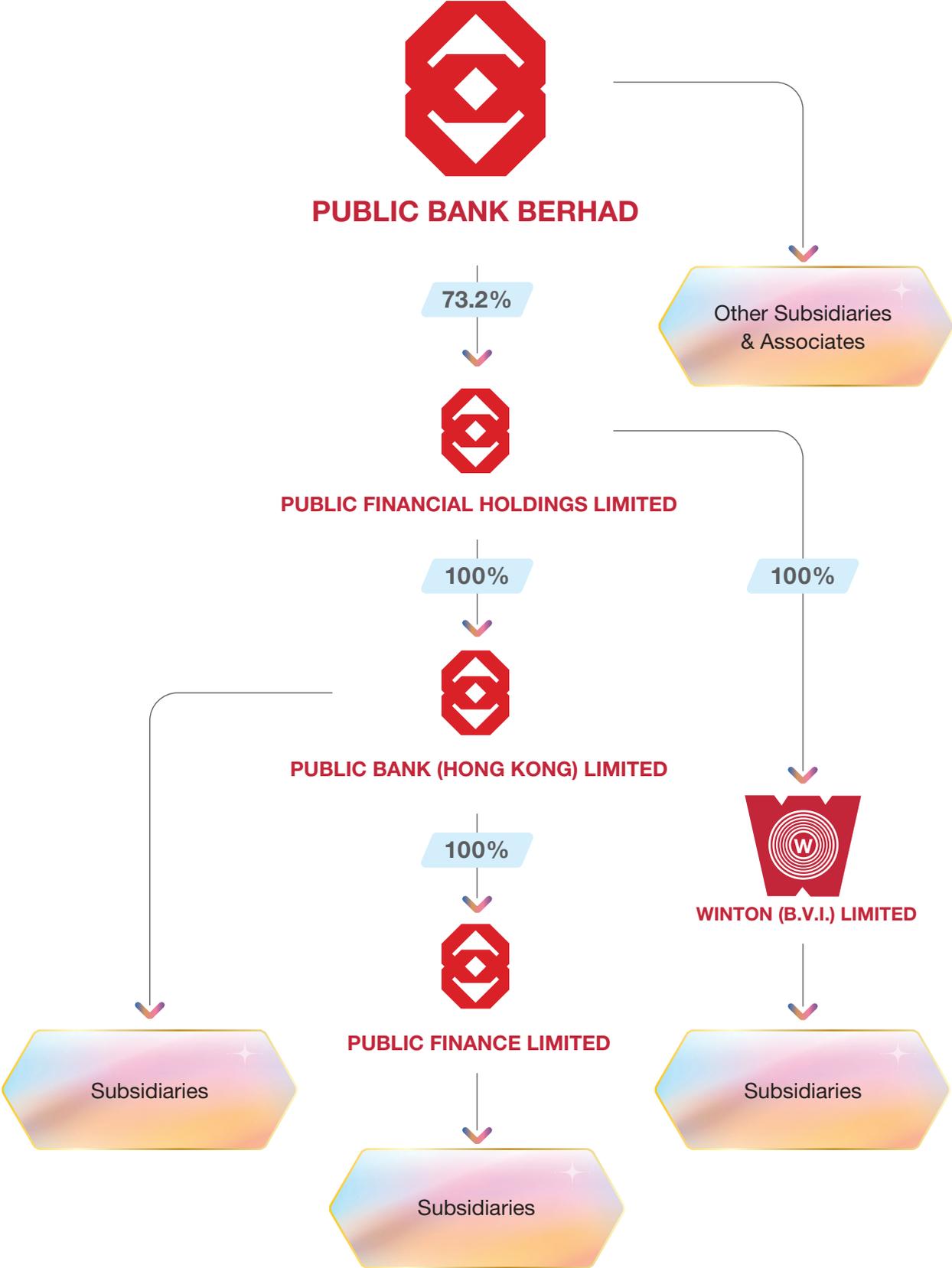
## 2024 Annual Report

This 2024 annual report in electronic form is now available on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s website at [www.hkexnews.hk](http://www.hkexnews.hk) and Public Financial Holdings Limited (the "Company")'s website at [www.publicfinancial.com.hk](http://www.publicfinancial.com.hk). The Company has set out in details on its website under the "Investor Relations" section the manner for the dissemination of its corporate communications, and the relevant arrangements for shareholders to request for corporate communications in printed form. Shareholders may send a written request to our Hong Kong Branch Registrar, Tricor Investor Services Limited (changed from Tricor Tengis Limited on 1 January 2025), at the address or email shown above, for a printed copy of this 2024 annual report.

Shareholders are encouraged to access the corporate communications of the Company through the websites of the Stock Exchange and the Company in lieu of receiving printed copies to help protect the environment.



# Group Structure



# Public Bank (Hong Kong) Limited Branch Network





## HEAD OFFICE AND BRANCHES

### Head Office

2/F, Public Bank Centre, 120 Des Voeux Road Central, Central  
 Tel : 2541 9222 Telex : 73085 CBHK HKHH  
 P.O. Box : G.P.O. Box 824 Fax : 2541 0009  
 Website : www.publicbank.com.hk

### HONG KONG ISLAND

<p><b>1 Main Branch</b>            G/F, Public Bank Centre            120 Des Voeux Road Central, Central            Tel: 2541 9222 Fax: 2545 2866            Manager: Lee Wai Kwan, Luceta</p>	<p><b>4 North Point Branch</b>            Shop 2, G/F, Two Chinachem Exchange Square            338 King's Road, North Point            Tel: 2568 5141 Fax: 2567 0655            Manager: Chow Yuet Kei, Mary</p>	<p><b>7 Aberdeen Branch</b>            Shop B, G/F, Kong Kai Building            184 Aberdeen Main Road, Aberdeen            Tel: 2871 0928 Fax: 2871 0383            Manager: Wong Chun Hoi</p>
<p><b>2 Western Branch</b>            Shop 2-3, G/F, Kam Kwan Building            163-173 Des Voeux Road West, Sai Ying Pun            Tel: 2858 2220 Fax: 2858 2638            Manager: Li Siu Ying, Alice</p>	<p><b>5 Shek Tong Tsui Branch</b>            Shop B1, G/F, Hong Kong Plaza            188 Connaught Road West, Sai Wan            Tel: 2546 2055 Fax: 2559 7962            Manager: Chan Shiu Man</p>	<p><b>8 Shau Kei Wan Branch</b>            Shop C, G/F, Island Walk,            163 Shau Kei Wan Road, Shau Kei Wan            Tel: 2884 3993 Fax: 2885 9283            Manager: Chan Chi Ho, Eric</p>
<p><b>3 Wanchai Commercial Centre</b>            9/F, Tower 188,            Nos. 188-190 Hennessy Road, Wanchai            Tel: 2891 4171 Fax: 2834 1012            Manager: Lau Cheuk Kit</p>	<p><b>6 Causeway Bay Branch</b>            G/F and M/F            447 Hennessy Road, Causeway Bay            Tel: 2572 2363 Fax: 2572 3033            Manager: Chong Mei Kuen</p>	<p><b>9 Quarry Bay Branch</b>            Shop 8, G/F, Oceanic Mansion            1010-1026 King's Road, Quarry Bay            Tel: 2856 3880 Fax: 2856 0833            Manager: Yeung Yuk Shan</p>

### KOWLOON

<p><b>10 Yaumatei Branch</b>            G/F, Ek Nam Building            486 Nathan Road, Yaumatei            Tel: 2382 0147 Fax: 2718 4281            Manager: Ngan Pui Shan</p>	<p><b>14 Mongkok Branch</b>            G/F, JCG Building            16 Mongkok Road, Mongkok            Tel: 2391 8393 Fax: 2391 6909            Manager: Lau Man Lung</p>	<p><b>18 To Kwa Wan Branch</b>            Shop Nos. 109 &amp; 120, G/F,            Block B, I-Feng Mansions            No. 237A To Kwa Wan Road, To Kwa Wan            Tel: 2362 0238 Fax: 2362 3999            Manager: Leung Siu Ying</p>
<p><b>11 Kowloon City Branch</b>            G/F, 15 Nga Tsin Wai Road, Kowloon City            Tel: 2382 0147 Fax: 2718 4281            Manager: Choi Kam Yee</p>	<p><b>15 San Po Kong Branch</b>            Shop B, G/F, Perfect Industrial Building            31 Tai Yau Street, San Po Kong            Tel: 2326 8318 Fax: 2326 9180            Manager: Wong Lik Kin, Lorry</p>	<p><b>19 Prince Edward Branch</b>            G/F, 751 Nathan Road, Prince Edward            Tel: 2397 3830 Fax: 2397 1006            Manager: Ting Lai May</p>
<p><b>12 Hung Hom Branch</b>            G/F, Hunghom Commercial Centre            37 Ma Tau Wai Road, Hung Hom            Tel: 2363 9213 Fax: 2363 3195            Manager: Ma Fung Ying</p>	<p><b>16 Cheung Sha Wan Branch</b>            Unit C2, G/F, 746 Cheung Sha Wan Road            Cheung Sha Wan            Tel: 2786 9858 Fax: 2786 9506            Manager: Leung Siu Fong</p>	<p><b>20 Tai Kok Tsui Branch</b>            Unit B, Shop No. 1, G/F, Tai Moon Building            Cosmopolitan Estate, Nos. 43-59 Tai Tsun Street            Tai Kok Tsui            Tel: 2392 1538 Fax: 2392 1101            Manager: Tsu Shuk Yi, Carmen</p>
<p><b>13 Kwun Tong Branch</b>            Unit 2310, Tower 1, Millennium City 1            388 Kwun Tong Road, Kwun Tong            Tel: 2389 9119 Fax: 2389 9969            Manager: Chow Yiu Hung, Howard</p>	<p><b>17 Wong Tai Sin Branch</b>            Shop 641-642, 6/F,            Tsz Wan Shan Shopping Centre, Wong Tai Sin            Tel: 2328 7332 Fax: 2328 7991            Manager: Leung Ho Chuen, Noel</p>	<p><b>21 Tsim Sha Tsui Branch</b>            Shop 141-146, 1/F, New Mandarin Plaza,            No. 14 Science Museum Road, Tsim Sha Tsui            Tel: 2721 1218 Fax: 2721 1028            Manager: Chan Wai Cheong</p>

### NEW TERRITORIES

<p><b>22 Yuen Long Branch</b>            Shop 5, G/F, Fu Ho Building            3-7 Kau Yuk Road, Yuen Long            Tel: 2479 4265 Fax: 2473 3934            Manager: Chan Sau Ping</p>	<p><b>25 Tai Po Branch</b>            Eastmost Shop on G/F,            Nos. 37/39 Po Yick Street, Tai Po            Tel: 2657 2861 Fax: 2657 7389            Manager: Kee Ka Wai</p>	<p><b>28 Tuen Mun Branch</b>            Shop J on G/F, Mai Kei Building            Nos. 124-148 Ho Pong Street, Tuen Mun            Tel: 2440 1298 Fax: 2440 1398            Manager: Lam Mei Yee</p>
<p><b>23 Tsuen Wan Branch</b>            G/F, Victory Court,            185-187 Castle Peak Road, Tsuen Wan            Tel: 2490 4191 Fax: 2490 4811            Manager: Kao Chi Wang</p>	<p><b>26 Fanling Branch</b>            G/F, 11 Wo Lung Street            Luen Wo Market, Fanling            Tel: 2669 1559 Fax: 2669 8780            Manager: Kan Wai Man</p>	<p><b>29 Tseung Kwan O Branch</b>            Shop 106, 1/F, Savannah Place,            No. 3 Chi Shin Street, Tseung Kwan O            Tel: 2701 7688 Fax: 2701 7628            Manager: Lam Kwok Sing</p>
<p><b>24 Kwai Chung Branch</b>            Shop 102, 1/F, Wealthy Garden,            No. 208 Hing Fong Road, Kwai Chung            Tel: 2480 0002 Fax: 2401 2367            Manager: Tsung Yuen Man</p>	<p><b>27 Sheung Shui Branch</b>            G/F, 137 San Shing Avenue, Sheung Shui            Tel: 2639 0307 Fax: 3124 0091            Manager: Kan Wai Man</p>	<p><b>30 Shatin Branch</b>            Shop 4-6B,            Lucky Plaza Commercial Centre, Shatin            Tel: 2601 6308 Fax: 2601 3686            Manager: Chow Wing Hung, Desmond</p>

### MAINLAND CHINA

<p><b>31 Shenzhen Branch</b>            No. 3060 Chunfeng Road, Nanhu Street,            Luohu District, Shenzhen            People's Republic of China            Tel : (86-755) 2518 2822            Fax : (86-755) 2518 2327            Manager : Hui Lee Ming</p>	<p><b>33 Shekou Sub-branch</b>            Shop No. 155-156, Coastal Building (East Block)            Hai De San Road, Nanshan District, Shenzhen            People's Republic of China            Tel : (86-755) 8627 1388            Fax : (86-755) 8627 0699            Manager : Qi Han Qiao</p>	<p><b>Shenyang Representative Office</b>            Unit 2907B, No. 262 Shifu Road, Shenhe District            Shenyang, Liaoning Province            People's Republic of China            Tel : (86-24) 2279 1368            Fax : (86-24) 2279 1369            Representative : Li Yu Jie</p>
<p><b>32 Futian Sub-branch</b>            1-3 Jinrun Mansion, No. 6019 Shennan Avenue            Futian District, Shenzhen            People's Republic of China            Tel : (86-755) 8280 0026            Fax : (86-755) 8280 0016            Manager : Zheng Shu Fen</p>	<p><b>34 Longhua Sub-branch</b>            No. 110, Block 1, Laimeng Spring Garden            (Land No.: A818-0449), Minzhi Office, Longhua            New District, Shenzhen, People's Republic of China            Tel : (86-755) 2377 7601            Fax : (86-755) 2377 6919            Manager : Wu Yan Wen</p>	<p><b>Shanghai Representative Office</b>            Room 1 J, 24/F, Jin Sui Mansion            No. 379 South Pu Dong Road, Shanghai            People's Republic of China            Tel : (86-21) 5887 8851            Fax : (86-21) 5887 9951            Representative : Yang Min</p>
<p><b>35 Qianhai Sub-branch</b>            Shop No. 0933, Block 9 &amp; 12, Phase 2            Zhongzhou Huafu, Xin'an Street, Bao'an District            Shenzhen, People's Republic of China            Tel : (86-755) 2557 8838            Fax : (86-755) 8228 3559            Manager : Wei Xiao Feng</p>		

# Public Finance Limited Branch Network





## HEAD OFFICE AND BRANCHES

### Head Office

1105-7 Wing On House, 71 Des Voeux Road Central, Central

Tel : 2525 9351 Fax : 2845 0681

P.O. Box : G.P.O. Box 11102

Website : www.publicfinance.com.hk

## HONG KONG ISLAND

- |  |   |  |
|--|---|--|
| <p><b>1 Wing On House Central Branch</b><br/>11/F, Wing On House<br/>71 Des Voeux Road Central, Central<br/>Tel: 2524 8676 Fax: 2877 9084<br/>Manager: Leung Kwok Chung</p>                            | <p><b>6 Causeway Bay Branch</b><br/>No. 2201-2202, 22/F., Island Beverley<br/>1 Great George Street, Causeway Bay<br/>Tel: 2893 6575 Fax: 2893 2770<br/>Manager: Fung Kit Ying</p>  | <p><b>11 Aberdeen Branch</b><br/>Shop A, G/F, Kong Kai Building<br/>184-188 Aberdeen Main Road, Aberdeen<br/>Tel: 2553 8231 Fax: 2554 3897<br/>Manager: Lao Pak Tao</p>  |
| <p><b>2 World-Wide House Central Branch</b><br/>Rm 2, 3 and 5, 20/F, World-Wide House<br/>19 Des Voeux Road Central, Central<br/>Tel: 2522 4067 Fax: 2537 3623<br/>Manager: Dinanny William John Z</p> | <p><b>7 North Point Branch</b><br/>Shop No. 1, G/F, Wah Hing Building<br/>449-455 King's Road, North Point<br/>Tel: 2561 0160 Fax: 2856 3647<br/>Manager: Tong Wai Sing</p>         | <p><b>12 Chai Wan Branch</b><br/>Shop 77, G/F, Block B, Walton Estate<br/>341-343 Chai Wan Road, Chai Wan<br/>Tel: 2557 8003 Fax: 2557 4088<br/>Manager: Sung Ka Wai</p> |
| <p><b>3 Queen Victoria Street Central Branch</b><br/>G/F, 14 Queen Victoria Street, Central<br/>Tel: 2526 6415 Fax: 2877 9088<br/>Manager: Chan Wai</p>  | <p><b>8 Shau Kei Wan Branch</b><br/>G/F, 134 Shau Kei Wan Road, Sai Wan Ho<br/>Tel: 2567 0461 Fax: 2885 8501<br/>Manager: Cheung Chun Ming</p>                                      | <p><b>13 Quarry Bay Branch</b><br/>G/F, 14 Hoi Kwong Street, Quarry Bay<br/>Tel: 2516 6368 Fax: 2579 0084<br/>Manager: Chan Ho Ming</p>                                  |
| <p><b>4 Wan Chai Branch</b><br/>4/F, CNT House, 120 Johnston Road, Wan Chai<br/>Tel: 2574 6245 Fax: 2893 6653<br/>Manager: Lau Hing Tai</p>  | <p><b>9 Admiralty Branch</b><br/>Shop 2010, 2/F, United Centre<br/>95 Queensway, Admiralty<br/>Tel: 2520 1323 Fax: 2520 6889<br/>Manager: Lai Chun Yip</p>                          |  |
| <p><b>5 Russell Street Causeway Bay Branch</b><br/>Unit 02A &amp; 03, 30/F, Soundwill Plaza<br/>38 Russell Street, Causeway Bay<br/>Tel: 2891 7028 Fax: 2893 3769<br/>Manager: Kong Wai Man</p>        | <p><b>10 Western District Branch</b><br/>Shop A, G/F, Tak Tung House,<br/>151-161 Des Voeux Road West, Sai Ying Pun<br/>Tel: 2547 9148 Fax: 2546 1142<br/>Manager: Poon Ho Ting</p> |  |

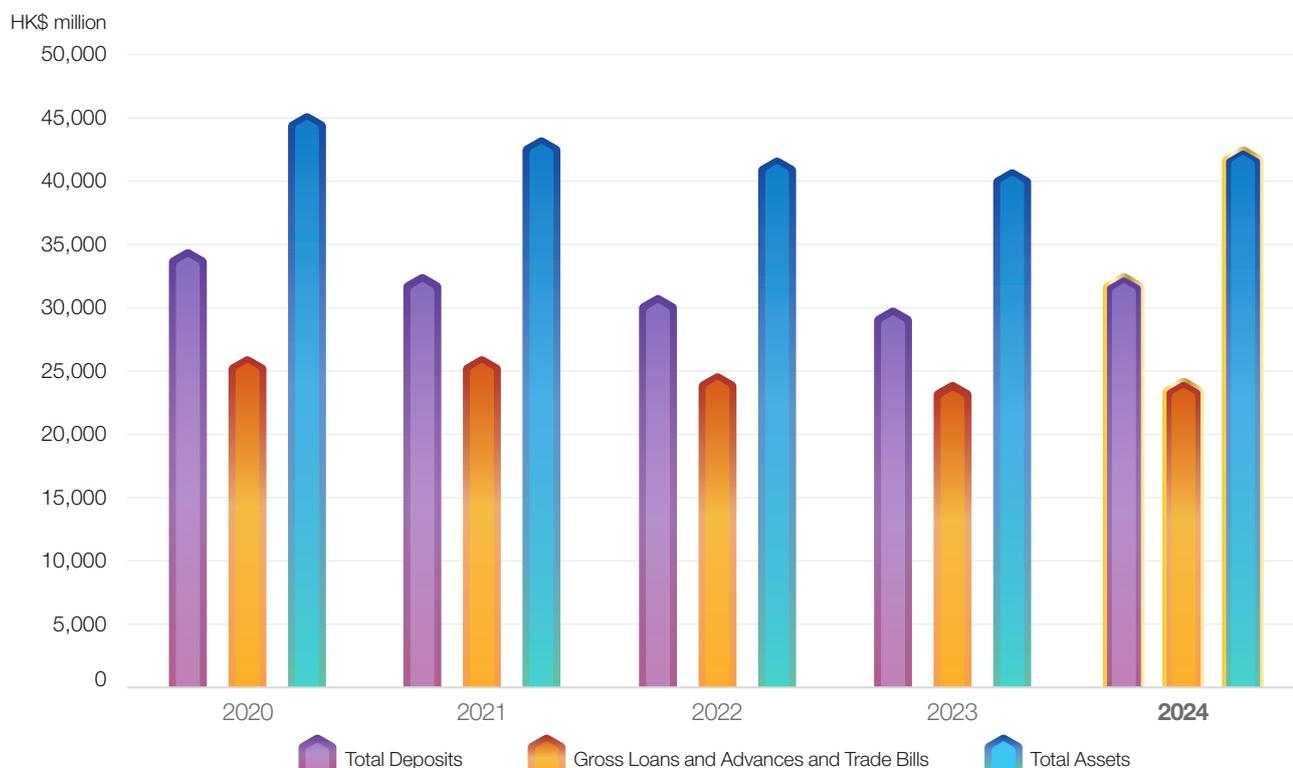
## KOWLOON

- |  |  |  |
|--|--|--|
| <p><b>14 Star House Branch</b><br/>Unit 921, 9/F<br/>Star House, 3 Salsbury Road, Tsim Sha Tsui<br/>Tel: 2730 8395 Fax: 2730 2346<br/>Manager: Chung Wang Wai</p>                            | <p><b>19 Sham Shui Po Branch</b><br/>Unit No. 405, 4/F, Dragon Centre,<br/>37K Yen Chow Street, Sham Shui Po<br/>Tel: 2728 2347 Fax: 2729 9685<br/>Manager: Chan Lap Yip</p> | <p><b>24 Kwun Tong Branch</b><br/>Unit 804, 8/F, Kwun Tong View<br/>410 Kwun Tong Road, Kwun Tong<br/>Tel: 2344 0264 Fax: 2763 5427<br/>Manager: Lee Man Fai</p>           |
| <p><b>15 Tsim Sha Tsui Branch</b><br/>Shop No. 51-53, 1/F, Harbour Crystal Centre<br/>100 Granville Road, Tsim Sha Tsui East<br/>Tel: 2369 3236 Fax: 2311 0433<br/>Manager: Lee Wing Fai</p> | <p><b>20 Cheung Sha Wan Branch</b><br/>Unit C1, G/F, 746 Cheung Sha Wan Road<br/>Cheung Sha Wan<br/>Tel: 2744 5416 Fax: 2785 3634<br/>Manager: Ng Ying Lam</p>               | <p><b>25 Wong Tai Sin Branch</b><br/>G/F, 89 Fung Tak Road<br/>Fung Wong New Village, Wong Tai Sin<br/>Tel: 2320 5112 Fax: 2726 0106<br/>Manager: Lo Hin Hung</p>          |
| <p><b>16 Jordan Road Branch</b><br/>Shop 2A, G/F, Kent Building<br/>39 &amp; 39A Jordan Road, Jordan<br/>Tel: 2736 4711 Fax: 2314 8432<br/>Manager: Tse Chung Yin</p>                        | <p><b>21 Hung Hom Branch</b><br/>G/F, 130 Ma Tau Wai Road, Hung Hom<br/>Tel: 2334 4307 Fax: 2764 4876<br/>Manager: Yip Hon Shing</p>   | <p><b>26 Prince Edward Branch</b><br/>Shop D, G/F<br/>785-787A Nathan Road, Prince Edward<br/>Tel: 2380 3260 Fax: 2380 4100<br/>Manager: Lo Chi Wai</p>                    |
| <p><b>17 Nathan Road Branch</b><br/>G/F, 480 Nathan Road<br/>Yau Ma Tei<br/>Tel: 2771 5285 Fax: 2770 4127<br/>Manager: Yeung Lok Shan</p>  | <p><b>22 San Po Kong Branch</b><br/>G/F, 92 Shung Ling Street, San Po Kong<br/>Tel: 2328 3175 Fax: 2325 4504<br/>Manager: Li Ka Wa</p>                                       | <p><b>27 Kowloon Bay Branch</b><br/>Unit 3, 4/F, Telford House,<br/>16 Wang Hoi Road, Kowloon Bay<br/>Tel: 2756 7320 Fax: 2758 5706<br/>Manager: Tsoi Tung Fai</p>         |
| <p><b>18 Mongkok Branch</b><br/>Flat B, 1/F, JCG Building, 16 Mongkok Road<br/>Mongkok<br/>Tel: 2394 0253 Fax: 2787 5630<br/>Manager: Tang Ka Mun</p>  | <p><b>23 Kowloon City Branch</b><br/>G/F, 35 Nga Tsin Wai Road<br/>Kowloon City, Kowloon<br/>Tel: 2382 4893 Fax: 2716 4819<br/>Manager: Chu Chun Ming</p>                    | <p><b>28 Tai Kok Tsui Branch</b><br/>Shop 3B, G/F, Tai Wing Building<br/>44-60 Tai Tsun Street, Cosmopolitan Estate<br/>Tai Kok Tsui<br/>Tel: 2791 2033 Fax: 2791 2710</p> |

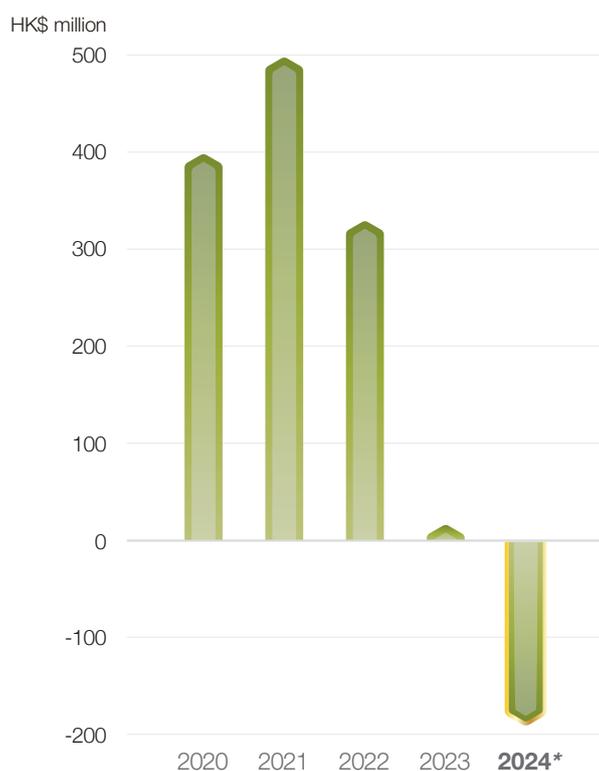
## NEW TERRITORIES

- |  |   |  |
|--|---|--|
| <p><b>29 Tseung Kwan O Branch</b><br/>Unit A-3A, G/F, Nan Fung Plaza<br/>8 Pui Shing Road, Tseung Kwan O<br/>Tel: 2790 5600 Fax: 2790 5618<br/>Manager: Hung Hing Wa</p>           | <p><b>33 Yuen Long Branch</b><br/>G/F, 182 Main Road, Yuen Long<br/>Tel: 2476 2146 Fax: 2475 9903<br/>Manager: Kong Tsan Wing</p>                               | <p><b>37 Tai Wai Branch</b><br/>Shop E, G/F, On Ting Mansion<br/>49-55 Chik Fu Street, Tai Wai<br/>Tel: 2609 2611 Fax: 2609 4088<br/>Manager: Lai Wing Yee</p>   |
| <p><b>30 Kwai Chung Branch</b><br/>Shop 86A &amp; 88A, 3/F, Kwai Chung Plaza<br/>7-11 Kwai Foo Road, Kwai Chung<br/>Tel: 2420 0121 Fax: 2485 0590<br/>Manager: Yeung Chui Ming</p> | <p><b>34 Tai Po Branch</b><br/>Shop C, G/F, Kwong Fuk Place,<br/>8 Kwong Fuk Road, Tai Po<br/>Tel: 2656 5207 Fax: 2657 7019<br/>Manager: Woo Ying Kam</p>       | <p><b>38 Nan Fung Centre Branch</b><br/>Rm 1523, Nan Fung Centre<br/>264-298 Castle Peak Road, Tsuen Wan<br/>Tel: 2414 1198 Fax: 2413 1624<br/>Manager: Tang Shun Yan</p>  |
| <p><b>31 Tsuen Wan Branch</b><br/>Unit 1101, 11/F, Kolour • Tsuen Wan I<br/>68 Chung On Street, Tsuen Wan<br/>Tel: 2493 4187 Fax: 2417 4497<br/>Manager: Lee Siu Leung</p>         | <p><b>35 Sha Tin Branch</b><br/>Portion of Shop 4-6B,<br/>Lucky Plaza Commercial Centre, Sha Tin<br/>Tel: 2699 5633 Fax: 2691 4588<br/>Manager: Law Man Yan</p> | <p><b>39 Fanling Branch</b><br/>Shop 1, G/F, Wo Fung Court<br/>8 Wo Fung Street, Luen Wo Market, Fanling<br/>Tel: 2669 0260 Fax: 2669 1187<br/>Managers: Lau Lai Kan Caren / Tam Chun Fung</p>                   |
| <p><b>32 Tuen Mun Branch</b><br/>Shop 7, G/F, Mei Hang Building, Kai Man Path<br/>Tuen Mun<br/>Tel: 2457 2901 Fax: 2440 2503<br/>Manager: Li Wing Kin</p>                          | <p><b>36 Sheung Shui Branch</b><br/>G/F, 97 San Fung Avenue, Sheung Shui<br/>Tel: 2673 2729 Fax: 2673 9278<br/>Manager: Fong Tsz Kin</p>                        | <p><b>40 Ma On Shan Branch (Overseas Contract Workers Loan)</b><br/>Shop A15, G/F, Ma On Shan Centre<br/>1 On Chun Street, Ma On Shan<br/>Tel: 2621 6468 Fax: 2621 6578<br/>In-charge: Lopez Jasmin Alconaba</p> |

# Five-year Financial Summary

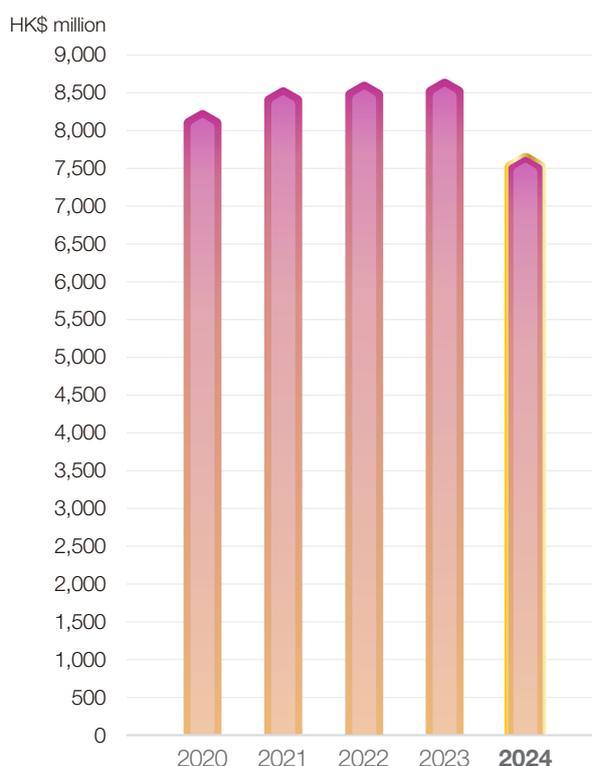


## Profit / (Loss)



\* Excluding impairment of goodwill

## Equity





## Five-year Financial Summary

### 2024 FINANCIAL HIGHLIGHTS

Loss for the year:	<b>HK\$999.4 million</b>
Gross loans and advances and trade bills:	<b>HK\$24,458.4 million</b>
Total deposits:	<b>HK\$32,694.8 million</b>
Equity:	<b>HK\$7,700.7 million</b>
Loss per share:	
Basic	<b>HK\$0.910</b>
Diluted	<b>HK\$0.910</b>
Total dividends per share:	<b>Nil</b>

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (collectively, the "Group") for the last five financial years, as extracted from the published audited financial statements, is set out below.

	<b>2024</b>	2023	2022	2021	2020
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross cash and short term placements, and placements with banks and financial institutions maturing after one month but not more than twelve months	<b>7,858,409</b>	4,696,286	5,233,354	6,611,383	7,996,584
Gross loans and advances and trade bills	<b>24,458,426</b>	24,165,625	24,789,582	26,166,163	26,175,702
Gross debt securities investment	<b>6,624,928</b>	7,640,298	7,438,241	6,479,715	6,735,937
Goodwill	<b>1,964,403</b>	2,774,403	2,774,403	2,774,403	2,774,403
Other assets	<b>1,937,830</b>	1,678,080	1,682,351	1,496,488	1,755,697
<b>Total assets</b>	<b>42,843,996</b>	40,954,692	41,917,931	43,528,152	45,438,323
Deposits and balances of banks and other financial institutions at amortised cost	<b>521,314</b>	467,547	497,157	465,638	421,138
Customer deposits at amortised cost	<b>32,173,517</b>	29,536,440	30,446,412	32,175,337	34,192,747
Dividends payable	<b>–</b>	–	120,771	164,687	131,750
Unsecured bank loans at amortised cost	<b>1,620,326</b>	1,611,754	1,552,087	1,579,636	1,575,018
Other liabilities	<b>828,122</b>	660,527	656,924	573,546	852,529
<b>Total liabilities</b>	<b>35,143,279</b>	32,276,268	33,273,351	34,958,844	37,173,182
<b>Equity</b>	<b>7,700,717</b>	8,678,424	8,644,580	8,569,308	8,265,141
(Loss)/profit for the year	<b>(999,387)</b>	14,381	328,697	496,461	396,997
Basic (loss)/earnings per share (HK\$)	<b>(0.910)</b>	0.013	0.299	0.452	0.362
Diluted (loss)/earnings per share (HK\$)	<b>(0.910)</b>	0.013	0.299	0.452	0.362

# Chairman's Statement



On behalf of the Board, I wish to report the financial results of the Group for the financial year ended 31 December 2024.

**Mr. Lai Wan**  
*Chairman*

## FINANCIAL PERFORMANCE

For the year ended 31 December 2024, the Group recorded a loss after tax of HK\$999.4 million (inclusive of goodwill impairment of HK\$810.0 million) as compared with a profit after tax of HK\$14.4 million in the previous year. The Group's basic loss per share for 2024 was HK\$0.91 (basic earnings per share for 2023: HK\$0.01).

Total operating income of the Group decreased marginally by HK\$2.0 million or 0.2% to HK\$1.24 billion mainly due to the lower net interest income by HK\$21.7 million driven by the heightened funding cost. Total operating expenses (excluding changes in fair value of investment properties) increased by HK\$857.9 million or 101.8% to HK\$1.70 billion, mainly due to the impairment of goodwill and higher staff costs incurred as part of talent retention strategy. The carrying amount of goodwill was written down by HK\$810.0 million for the year ended 31 December 2024 following the adoption of more conservative business projections by the Board of Directors (the "Board") amidst expected challenging operating environment and market conditions.

Revaluation loss of investment properties amounted to HK\$52.0 million during the year under review as compared with HK\$30.5 million in the previous year.

Credit loss expenses increased by HK\$174.7 million or 53.9% to HK\$499.1 million as compared with HK\$324.4 million in the previous year. The increase in credit loss expenses was mainly attributable to hire purchase loans amidst a considerable decline in the value of public vehicle licences, increased delinquencies and bankruptcies from personal lending borrowers, and additional impairment provision for a few corporate borrowers.



## Chairman's Statement

### BUSINESS PERFORMANCE

The Group's total loans and advances (including trade bills) increased by HK\$0.29 billion or 1.2% to HK\$24.46 billion as at 31 December 2024 from HK\$24.17 billion as at 31 December 2023. The increase in loans and advances was mainly attributable to property mortgage loan portfolio driven by the full upliftment of property market cooling measures by the Hong Kong Government and relaxation on prudential measures on property mortgage loans. The Group's customer deposits grew by HK\$2.63 billion or 8.9% to HK\$32.17 billion as at 31 December 2024 from HK\$29.54 billion as at 31 December 2023. The increase in customer deposits was due to the strong deposit-holding by customers as investment sentiment continued to be conservative with escalated market volatilities and uncertainties; and the Group had been managing deposit costs in alignment with the downward interest rate environment.

During the year under review, Public Bank (Hong Kong) Limited ("Public Bank (Hong Kong)"), a wholly-owned subsidiary of the Company, recorded an increase in total loans and advances (including trade bills) of HK\$126.0 million or 0.7% to HK\$18.81 billion as at 31 December 2024 from HK\$18.69 billion as at 31 December 2023, as well as an increase in customer deposits (excluding deposits from a subsidiary) of HK\$2.76 billion or 11.0% to HK\$27.94 billion as at 31 December 2024 from HK\$25.18 billion as at 31 December 2023.

Public Finance Limited ("Public Finance"), a wholly-owned subsidiary of Public Bank (Hong Kong), recorded a growth in total loans and advances of HK\$106.1 million or 2.1% to HK\$5.19 billion as at 31 December 2024 from HK\$5.08 billion as at 31 December 2023, but a decline in customer deposits of HK\$129.6 million or 2.9% to HK\$4.28 billion as at 31 December 2024 from HK\$4.41 billion as at 31 December 2023.

### DIVIDENDS

The Board did not declare an interim dividend (2023: HK\$32.9 million or HK\$0.03 per share) or recommend the payment of a final dividend (2023: Nil) for the year 2024 taking into consideration the uncertainties in the operating environment and the financial performance of the Group.

### BRANCH NETWORK AND BUSINESS STRATEGY

Public Bank (Hong Kong) has a network of 30 branches in Hong Kong and 5 branches in Shenzhen in the People's Republic of China ("PRC"), and it continues focusing on providing a broad range of commercial and retail banking services to its targeted market segments. Public Finance has a network of 40 branches in Hong Kong, and it continues focusing on its core business in personal lending. Another wholly-owned subsidiary of the Company, Winton Financial Limited ("Winton Financial"), which operates under a money lenders licence, has a network of 3 branches in Hong Kong to provide personal financing to its targeted customer segment. Currently, the Group has a combined network of 73 branches in Hong Kong and 5 branches in the PRC.

The Group will continue expanding its retail and commercial banking and consumer financing businesses, as well as its wealth management services, stockbroking and securities management fee-based businesses through the extensive branch network of the Group, offering competitive products whilst providing premium customer service. Moving forward, the Group will also allocate more resources to drive the digitalisation process of its financial services and business growth via electronic channels to be in line with its fintech development plan; whilst continue optimising its resources and streamlining its operating process to achieve higher operational efficiency and cost saving synergy amongst group companies. The Group will integrate sustainable development into its business initiatives and expand green financing business. The Group will also continue adopting prudent and flexible business strategies and adjusting to market and environmental changes accordingly in the expansion of its customer base and business.



## Chairman's Statement

### **ACKNOWLEDGEMENT**

On behalf of the Board, I wish to take this opportunity to express our appreciation to the management and staff of the Group for their commitment, dedication and perseverance, and sincere gratitude to our customers for their invaluable patronage and to the shareholders for their continued confidence in and support for the Group. I would also like to express our appreciation and gratitude to the Hong Kong Monetary Authority ("HKMA"), the Securities and Futures Commission ("SFC"), the Stock Exchange and other relevant authorities for their invaluable advice, guidance and support.

**Lai Wan**  
*Chairman*



# Management Discussion and Analysis

## OVERVIEW

During the year under review, the economy of Hong Kong continued on a modest post-pandemic growth, but the general operating environment remained challenging, in particular for small- and medium-sized entities and traditional businesses. The overall economic outlook is also uncertain due to the escalated geopolitical risk and the change in consumption landscape in Hong Kong.

The US Federal Reserve had started to cut its benchmark rate since the third quarter of 2024, which was followed by Hong Kong dollars (“HKD”) interest rates under the Linked Exchange Rate System. Banks in Hong Kong began to adjust the Prime Rates and deposit interest rates downwards to support the economy and general asset price.

Property prices, in particular for commercial real estates, slumped in 2024 notwithstanding a rebound in property market transactions supported by interest rate cuts, upliftment of property market cooling measures by the Hong Kong Government and relaxation of prudential measures over property mortgage loans.

Taxi licence price also underperformed in 2024 partly due to the more popular usage of the ride-hailing platforms and partly the taxi service quality issue. After the issuance of 5 premium taxi fleet licences and introduction of Taxi-Driver-Offence Points Ordinance (Cap. 647 of the Laws of Hong Kong) by the Hong Kong Government in the second half of 2024, taxi licence price was stabilised.

Sentiment for investment improved following the interest rate cuts and economic stimulus measures announced by the Hong Kong Government, but investor confidence remained relatively weak and corporates were also conservative in business expansion, thus dampening the loan demand.

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

## FINANCIAL REVIEW

### Revenue and Earnings

For the year ended 31 December 2024, the Group recorded a loss after tax of HK\$999.4 million (inclusive of goodwill impairment of HK\$810.0 million) as compared with a profit after tax of HK\$14.4 million in the previous year. The Group’s basic loss per share for 2024 was HK\$0.91 (basic earnings per share for 2023: HK\$0.01). The Board did not declare an interim dividend (2023: HK\$32.9 million or HK\$0.03 per share) or recommend the payment of a final dividend (2023: Nil) for the year 2024 taking into consideration the uncertainties in the operating environment and results of the financial performance of the Group.

For the year under review, the Group’s interest income increased by HK\$93.7 million or 4.8% to HK\$2.05 billion contributed mainly from the growth in interest income from investments in debt securities and placements with banks under the high interest rate environment. Total interest expenses increased by HK\$115.4 million or 12.1% to HK\$1.07 billion mainly due to higher interest cost on time deposits coupled with the migration of lower cost savings and demand deposits to time deposits under the high interest rate environment. As a result, the Group’s net interest income decreased by HK\$21.7 million or 2.2% to HK\$983.3 million. Other operating income of the Group increased by HK\$19.7 million or 8.4% to HK\$253.3 million mainly due to the higher fees and commission income from wealth management services, stockbroking and securities management benefited by a higher turnover in Hong Kong stock market.

## Management Discussion and Analysis

### FINANCIAL REVIEW (Continued)

#### Revenue and Earnings (Continued)

Total operating expenses (excluding changes in fair value of investment properties) increased by HK\$857.9 million or 101.8% to HK\$1.70 billion, mainly due to the impairment of goodwill and higher staff costs incurred as part of talent retention strategy. The carrying amount of goodwill was written down by HK\$810.0 million for the year ended 31 December 2024 following the adoption of more conservative business projections by the Board amidst expected challenging operating environment and market conditions.

Revaluation loss of investment properties amounted to HK\$52.0 million during the year under review as compared with HK\$30.5 million in the previous year.

Credit loss expenses increased by HK\$174.7 million or 53.9% to HK\$499.1 million in 2024 as compared with HK\$324.4 million in the previous year. The increase in credit loss expenses was mainly attributable to hire purchase loans amidst a considerable decline in the value of public vehicle licences, increased delinquencies and bankruptcies from personal lending borrowers, and additional impairment provision for a few corporate borrowers.

#### Balance Sheet Highlights

The Group's total loans and advances (including trade bills) increased by HK\$0.29 billion or 1.2% to HK\$24.46 billion as at 31 December 2024 from HK\$24.17 billion as at 31 December 2023. The increase in loans and advances was mainly attributable to property mortgage loan portfolio driven by the full upliftment of property market cooling measures by the Hong Kong Government and relaxation on prudential measures on property mortgage loans. The Group's customer deposits grew by HK\$2.63 billion or 8.9% to HK\$32.17 billion as at 31 December 2024 from HK\$29.54 billion as at 31 December 2023. The increase in customer deposits was due to the strong deposit-holding by customers as investment sentiment continued to be conservative with escalated market volatilities and uncertainties; and the Group had been managing deposit costs in alignment with the downward interest rate environment.

As at 31 December 2024, the Group's total assets stood at HK\$42.84 billion.

#### Key Financial and Business Performance Indicators

The Group's return on equity, based on reported loss excluding impairment on goodwill to average equity, was negative 2.33% in the year under review mainly due to the heightened credit losses amidst asset price slump. As market conditions are beyond the control of the Group, the Group implemented business rationalisation for more effective cost control and would continue further improving its operating cost efficiency and effectiveness by optimising system and staff resources, streamlining the support services across group entities and making use of synergies from the combined branch network of Public Bank (Hong Kong), Public Finance and Winton Financial to achieve cost synergy within the Group.

The Group's impaired loans to total loans ratio decreased to 2.23% as at 31 December 2024 from 3.66% as at 31 December 2023 after settlement of a large commercial loan impaired in year 2023. The Group continues adopting prudent underwriting standards to ensure healthy level of quality loans and taking prompt actions to pursue loans recovery for problem credits.



## Management Discussion and Analysis

### FINANCIAL REVIEW (Continued) Business Performance of Key Subsidiaries

#### Public Bank (Hong Kong)

During the year under review, total loans and advances (including trade bills) of Public Bank (Hong Kong), a licensed bank and a direct subsidiary of the Company, recorded an increase of HK\$126.0 million or 0.7% to HK\$18.81 billion as at 31 December 2024 from HK\$18.69 billion as at 31 December 2023. Customer deposits (excluding deposits from a subsidiary) increased by HK\$2.76 billion or 11.0% to HK\$27.94 billion as at 31 December 2024 from HK\$25.18 billion as at 31 December 2023. Impaired loans to total loans ratio of Public Bank (Hong Kong) decreased by 2.29% to 1.95% as at 31 December 2024 from 4.24% as at 31 December 2023. Excluding intra-group dividend income, Public Bank (Hong Kong) recorded a loss of HK\$132.1 million for year 2024 mainly due to higher credit loss expenses on hire purchase loan portfolio affected by the headwind on taxi and public light bus industry with declining licence value as well as additional impairment provisions for a few corporate borrowers.

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

#### Public Finance

Total loans and advances of Public Finance, a deposit-taking company and a direct subsidiary of Public Bank (Hong Kong), recorded a growth of HK\$106.1 million or 2.1% to HK\$5.19 billion as at 31 December 2024 from HK\$5.08 billion as at 31 December 2023. Customer deposits declined by HK\$129.6 million or 2.9% to HK\$4.28 billion as at 31 December 2024 from HK\$4.41 billion as at 31 December 2023. Impaired loans to total loans ratio of Public Finance increased by 0.28% to 1.91% as at 31 December 2024 from 1.63% as at 31 December 2023. Excluding intra-group dividend income, profit of Public Finance for year 2024 decreased by HK\$50.1 million or 84.8% to HK\$9.0 million mainly due to the increase in credit loss expenses on unsecured personal lending affected by escalated bankruptcy cases.

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

### Segmental Information

The Group's businesses comprise three main segments: (i) retail and commercial banking businesses, (ii) wealth management services, stockbroking and securities management, and (iii) other businesses. For the year under review, the contribution of the aforesaid segments to the Group's operating income was 90.6%, 7.7% and 1.7%, respectively. The loss before tax of HK\$1.01 billion recognised by the retail and commercial banking businesses was mainly due to the impairment loss on goodwill and heightened credit losses to hire purchase loans, unsecured personal loans and a few corporate borrowers. For wealth management services, stockbroking and securities management segment, profit before tax increased by HK\$42.3 million mainly due to the higher commission received from stockbroking activities and lower operating cost after the integration of stockbroking and securities businesses operated by Public Bank (Hong Kong) and Public Securities Limited.

### Group's Branch Network

Public Bank (Hong Kong) has a network of 30 branches in Hong Kong and 5 branches in Shenzhen in the PRC. Public Finance has a network of 40 branches in Hong Kong. Winton Financial, another operating subsidiary of the Company which operates under a money lenders licence, has a network of 3 branches in Hong Kong. In total, the Group has a combined branch network of 78 branches to serve its customers.



## Management Discussion and Analysis

### FINANCIAL REVIEW (Continued)

#### Significant Investments

The Company has a significant investment, with a value of 5% or more of the Company's total assets, in Public Bank (Hong Kong). The principal businesses of Public Bank (Hong Kong) are the provision of retail and commercial banking businesses. The investment cost in the subsidiary amounted to HK\$6.59 billion or 75.2% of total assets of the Company, and such cost reflected the fair value of the Company's investment. Public Bank (Hong Kong)'s business strategically focuses on loan business development, deposit-taking, stockbroking and bancassurance business operations; and continues striking a balance between pursuing business growth and maintaining sound liquidity and asset quality. Public Bank (Hong Kong) and its subsidiaries recorded a loss of HK\$116.9 million on consolidated basis, which represented a negative return of 1.8% from the Company's investment. Dividend income received from Public Bank (Hong Kong) was HK\$103.9 million during the year under review. Further details of such investment (including the number and percentage of shares held) in Public Bank (Hong Kong) are shown in Note 1 to the financial statements of this annual report.

#### Contingent Liabilities and Commitments

The Group had no material contingent liabilities (other than those in the normal course of its banking and finance businesses related to treasury and trade finance activities and loan commitments as disclosed in the Notes to the financial statements) as at the end of the year under review. The Group did not incur any material capital expenditure or enter into any material commitments in respect of capital expenditure during the year 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 31 December 2024, there was no charge over the assets of the Group. There was also no significant event affecting the Group which had occurred since 31 December 2024.

### OPERATIONAL REVIEW

#### Funding and Capital Management

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

The Group relies principally on its internally generated capital, customer deposits and deposits from financial institutions to fund its retail and commercial banking businesses and its consumer financing business. The Group's cash and cash equivalents are mainly denominated in HKD or United States dollars ("USD"). Its bank borrowings are in the form of term loans denominated in HKD at floating interest rates and stood at approximately HK\$1.62 billion as at the end of 2024. Based on the level of bank borrowings as compared to the equity of the Group, the Group's gearing ratio remained at a healthy level of 0.21 times as at 31 December 2024, which was slightly higher than the position of 0.19 times in the previous year. The bank borrowings as at 31 December 2024 had remaining maturity periods of less than one year and the Group had already secured refinancing and roll-over of the bank borrowings. In the normal course of its commercial banking business, Public Bank (Hong Kong) had entered into foreign exchange swaps and forward contracts to reduce the foreign exchange rate risk exposures of the Group. Exposures to fluctuations in foreign exchange rates were minimal. In addition, there were no foreign currency investments hedged by foreign currency borrowings and other hedging instruments during the year under review.

The consolidated Common Equity Tier 1 ("CET1") capital ratio and total capital ratio of Public Bank (Hong Kong) Group (inclusive of Public Bank (Hong Kong) and Public Finance) stood at 23.8% and 24.6% respectively as at 31 December 2024.

The Group continues safeguarding its capital adequacy position and manage key risks prudently.



## Management Discussion and Analysis

### OPERATIONAL REVIEW (Continued)

#### Asset Quality and Credit Management

The Group's impaired loans to total loans ratio dropped by 1.43% to 2.23% as at 31 December 2024 from 3.66% as at 31 December 2023. The Group will continue managing credit risk prudently and undertaking flexible business development strategies to strike a balance between business/income growth and prudent risk management.

#### Human Resources Management

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

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

As at 31 December 2024, the Group's staff force stood at 1,242 employees. For the year ended 31 December 2024, the Group's total staff related costs amounted to HK\$569.3 million.

### PROSPECTS

The economies of Hong Kong and Mainland China are anticipated to continue on a slow post-pandemic recovery path in the 2025, but the prospects remain highly uncertain driven by the development of geopolitical factors. The risk appetites for corporate investments/business expansion and individual's property acquisition are expected to remain conservative in the near term until a clearer economic outlook is ascertained. Accordingly, loan growth momentum in Hong Kong and Mainland China will continue to be constrained. Nevertheless, market interest rates may further go down slightly in 2025 and the pressure on the Group's funding cost can be alleviated.

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

The Group will continue adopting sound and flexible marketing strategies to expand customer base and channels of services, launching attractive marketing promotions at reasonable costs, and optimising 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.



## Management Discussion and Analysis

### **PROSPECTS (Continued)**

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

The Group will stay vigilant of the uncertainties and challenges ahead and strive to expand its banking and financing businesses with disciplined cost control and prudent risk management in 2025. 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.



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to adhere to a high standard of corporate governance to safeguard the interests of shareholders, customers, service vendors, peer banks, regulators, employees and other stakeholders.

The Company has complied with the code provisions (“Code Provision(s)”) of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The principles as set out in the CG Code have been applied in the Company’s corporate governance structure throughout the year.

The Board has taken actions and measures to ensure that the Company is in all aspects in strict compliance with the Listing Rules and the CG Code. The current practices are reviewed and updated regularly to be in line with the local and international corporate governance practices. Public Bank (Hong Kong) and Public Finance, both being the major subsidiaries of the Company, are a licensed bank and a deposit-taking company respectively. They are incorporated in Hong Kong and are under the supervision of the HKMA. The respective Boards are fully committed to adopting and implementing the principles and best practices in corporate governance as set out in the Supervisory Policy Manual Module CG-1 “Corporate Governance of Locally Incorporated Authorised Institutions” issued by the HKMA. Specialised committees with clear terms of references and specific authorities delegated by the Boards, i.e. the Board Committees, have been set up by Public Bank (Hong Kong) and Public Finance.

## BUSINESS MODEL AND STRATEGY

The Group has the mission to excel in customer service in retail and commercial banking and other businesses whilst maintaining long-term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board and the management have played and will continue playing a proactive role in the Group’s development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group’s business strategic drive for business expansion; the input to setting the Group’s risk appetite and tolerance levels; and the Group’s setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. During the meetings of the Boards, Board Executive Committees, Business Strategy Steering Committees and Management Committees held by the Group companies during the year 2024, strategic priorities and business options were discussed and followed up on the implementation status. Details of the Group’s business performance and financial review for the year 2024 are set out in the “Management Discussion and Analysis” section of this annual report. Disclosures on the Group’s corporate culture can be found in the “Management Discussion and Analysis” section of this annual report, as well as “Corporate Culture and Values” section under the Group’s 2024 Environmental, Social and Governance (“ESG”) Report which will be available on the Group’s website under the “Corporate Social Responsibility” section and website of the Stock Exchange at the same time as the publication of this annual report.

# Corporate Governance Report

## BOARD OF DIRECTORS

### Board Composition

The Board of the Company during the year and up to the date of this annual report comprised:

Non-Executive Directors	:	Lai Wan, Chairman Cheah Kim Ling (Resigned on 1 January 2024) Dato' Chang Kat Kiam Quah Poh Keat Lee Huat Oon (Appointed on 1 January 2024)
Independent Non-Executive Directors	:	Lee Chin Guan Lim Chao Li Phe Kheng Peng
Executive Directors	:	Tan Yoke Kong (Resigned on 1 January 2024) Chong Yam Kiang (Re-designated from Non-Executive Director to Executive Director on 1 January 2024)

In compliance with Rule 3.09D of the Listing Rules, Mr. Lee Huat Oon, who was appointed as a Non-Executive Director of the Company on 1 January 2024, obtained the legal advice referred to in Rule 3.09D on 27 December 2023, and Mr. Lee had confirmed that he understood his obligations as a director of the Company.

The Non-Executive Directors provide the Group with a wide range of expertise and knowledge in the banking and finance sector. The Independent Non-Executive Directors are persons of high calibre with academic and professional qualifications in the fields of accounting, law, banking and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. The Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board of the Company.

Mr. Lee Chin Guan, the existing Independent Non-Executive Director of the Company who has served on the Board for more than nine years as at the date of this annual report, was appointed a Non-Independent Non-Executive Director instead of an Independent Non-Executive Director of Public Bank Berhad ("Public Bank"), the Company's holding company, on 27 December 2018 since Mr. Lee had a brother-in-law who worked in a senior position in Public Bank then. His brother-in-law retired from Public Bank on 31 December 2023. Mr. Lee does not take up any executive roles and duties and is not involved in the daily management of business operations of Public Bank. Mr. Lee is also not involved in the daily management of the Company nor in any relationships or circumstances which would interfere with the exercise of his independent judgment. He continues to demonstrate the attributes of an independent non-executive director and there is no evidence that his tenure has had any impact on his independence. Based on the information available to the Company, the annual confirmations given by the Independent Non-Executive Directors and upon considering the relevant factors, the Company considers the Independent Non-Executive Directors including Mr. Lee to be independent under Rule 3.13 of the Listing Rules.

Biographical details of the Directors are set out in the "Brief Biography of Directors" section of this annual report. No relationship (including financial, business, family or other material/relevant relationship(s), if any), is between the Board members and in particular, between the Chairman of the Board and the Chief Executive.



# Corporate Governance Report

## **BOARD OF DIRECTORS (Continued)**

### **Board Composition (Continued)**

The updated list of Directors of the Company identifying the roles and functions of the Directors and whether they are Independent Non-Executive Directors is available on the websites of the Company and of the Stock Exchange. Independent Non-Executive Directors are also identified as such in all corporate communications that disclose the names of Directors of the Company.

The Board formulates overall strategic plans and key policies of the Group, monitors its financial performance, maintains effective oversight over the management, risks identification and internal controls over business operations, and ensures good corporate governance and compliance with legal and regulatory requirements. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

### **Board Independence**

The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing an objective and effective decision making.

The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination and Remuneration Committee, to ensure their effectiveness:

1. Three out of the eight Directors are Independent Non-Executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three Independent Non-Executive Directors and must appoint Independent Non-Executive Directors representing at least one-third of the Board.
2. The Nomination and Remuneration Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new Independent Non-Executive Director before appointment, and also the continued independence of the existing Independent Non-Executive Directors and their time commitments annually, and at any other time where the circumstances warrant reconsideration of independence. On an annual basis, all Independent Non-Executive Directors are required to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.
3. The Nomination and Remuneration Committee will conduct the performance evaluation of the Independent Non-Executive Directors annually to assess their contributions.
4. External independent professional advice is available as and when required by individual Directors.
5. All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings.
6. No equity-based remuneration with performance-related elements will be granted to Independent Non-Executive Directors.
7. A Director (including Independent Non-Executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.
8. The Chairman/Co-Chairman of the Board meets with Independent Non-Executive Directors annually without the presence of the Executive Director and Non-Executive Directors.

## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Board Process**

The schedule of Board meetings for a year is planned in the preceding year. Special Board meetings are held when necessary. At least 14 days' notice of all regular Board meetings is given to all Directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Board in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying Board papers are sent to all Directors at least 7 days before the date of Board meeting so that the Directors have the time to review the documents. Queries raised by Directors will receive a prompt and full response, if possible.

The Company has in place a Director Attendance Policy to govern the attendance at meetings by Board members. Directors should make their best endeavour to participate in meetings either in person or through other electronic means of communication (e.g. teleconference or video conference) as permitted by the Bye-laws of the Company.

During the year, Board meetings were chaired by the Non-Executive Chairman who had the responsibility of ensuring that each of the agenda items was adequately reviewed and thoroughly deliberated within a reasonable time frame. During his absence, one of the Directors as nominated by him in writing would assume the role as the Chairman of the meeting.

A Director is required to abstain from deliberations and decisions of the Board on matters where he/she is the interested party, and he/she does not exercise any influence over the Board in respect of the matter. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting on their shares held in the Company on the shareholders' resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the relevant shareholders' resolutions.

Minutes of each Board meeting record in sufficient details the matters considered and decisions made, including any concerns or views of the Directors or dissenting views expressed. Final drafts of minutes are circulated to all Directors for their perusal prior to confirmation of the minutes at the subsequent Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting and kept by the Company Secretary, and are open for inspection by Directors.

Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively, and has the liberty to seek external professional advice if so required. The cost of procuring these professional services will be borne by the Company. The Board also has direct access to the Senior Management and has unrestricted and immediate access to any information relating to the Company's business and affairs in the discharge of their duties.

The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.

During the year, eight scheduled Board meetings and an annual general meeting ("AGM") were held.

# Corporate Governance Report

## BOARD OF DIRECTORS (Continued) Board Process (Continued)

Details of Directors' attendance at the Board meetings, Board Committee meetings and AGM in 2024 are set out as follows:

Directors	Number of meetings attended/held in 2024					
	Board Committees					General Meeting
	Board	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee of Public Bank (Hong Kong)	Risk Management Committee of Public Finance	AGM
<b>Number of meetings held during the year</b>	8	6	3	6	6	1
<b>Non-Executive Directors</b>						
Lai Wan (Chairman)	<sup>△</sup> 8/8	6/6	3/3	6/6	6/6	1/1
Dato' Chang Kat Kiam	8/8	*6/6	*3/3	6/6	*6/6	1/1
Quah Poh Keat	8/8	6/6	3/3	*6/6	6/6	1/1
Lee Huat Oon (Note 1)	8/8	*6/6	N/A	N/A	*6/6	1/1
<b>Independent Non-Executive Directors</b>						
Lee Chin Guan	8/8	6/6	3/3	<sup>△</sup> 6/6	<sup>△</sup> 6/6	1/1
Lim Chao Li	8/8	6/6	<sup>△</sup> 3/3	6/6	6/6	1/1
Phe Kheng Peng	8/8	<sup>△</sup> 6/6	3/3	6/6	6/6	1/1
<b>Executive Director</b>						
Chong Yam Kiang (Note 2)	8/8	*6/6	*1/1, #2/2	*6/6	*6/6	1/1
Average Attendance Rate	100%	100%	100%	100%	100%	100%

<sup>△</sup> Chairman of Board/Board Committee

\* By invitation

# In attendance

Notes:

1. Appointed as Non-Executive Director of the Company on 1 January 2024.
2. Re-designated from Non-Executive Director to Executive Director of the Company on 1 January 2024.

## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Board Process (Continued)**

Board meetings were held to perform various board functions, including to discuss the business strategies of the Group; approve the Group's financial budget; monitor financial and operational performance; approve the annual and interim results and their release to the public; approve the payments of interim dividends (if any); and set measurable objectives for the Board Diversity Policy, etc.

During the year, a meeting of the Chairman and the Independent Non-Executive Directors without the presence of executives or other representatives of the Group was held to discuss issues that they wish to raise at the Board.

During the year, the Independent Non-Executive Directors also met with the external auditors in the absence of Executive Director and management to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external auditors may wish to raise.

A joint meeting of Independent Non-Executive Directors with Internal Audit, Risk Management and Compliance functions of Public Bank (Hong Kong) and Public Finance without the presence of Executive Directors and management was also held to discuss any issues they wish to raise.

#### **Chairman and Chief Executive**

During the year, the Chairman and the Chief Executive of the Company were Mr. Lai Wan and Mr. Chong Yam Kiang respectively.

The roles of the Chairman and the Chief Executive are segregated and assumed by two separate individuals who have no relationship with each other. It is aimed at striking a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board and ensuring that good corporate governance practices and procedures are established, while the Chief Executive is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman and the Chief Executive has been clearly established and set out in writing.

#### **Appointment and Re-election of Directors**

The Nomination and Remuneration Committee is responsible for assessing the candidate for appointment as Director and submit recommendation to the Board for consideration and approval.

The Bye-laws of the Company also provides that at every AGM of the Company, one-third of the Directors for the time being or the number nearest to but not less than one-third including those Directors newly appointed subsequent to the preceding AGM, shall retire from office and shall be eligible for re-election. The performance of those Directors who are subject to re-election at the AGM of the Company will be assessed by the Nomination and Remuneration Committee and recommended to the Board to decide the tabling of the proposed re-election of Directors for shareholders' approval at the AGM.

All Directors are appointed subject to retirement by rotation and re-election at the AGM of the Company in accordance with the provision of the Company's Bye-laws.



## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Company Secretary**

During the year, the Company Secretary was Ms. Chan Sau Kuen, who was an employee of the Company. The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and the Board Committees; and disseminating the decisions/policies made by the Board/Board Committees to relevant departments/staff for follow up/implementation, and ensure that the Board policies and procedures are followed by various business units, departments and employees of the Group. She is also responsible for ensuring that the relevant rules and regulations issued by the regulatory authorities as well as the Company's Memorandum of Association and Bye-laws are complied with. The Company Secretary assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes of the Company. She also attends and ensures that all Board and Board Committee meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained.

The Company Secretary assists the Chairman in ensuring efficient flow of information from the Board or Board Committees to management for action. The Board approves the selection, appointment or dismissal of the Company Secretary via physical meetings. The Company Secretary reports to the Board Chairman and/or the Chief Executive of the Company. All Directors have direct access to the advice and services of the Company Secretary.

During the year, Ms. Chan has taken no less than 15 hours of relevant professional training.

#### **Directors' Training and Professional Development**

All Directors shall keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable training for its Directors. Accordingly, the Company has put in place a training and development programme for the Directors including: (i) a comprehensive induction programme on the laws and regulations affecting directors and the Company, business operations, knowledge and current development of the banking and finance industry and the role, responsibilities and potential liabilities of directors for newly appointed Directors; and (ii) an on-going training and professional development programme for the Directors.

During the year, all the Directors have participated in a series of training which included, among others:

- development of national and global economy;
- ESG and sustainable development;
- climate risk management;
- digital transformation and cyber security;
- fintech;
- anti-money laundering;
- corporate governance issues;
- regulatory updates; and
- banking industry development trend, etc.



## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Directors' Training and Professional Development (Continued)**

The Directors have provided to the Company their records of training received in the year. All the Directors of the Company namely Mr. Lai Wan, Mr. Chong Yam Kiang, Dato' Chang Kat Kiam, Mr. Quah Poh Keat, Mr. Lee Huat Oon, Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng complied with Code Provision C.1.4 of the CG Code during the year. The Nomination and Remuneration Committee conducted annual review of training attended by the Directors during the year.

During the year, the Directors of the Company were also provided with monthly commentaries on the Group's business, operations, and financial matters as well as regular updates on applicable legal and regulatory requirements.

#### **Directors' Code of Ethics**

The Directors observe a code of ethics (the "Code of Ethics") which has been formulated and adopted by the Company, to enhance the standard of corporate governance and corporate behaviour. The principles on which the Code of Ethics relies are those that concern corporate culture and values, transparency, integrity, accountability, corporate social responsibility and long-term sustainability, taking into account the relevant provisions/requirements by the governing authorities. If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a Board meeting at which the Independent Non-Executive Directors who, and whose close associates, have no material interest in the transaction shall be present. Under the Bye-laws of the Company, a Director shall not vote or be counted in the quorum in respect of any contract, arrangement or other proposal in which he/she or any of his/her associate(s) has/have any material interest.

#### **Directors' Securities Transactions**

The Company has adopted its own code for securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules. All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code and the Company's own code for securities transactions by Directors throughout the year.

#### **Indemnification of Directors and Officers**

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding the office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.



## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Board Diversity Policy**

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

The Board has adopted a Board Diversity Policy, which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills, experience and background at the Board level. The Company also takes into consideration the benefits of diversity on the Board without focusing on a single diversity aspect in determining the optimal composition of the Board. Selection of candidates will follow the Group's Director Nomination Policy and also take into account this Policy.

On recommendation from the Nomination and Remuneration Committee, the Board will set measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. Nomination and Remuneration Committee will review the Board Diversity Policy at least annually to ensure its continued effectiveness from time to time.

The Board Diversity Policy is available on the website of the Company for public information.

The Board has reviewed the implementation and effectiveness of the Board Diversity Policy and considered that the Board Diversity Policy has been consistently implemented during the year and is effective. For the year ended 31 December 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. As at the date of this annual report, the Board consists of one female and seven male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Currently, the male to female ratio in the workforce of the Group including Senior Management is approximately 2:3 which is in line with the banking industry and the population spread of Hong Kong. The Board considers that the gender diversity in workforce is currently achieved.

#### **Director Nomination Policy**

Director Nomination Policy of the Group is in place and was updated in the year. The updated Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board. No candidate was nominated for directorship in 2024.

## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)**

#### **Corporate Governance Policy**

The Group believes that good corporate governance practices are essential for effective management to enhancing shareholders' value. The Board has adopted a Corporate Governance Policy which sets out the approach in maintaining a high standard of corporate governance practices and procedures in the Group.

The corporate governance principles of the Group emphasise on maintaining an effective Board, sound risk management and internal control systems, high standards of corporate responsibility and sustainability, and high degree of transparency and accountability, and thereby safeguard the interests of our shareholders, customers, employees and other stakeholders in a sustainable manner.

The Corporate Governance Policy sets out the following principles to follow in respect of the corporate governance practices of the Group:

1. To maintain an excellent Board with balanced composition of Board members and support from various Board committees and management committees.
2. To achieve Board diversity pursuant to the Board Diversity Policy of the Company.
3. To formulate and oversee the risk management strategies, and the related framework and policies with the assistance of the Risk Management Committees ("RMC(s)") of Public Bank (Hong Kong) and Public Finance and other specific risk oversight committees.
4. To ensure that there is a sound and fair remuneration system in place.
5. To provide a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities, and to maintain sound risk management and internal control systems and review their adequacy and effectiveness from time to time.
6. To maintain effective communications with shareholders to solicit and understand their views and keep the shareholders informed of the business and affairs of the Company by maintaining various channels of communications and having direct dialogue with shareholders. Shareholders' Communication Policy is in place to ensure effective ongoing dialogue with the shareholders.
7. To protect and serve, with due care and consideration of, the interest of all stakeholders.
8. To develop the Group's business in a sustainable way and participate in activities that are beneficial to the sustainable growth of the Group and the community.
9. To review and enhance its Corporate Governance Policy to ensure that it is in line with local and international corporate governance practices, and to disclose information concerning the Group in a timely, clear and objective manner.



## Corporate Governance Report

### **BOARD OF DIRECTORS (Continued)** **Corporate Governance Policy (Continued)**

During the year, the Board had performed the following corporate governance functions which are included in the Board's terms of reference:

1. Reviewed the structure, size and composition of the Board pursuant to Code Provision B.3.1(a) of the CG Code under the Listing Rules.
2. Reviewed and discussed the Board Diversity Policy.
3. Reviewed the governance procedures and practices of the Group.
4. Reviewed and approved the amendments to: (i) Director Nomination Policy; (ii) Corporate Governance Policy; (iii) Director's Code of Ethics; (iv) Code for Securities Transactions by Directors and Relevant Employees; (v) Procedures for Shareholders to Propose a Person for Election as a Director of the Company; (vi) Succession Planning Policy for Key Leadership Positions; (vii) Policy of Corporate Culture and Values; (viii) Corporate Social Responsibility Policy; and (ix) Supplier Code of Conduct.
5. Conducted annual review of (i) Director Attendance Policy; (ii) Board Diversity Policy and its implementation; (iii) Division of Responsibilities between the Chairman and the Chief Executive; (iv) Shareholders' Communication Policy and its implementation; (v) Policy on Payment of Dividend; (vi) Inside Information Disclosure Policy; and (vii) Corporate Culture Statement and its implementation.
6. Reviewed the training, professional development and time commitment disclosure of the Directors.
7. Reviewed the Company's compliance with the CG Code and approved disclosure in the Corporate Governance Report.

### **BOARD COMMITTEES** **Audit Committee**

As at 31 December 2024, the Audit Committee of the Company comprised three Independent Non-Executive Directors and two Non-Executive Directors, and chaired by an Independent Non-Executive Director. Their names and biographies are set out in the "Brief Biography of Directors" section of this annual report.

The major roles and functions of the Company's Audit Committee are as follows:

1. To draw up, review and update periodically a written charter of the Audit Committee for the Board's approval.
2. To evaluate and approve the appointment, replacement, dismissal, performance and remuneration of the Head of Internal Audit.
3. To approve the recruitment and dismissal of the managerial staff of Internal Audit Department.
4. To evaluate and approve the performance and remuneration of the managerial staff of Internal Audit Department.
5. To review the internal audit charter drawn up and updated periodically by the Head of Internal Audit, and recommend to the Board for approval.
6. To consider the appointment, re-appointment and removal of the external auditors, the audit fees, terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors in the Group.

## Corporate Governance Report

### **BOARD COMMITTEES (Continued)**

#### **Audit Committee (Continued)**

7. To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable auditing standards in Hong Kong and discuss with the external auditors on the nature and scope of the audit.
8. To review and concur the provision of non-audit services to the Group by the external auditors and/or a firm or corporation affiliated with such external auditors for recommendation to the Board for approval.
9. To monitor integrity of the Group's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them, before recommending to the Board for approval.
10. To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss, and consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting functions, compliance officer or auditors.
11. To review the adequacy, soundness and effectiveness of the Group's financial controls, risk management systems, internal controls, anti-corruption measures, whistleblowing policy and governance processes implemented in the Group.
12. To discuss and review the risk management and internal control systems and ensure that management has discharged its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions.
13. To approve the audit plan, training plan and internal audit framework, review the effectiveness of internal audit programme, ensure co-ordination between the internal and external auditors as well as regulatory authorities, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness.
14. To review regular reports provided by Internal Audit Department, summarising the results of the internal audit function's work, including overall conclusions or assessments, key findings, material risks and issues, and follow-up of management's resolution of identified issues.
15. To note any significant disagreements over audit issues between the Head of Internal Audit and the Group's management, irrespective of whether these issues/lapses have been resolved, in order to identify the impact of such disagreements that may have on the audit process or findings.
16. To establish a mechanism to review and assess the performance and effectiveness of the internal audit function.



## Corporate Governance Report

### **BOARD COMMITTEES (Continued)**

#### **Audit Committee (Continued)**

17. To review the investigation reports to ensure that appropriate remedial actions are taken timely by management to address and resolve the identified key issues/significant lapses in controls and procedures.
18. To review significant recommendations made by Internal Audit Department and management plans for their implementation.
19. To review the external auditors' management letters, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response, and to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter.
20. To report to the Board on the matters set out in the "Corporate Governance Code" under the Listing Rules and on the work performed by the Audit Committee and its significant findings; and the progress made by the senior management in implementing any remedial actions to address deficiencies identified in the Group's internal control systems.
21. To establish a whistleblowing policy and system for employees of the Group and those who deal with the Group to raise concerns, in confidence and without the risk of reprisals, about possible improprieties in financial reporting, internal control or other matters related to the Group and to ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action.
22. To act as the key representative body for overseeing the Group's relation with the external auditors and the regulatory authorities.

The terms of reference of the Audit Committee are available on the websites of the Company and of the Stock Exchange.

The Audit Committee meets at least four times a year. Six meetings were held during the year, three of which were in the presence of the external auditors. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action where appropriate.

## Corporate Governance Report

### **BOARD COMMITTEES (Continued)**

#### **Audit Committee (Continued)**

During the year, the Audit Committee had performed the following work:

1. Reviewed the financial results and reports of the Group for the year ended 31 December 2023 and for the six months ended 30 June 2024.
2. Reviewed the audit progress, findings and recommendations of Internal Audit Departments on the operations and performance of the branches and departments of Public Bank (Hong Kong), Public Finance and other subsidiaries of the Group.
3. Reviewed the management's assessment on the re-appointment of the external auditors for the financial year ended 31 December 2024 and proposed the re-appointment of Messrs. Ernst & Young as the external auditors for 2024.
4. Approved the 2025 Internal Audit Plan of Winton (B.V.I.) Limited and its subsidiaries.
5. Reviewed the adequacy and effectiveness of risk management and internal control systems and processes of the Group for the year ended 31 December 2023.
6. Reviewed the external auditors' statutory audit plan, audit scope, engagement letters and audit results.
7. Reviewed a letter issued by external auditors pursuant to paragraph 400.40 A2 of the Code of Ethics for Professional Accountants and the external auditor's report on the 2023 audit results.
8. Reviewed the validation results of Hong Kong Financial Reporting Standard 9: Financial Instruments Model.
9. Noted the meeting minutes of the Audit Committees of Public Bank (Hong Kong) and Public Finance.
10. Noted the revised Audit Grading Frameworks of Public Bank (Hong Kong) and Public Finance.
11. Noted the revised Internal Audit Competency Frameworks of Public Bank (Hong Kong) and Public Finance.
12. Noted the revised Risk Assessment and Audit Planning Frameworks of Public Bank (Hong Kong) and Public Finance.
13. Reviewed terms of reference of the Audit Committee.
14. Noted the proposed frequency and scope of internal audit's review on the management of money laundering/terrorism financing/proliferation financing risks of Public Bank (Hong Kong) and Public Finance, and concurred the same of Winton (B.V.I.) Limited and its subsidiaries.



## Corporate Governance Report

### **BOARD COMMITTEES (Continued)**

#### **Audit Committee (Continued)**

15. Noted the revised Internal Audit Charters of Public Bank (Hong Kong) and Public Finance.
16. Noted the 2024 Internal Audit Plans of Public Bank (Hong Kong) and Public Finance.
17. Noted the Internal Audit's Assurance Statements on Review of Financial Statements for the year ended 31 December 2023 and for the six months ended 30 June 2024, and Disclosures for Compliance with the Banking (Disclosure) Rules of the Company, Public Bank (Hong Kong) and Public Finance.
18. Noted the Internal Audit's Annual Assurance Statements for 2024 of Public Bank (Hong Kong) and Public Finance.
19. Noted the 2025 Training Plans for Public Bank (Hong Kong) and Public Finance's internal auditors.

Pursuant to the requirements of the HKMA, Public Bank (Hong Kong) and Public Finance have established their respective Audit Committees, both having almost the same composition of members and similar terms of reference as those of the Company's Audit Committee. These Committees held regular meetings during the year to perform their functions as specified in the terms of reference.

#### **Nomination and Remuneration Committee**

As at 31 December 2024, the Nomination and Remuneration Committee of the Company comprised three Independent Non-Executive Directors and two Non-Executive Directors, and chaired by an Independent Non-Executive Director. Their names and biographies are set out in the "Brief Biography of Directors" section of this annual report.

The major roles and functions of the Company's Nomination and Remuneration Committee are as follows:

1. To assess and recommend to the Board suitable persons for appointment as Directors, Board Committee members, Chief Executive and Senior Management positions.
2. In the case of persons for appointment as Independent Non-Executive Director, to assess that the person meets the criteria of Independent Non-Executive Director as defined in the Listing Rules, and also to perform the annual assessment.
3. To oversee the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competence, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Non-Executive Directors through annual review, with due regard for the benefits of diversity on the Board and the Company's corporate strategy.
4. To recommend to the Board the succession planning for Directors, in particular the Chairman, Chief Executive and Senior Management.
5. To ensure that all Directors receive appropriate continuous training programmes.

## Corporate Governance Report

### **BOARD COMMITTEES (Continued)** **Nomination and Remuneration Committee (Continued)**

6. To review annually and recommend to the Board the remuneration policy and structure for the Directors, Chief Executive and Senior Management.
7. To oversee the performance evaluation of the Executive Directors, Chief Executive and Senior Management and recommend to the Board their remuneration packages, promotions, specific adjustments in remuneration and/or reward payments, if any.
8. To make recommendations to the Board on the remuneration of Non-Executive Directors and to ensure that the level of remuneration for Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.
9. To review and recommend to the Board the compensation payable to the Executive Directors, Chief Executive and Senior Management in connection with any loss or termination of their office or appointment.
10. To review and recommend to the Board the compensation arrangements relating to dismissal or removal of Directors for misconduct.
11. Keeps abreast of the terms and conditions of service of the Executive Directors, Chief Executive and Senior Management including their total remuneration package for market comparability; and reviews and recommends changes to the Board whenever necessary.
12. To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.
13. To establish mechanism(s) to ensure independent views and input are available to the Board and review the implementation and effectiveness of such mechanism(s) on an annual basis.
14. To formulate and review the Board Diversity Policy, make relevant disclosures in the Corporate Governance Report and review the implementation and effectiveness of the policy annually.

The Nomination and Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference and to obtain legal or other independent professional advice at the Company's expense.

The terms of reference of the Nomination and Remuneration Committee are available on the websites of the Company and of the Stock Exchange.

The Nomination and Remuneration Committee meets at least once a year. Three meetings were held during the year.



## Corporate Governance Report

### **BOARD COMMITTEES (Continued)**

#### **Nomination and Remuneration Committee (Continued)**

During the year, the Nomination and Remuneration Committee reviewed and noted, inter-alia, (i) movement of senior staff in the Group; (ii) annual salary review for employees; (iii) the size, composition and structure of the Board; (iv) the governance procedures and practices; (v) results of annual assessment on effectiveness of the Board, Board committees, Non-Executive Directors and the Chief Executive for the year 2023; (vi) assessment of independence of the Independent Non-Executive Directors; (vii) time commitment disclosure of the Directors; (viii) training attended by the Directors; (ix) the review result of the implementation and effectiveness of the Shareholders' Communication Policy; and (x) the review result of the implementation and effectiveness of the Board Diversity Policy, its progress on achieving pre-set objectives and setting measurable objectives for 2025. In addition, it also reviewed and recommended to the Board for approval: (i) re-election of retiring Directors; (ii) the revised terms of reference of the Nomination and Remuneration Committee; (iii) the amendments to various policies relating to Directors and/or corporate governance matters; (iv) Directors' fees for 2023; (v) staff annual increment for 2024; (vi) discretionary bonus and merit bonus for 2024; and (vii) annual review of Succession Planning Policy for Key Leadership Positions.

The emolument payable to Directors depends on their respective contractual terms under employment contracts, if any, and as recommended by the Nomination and Remuneration Committee and approved by the Board. Details of the Directors' remuneration are set out in Note 13 to the financial statements.

Pursuant to the requirements of the HKMA, Public Bank (Hong Kong) and Public Finance have established their respective Nomination and Remuneration Committees, both having almost the same composition of members and similar terms of reference as those of the Company's Nomination and Remuneration Committee. These Committees held meetings during the year to perform their functions as specified in the terms of reference.

### **ACCOUNTABILITY AND AUDIT**

#### **Financial Reporting**

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of interim and annual results announcements reflects the Board's commitment to providing transparent and up-to-date disclosures of the performance of the Group.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. Audit Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements. Management provides sufficient explanation and information to the Board/Audit Committee to enable it to make an informed assessment of financial and other information put before it for approval.

The Directors acknowledge their responsibilities for preparing the accounts of the Company. As at 31 December 2024, the Directors were not aware of any material uncertainties relating to events or conditions which might cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors with respect to financial reporting and auditing are set out in the Independent Auditor's Report attached to this annual report.

## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued)

#### Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's auditors, Messrs. Ernst & Young, is set out as follows:

Services rendered	Fees paid/payable HK\$'000
Audit services	4,411
Non-audit services*	166
Total	4,577

\* *The non-audit service fees paid/payable to the external auditors were for advice on operations, accounting and taxation matters and for preparation, review and submission of tax returns. The provision of these services by external auditors to the Company and the Group were cost effective and efficient due to their knowledge and understanding of the operations of the Company and the Group.*

#### Risk Management and Internal Controls

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound systems of risk management and internal controls and also reviewing their effectiveness to safeguard interests of shareholders, customers, employees, and the Group's assets. However, such systems are designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

The Board has established an on-going process for identifying, evaluating and managing the significant risks (including ESG risks) faced by the Group and this process includes enhancing the systems of risk management and internal controls from time to time in response to the changes to the business environment or regulatory guidelines.

Management assists the Board in the implementation of the Group's policies, procedures and limits within the Board's approved risk appetite by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The adequacy and effectiveness of the systems of risk management and internal controls of the Group are annually reviewed by the Board. The review covers all material controls, including financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks (including ESG risks) faced by the Company and the Group. The Board also reviews the adequacy of resources, employees' qualifications and experience, their training programmes, and budget of the Group's accounting, compliance, risk management, internal audit and financial reporting functions as well as those relating to the Group's ESG performance and reporting.



## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued) Key Risk Management and Internal Control Processes

The Group adopts the risk management framework of Public Bank Group, the parent bank group of the Company, with enhancements taking into account the operating environment and regulatory requirements in Hong Kong and Mainland China. The main features of the Group's systems of risk management and internal controls and the key processes that have been established in reviewing the adequacy and effectiveness of the aforesaid systems are stated below.

#### Group Risk Management Governance and Framework

The Board established a governance structure that is designed to govern the Group's business activities to be:

- consistent with the Group's overall business objectives and risk appetite
- conducted within clearly defined lines of responsibility, authority limits, and accountability aligned to risk management and control responsibilities
- subjected to adequate risk management and internal controls

#### *Risk Management Committees*

The RMCs of Public Bank (Hong Kong) and Public Finance are delegated by the respective Boards to oversee and manage all identified risks on an ongoing basis. They have also taken up the risk management functions and duties of the Group. Each of the RMCs is assisted by the specific risk oversight committees namely Assets and Liabilities Management Committee ("ALCO"), Operational Risk Management Committee ("ORMC"), Credit Risk Management Committee ("CRMC") (applicable to Public Bank (Hong Kong) only), Anti-Money Laundering and Counter-Terrorist Financing (AML) and Compliance Committee, and Internal Capital Adequacy Assessment Process ("ICAAP") and Risk Management Working Group or equivalent committees with similar functions under Public Bank (Hong Kong) and Public Finance. The detailed functions of the specialised committees are set out in the "Other Committees Established in the Group" section of the Corporate Governance Report of this annual report.

As at 31 December 2024, RMCs of Public Bank (Hong Kong) and Public Finance comprised three Independent Non-Executive Directors and two Non-Executive Directors, and each was chaired by an Independent Non-Executive Director. Their names and biographies are set out in the "Brief Biography of Directors" section of this annual report.

The major roles and functions of the RMCs are as follows:

1. To oversee that the Group's corporate objectives are supported by a sound risk strategy and an effective risk management framework that are appropriate to the nature, scale and complexity of its activities.
2. To oversee the overall management of all risks covering market risk management, liquidity risk management, credit risk management, operational risk management, cyber security risk management, climate risk management and compliance risk management.
3. To review and approve major risk related policies and major risk tolerance limits which have potential material impact on risk profile and financial position at company-wide level, and to table to the Board for noting subsequently.
4. To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.



## Corporate Governance Report

### **ACCOUNTABILITY AND AUDIT (Continued)** **Key Risk Management and Internal Control Processes (Continued)** **Group Risk Management Governance and Framework (Continued)**

#### *Risk Management Committees (Continued)*

5. To review emerging risks and results of comprehensive risk assessment.
6. To provide effective oversight that infrastructure, resources and systems had put in place for compliance assessment and risk management i.e. overseeing that the staff responsible for implementing risk management systems perform those duties independently of the risk-taking activities and is reinforced with an effective compliance function and subject to an independent internal audit review.
7. To approve the appointment, resignation or dismissal of the Head of Compliance and Head of Risk Management, and evaluate their performance and remuneration.
8. To coordinate with Audit Committee to understand how the internal audit work plan and compliance work plan are aligned with the risks that have been identified so as to obtain assurance that the identified risks are managed in an integrated manner.
9. To provide effective oversight on Senior Management's actions having considered the risk strategy and policies approved by the Board including the risk appetite reviewed by RMC.
10. To approve policies and methodologies in assessing the compliance profile.
11. To review and concur with the revision of the compliance policy and to oversee its implementation.
12. To establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.

The terms of references of the RMCs are available on the respective websites of Public Bank (Hong Kong) and Public Finance.

The RMCs meet six times a year. Six meetings of each Committee were held during the year. The minutes of RMCs' meetings were tabled to their respective Boards for noting and for action where appropriate. Such minutes were also tabled to the Board of the Company for noting.

During the year, the RMCs have reviewed the Group's risk appetite which defines the amount and type of risks that the Group is able and willing to accept in pursuit of its business objectives. The Group's risk appetite sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking business activities. The strategic objectives, business plans, desired risk profile and capital plans are required to be aligned with the risk appetite. The setting, cascading, monitoring and reviewing of the Group's risk appetite are governed by the processes as set out in the Group's Risk Management Policies.

The Group's ICAAP is in place to assess the adequacy of capital to support the risk-taking business activities of the Group. It involves the identification and assessment of risk areas that are applicable to the Group and that adequate capital is set aside to support the aforesaid activities. The Group's risk management policies, which set out the fundamental principles on risk governance, are to drive the development of risk management practices and tools which enable the identification, measurement, controlling and continuous monitoring of all applicable key risks (including the ESG risks) of the Group including the identification of emerging risks.



## Corporate Governance Report

### **ACCOUNTABILITY AND AUDIT (Continued)** **Key Risk Management and Internal Control Processes (Continued)** **Group Risk Management Governance and Framework (Continued)**

#### *Risk Management Committees (Continued)*

During the year, the RMCs also performed the work to concur/approve the Climate Related Strategy Policy, Stress Testing Programme, Cybersecurity Programme, Risk Management Plan and Compliance Plan, Key Performance Indicators for Compliance Function and Risk Management Function; and review the Group's risk management policies/frameworks/assessments, Risk Appetite Metrics and Thresholds, Internal Capital Targets, Credit Risk Strategy, risk limit settings, outsourcing activities, and the terms of references of the RMCs and the specific risk oversight committees.

The respective Risk Management Departments of Public Bank (Hong Kong) and Public Finance provide main support to the RMCs and the specific risk oversight committees in meeting their responsibilities for managing risks, and are responsible to develop and maintain risk management policies and procedures in respect of market risk, interest rate risk, liquidity risk, credit risk, operational risk, compliance risk, cyber security risk, ESG risk, climate risk and other risks.

Compliance Departments of Public Bank (Hong Kong) and Public Finance identify key compliance risk areas as guided by the Group's Compliance Framework and conduct ongoing compliance reviews. Compliance reports are submitted to the respective RMCs for review.

#### *Internal Audit Function*

The respective Internal Audit Departments of Public Bank (Hong Kong) and Public Finance check for compliance with statutory/regulatory requirements, internal policies and procedures, and review the work processes/procedures for efficiency and effectiveness. They also assess the operating effectiveness of the risk management and internal control systems during their course of audits. Audits are carried out by Internal Audit Departments on all business units and branches, the frequency of which is determined by the level of assessed risks, to provide an independent and objective report on operational and management activities of these business units and branches. The annual audit plans are reviewed and approved by the respective Audit Committees and noted by the Boards. The audit findings are submitted to the respective Audit Committees for review.

The Audit Committees of Public Bank (Hong Kong) and Public Finance review internal control issues identified by the respective Internal Audit Departments, the external auditors, regulatory authorities and management, including the remedial actions taken to address and resolve any such issues identified, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal control functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.

## Corporate Governance Report

### **ACCOUNTABILITY AND AUDIT (Continued)** **Key Risk Management and Internal Control Processes (Continued)** **Group Risk Management Governance and Framework (Continued)**

#### *Internal Audit Function (Continued)*

The Heads of Internal Audit Departments from Public Bank (Hong Kong) and Public Finance attend Audit Committee meetings by invitation. Minutes of each Audit Committee meeting are circulated to all members of Audit Committees for their perusal prior to confirmation of the minutes at the subsequent Audit Committee meeting. Members may request for clarifications or raise comments before the minutes are confirmed. Upon receiving confirmation from the members at the Audit Committee meeting, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. The minutes of each Audit Committee meeting are also tabled to their respective Boards for noting and for action where appropriate.

The Company has its own Audit Committee and details of its roles and functions, work performed in 2024 and its review of the risk management and internal control systems are set out in “Board Committees” section on pages 29 to 33 of the Corporate Governance Report in this annual report.

#### **Other Key Elements of Risk Management and Internal Controls**

The other key processes and committees that have been established for the risk management and internal controls are detailed in “Other Committees Established in the Group” section on pages 41 and 43 of the Corporate Governance Report in this annual report.

There are policies and procedures to ensure compliance with internal controls and the relevant laws and regulations set out in operation manuals, guidelines and directives issued by the Group which are updated from time to time.

Policies and procedures are established within the Group to facilitate continuous identification of emerging risk events followed by comprehensive risk assessment to develop appropriate risk responses so that the risks are managed within the Group’s risk appetite.

Besides, all employees of the Group are encouraged to report material risk issues or transactions to higher authorities pursuant to the Whistleblowing Policies and Procedures of the Company, Public Bank (Hong Kong), Public Finance and Winton Financial. Complaint Officer of Public Bank (Hong Kong) and Complaints Department of Public Finance deal with complaints from stakeholders and third parties. The “Whistleblowing Mechanism” is independent of management and is clearly communicated to all employees of the Group.

All employees of the Group are also bound by the Code of Conduct and Inside Information Disclosure Policy to keep inside information in strict confidence and refrain from accepting personal benefits through the power or authority derived from their positions. Information Security Guidelines and Corporate Information Security Management Policy are in place to restrict the unauthorised transfer of confidential information. There are well established lines of authority and responsibility for implementing the Anti-Bribery and Anti-Corruption (“ABAC”) Policy within the Group. Every employee has the responsibility to implement, enforce and maintain the ABAC mechanism that adequately address bribery and corruption risks and promote a culture of integrity in the Group. Regular trainings/reminders are provided/sent to the employees.

The Group’s risk management objectives and policies are detailed in Note 40 to the financial statements in this annual report.



## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued)

#### Annual Review of System Effectiveness

The Company has conducted a group-wide review of its risk management and internal control systems for the assessment on (i) risk management framework, (ii) control environment and activities, (iii) quality of information and effectiveness of communications, and (iv) monitoring process for the period from 1 January 2024 to 31 December 2024. No material internal control defect was noted in the review.

The review results as endorsed by the Audit Committee have been tabled to the Board of the Company for review in January 2025. In addition, the Board has received a Statement of Assurance from the Executive Director and Chief Executive and the Financial Controller of the Group that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects for the period from 1 January 2024 to 31 December 2024. The Board is of the view that the systems of risk management and internal controls in place for the year under review and up to the date of issuance of the annual report are sound and sufficient to safeguard the interests of various stakeholders. The resources, qualifications and experience of staff of the Group's accounting, compliance, risk management, internal audit and other key dedicated functions as well as those relating to ESG performance and reporting, and their training programmes and budget are adequate.

#### Other Committees Established in the Group

The key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal controls in the Group include the following:

- Board Executive Committees under Public Bank (Hong Kong) and Public Finance consist of Executive Directors and Non-Executive Directors and are responsible for the management of the businesses of Public Bank (Hong Kong) and Public Finance in all aspects and the implementation of strategic business plans and policies approved and formulated by the respective Boards.
- Management Committees are established by the respective Boards of Public Bank (Hong Kong) and Public Finance to ensure the effectiveness of the Group's daily operations and that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- Credit Committees under Public Bank (Hong Kong) and Public Finance are responsible for making decision on applications for all types of loan facilities within their discretionary powers, assisting the respective Boards in formulating policy guidelines for the banking and lending businesses of Public Bank (Hong Kong) and Public Finance, and recommending applications for loan facilities exceeding the discretionary powers of the Credit Committees to the respective Boards for approval.
- CRMC under Public Bank (Hong Kong) reviews and assesses independently the credit risk profile and quality of assets, conducts stress-testing on major risks and post-mortem analysis on impaired assets, sets credit concentration risk limits of Public Bank (Hong Kong), implements credit risk management policies approved by the Board of Public Bank (Hong Kong) and assists the RMC in overseeing the integration of climate-related risk management into the credit risk management process.

## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued)

#### Other Committees Established in the Group (Continued)

- ALCOs under Public Bank (Hong Kong) and Public Finance review and assess the market risk, liquidity risk and interest rate risk of Public Bank (Hong Kong) and Public Finance, set the objectives for the asset and liability management function and implement the risk management framework and policies approved by the respective Boards of Public Bank (Hong Kong) and Public Finance.
- ORMCs under Public Bank (Hong Kong) and Public Finance review operational risk profile, assess impact of operational loss events, set operational risk limits and implement operational risk management policies approved by the respective Boards of Public Bank (Hong Kong) and Public Finance.
- Finance Committees under Public Bank (Hong Kong) and Public Finance assist the respective Boards in the financial planning, capital management and budgeting process of the business of Public Bank (Hong Kong) and Public Finance and the review of the business performance, medium-term financial strategic business plan and statutory and half-year accounts.
- Anti-Money Laundering and Counter-Terrorist Financing (AML) and Compliance Committee and Compliance Department of Public Bank (Hong Kong), and Anti-Money Laundering Committee, Compliance Working Group and Compliance Department of Public Finance are established to ensure the guidelines on prevention of money laundering are reviewed, updated and implemented; to handle all suspected money laundering cases as referred; to review the relevant policies and guidelines issued from time to time by the HKMA and other regulatory authorities; to assess the impact of the relevant regulatory requirements on Public Bank (Hong Kong) and Public Finance; and to ensure that the relevant business units and/or departments comply with the relevant regulatory requirements and internal policy guidelines of business units and departments.
- Nomination and Remuneration Committees of Public Bank (Hong Kong) and Public Finance are established to review and make recommendations to the respective Boards the overall remuneration policy of the Executive Director(s), Chief Executive, Alternate Chief Executive(s), Senior Management and key personnel and to establish a formal and transparent procedure for developing policy on such remuneration of Public Bank (Hong Kong) and Public Finance and their subsidiaries; to review and make recommendations to the Boards the remuneration policies applicable to the employees; to review the structure, size and composition of the Boards and make recommendations of any proposed changes to the Boards to complement their corporate strategy; and to make recommendations on the appointment, nomination policy, succession planning and any related matters for Directors, Chief Executive, Alternate Chief Executive(s) and Senior Management.
- Business Strategy Steering Committees under Public Bank (Hong Kong) and Public Finance are responsible for establishing effective business strategies to meet corporate goals and objectives; management of sustainability related matters including climate change risk; and to formulate strategic business directions to achieve growth, return, efficiency, and competitive edge in the financial industry.



## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued)

#### Other Committees Established in the Group (Continued)

- Business Continuity Committee of Public Bank (Hong Kong) is responsible for managing the overall formulation, implementation and maintenance of the Business Resumption Continuity Plan (“BRCP”) of the bank. It plans for BRCP testing at least once a year and ensures the necessary measures for BRCP are taken for meeting the regulatory and business requirements.
- Human Resources Committees under Public Bank (Hong Kong) and Public Finance assist the respective Boards in formulating and implementing human resources policies including staff recruitment, promotion, career development, performance appraisal and remuneration, and proposing the succession plan for Senior Management positions to the Nomination and Remuneration Committees yearly.
- Information Technology (I.T.) Steering Committees (“ITSC”) under Public Bank (Hong Kong) and Public Finance are responsible for establishing objectives, policies and strategies for the computerisation and digitalisation of the Group, recommending to the respective Boards on major acquisitions of computer hardware and software, and monitoring the progress of implementation of all information technology and digitalisation related projects.
- ITSC Fintech Sub-Committee under Public Bank (Hong Kong) is responsible for formulating short-term and long-term Fintech plans, deliberating on the budgets to be allocated thereon and reviewing the adequacy of resources in terms of time, personnel, training and support functions. It formulates key Fintech policies and monitors the effectiveness in implementing the key Fintech policies and projects.
- Bank Culture and Sustainability Committees under Public Bank (Hong Kong) and Public Finance are established to develop and promote a sound corporate culture and behavioural standards that promote prudent risk-taking and fair treatment of customers within the Group, and oversee the ESG developments in the Group.
- Business Operations Efficiency Measures (“BOEM”) Joint Working Committee was set up under Public Bank (Hong Kong) Group Level and is responsible for reviewing and streamlining the existing operations and functionalities of the Group, with the main objective to improve overall operational efficiency and cost savings. It directs and manages the work progress of the sub-committees, which are set up for specific areas of operations/functionalities identified for BOEM, according to the pre-planned tasks and time schedules.
- Shenzhen Branch Management Sub-Committee under Public Bank (Hong Kong) is responsible to ensure the effectiveness of the branches’ daily operations in Mainland China and that the operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved and in compliance with the requirements of the regulatory bodies in Mainland China.

## Corporate Governance Report

### COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with its shareholders and investors. The Shareholders' Communication Policy which is available on the website of the Company, sets out the principles of the Company in relation to shareholders' communications, with the objectives of ensuring a transparent and timely communication with shareholders via various means including but not limited to, access of the Company's corporate communications such as financial reports, announcements and circulars as well as other information through the Company's website or, if requested by shareholders, sending hard copies of the relevant materials to them.

The Company's general meetings are a valuable forum for the Board to communicate directly with the shareholders and to answer questions that shareholders may raise. Separate resolutions are proposed at general meetings for each substantial issue, including the re-election and election of individual directors. The detailed procedures of conducting a poll are explained to shareholders at the commencement of the general meetings, to ensure that shareholders are familiar with such procedures.

To solicit and get feedback from shareholders, the Company provides shareholders with channels to express their views on matters affecting the Company including (i) Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited, for enquiries on shareholdings and share-related matters; (ii) Company Secretary of the Company for direct questions, request for publicly available information and provide comments and suggestions via investors' email account; and (iii) Whistleblowing Mechanism.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the year under review and is effective.

The Company's last AGM was held on Friday, 22 March 2024 at 11:00 a.m. at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong. All the resolutions proposed at the meeting were approved by shareholders of the Company by poll. Details of the poll results of the AGM are available under the "Investor Relations" section of the Company's website at [www.publicfinancial.com.hk](http://www.publicfinancial.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). All Directors and representatives of Messrs. Ernst & Young, being the external auditor of the Company for the financial year ended 31 December 2023, attended the 2024 AGM and responded to the enquiries raised by shareholders.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has announced its annual and interim results in a timely manner within 20 days after the end of the relevant periods in 2023 and 2024, which were well before the time limits as laid down in the Listing Rules. The notice of 2024 AGM has also been sent to the shareholders at least 21 days before the meeting.

The management personnel responsible for investor relations held regular meetings with equity research analysts, fund managers and institutional shareholders and investors. The market capitalisation of the Company as at 31 December 2024, the last trading day in 2024, was HK\$1,602,959,722 (issued share capital: 1,097,917,618 shares at closing market price: HK\$1.46 per share). The public float is around 26.8%.

The 2025 AGM will be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 21 March 2025 at 9:00 a.m.



## Corporate Governance Report

### CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2024.

### DIVIDEND POLICY

Policy on Payment of Dividend of the Company is in place setting out the factors in determination of dividend payment of the Company, the Company's long-term earning capacity and expected cash inflow and outflow, the frequency and form of dividend payments. The policy is subject to annual review and the Board's approval if amendments are required. There is no amendment to the policy in 2024.

Pursuant to the policy, the Company mainly considers the level of unappropriated profits/earnings, the availability of investment that could generate reasonable returns to the shareholders, and the capital and liquidity position of the Company in proposing dividend payments.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance that might lead to warnings/reprimands from regulators and even the loss of operating licences. Accordingly, the Group has been allocating system and staff resources to ensure ongoing compliance with the rules and regulations and to maintain cordial working relationships with the regulators through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with the Companies Ordinance, the Banking Ordinance, the Securities and Futures Ordinance ("SFO"), Securities and Futures (Financial Resources) Rules, Banking (Disclosure) Rules, Securities and Futures (Client Securities) Rules, Securities and Futures (Client Money) Rules, the Listing Rules, the Stock Exchange's Trading Rules and Clear House Rules, Code of Conduct for Persons Licensed by or Registered with the SFC, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, National Financial Regulatory Administration rules, and other relevant rules and regulations.

### SHAREHOLDERS' RIGHTS

#### Convening of Special General Meetings ("SGMs") on Requisition by Shareholders

Shareholders shall have the right to request the Board to convene a SGM of the Company. Shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company may send a written request to the Board of the Company to request for a SGM.

The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the registered office of the Company.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under section 74 of the Companies Act 1981 of Bermuda (the "Bermuda Companies Act") once a valid requisition is received.

## Corporate Governance Report

### **SHAREHOLDERS' RIGHTS (Continued)**

#### **Procedures for Making Proposals at General Meetings by Shareholders**

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

- (a) any number of members representing not less than one-twentieth (5%) of the total voting rights of the Company on the date of the requisition; or
- (b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the registered office of the Company. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under sections 79 and 80 of the Bermuda Companies Act once valid documents are received.

#### **Procedures for Director's Nomination and Election by Shareholders**

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should lodge at the principal place of business of the Company at 2/F, Public Bank Centre, 120 Des Voeux Road Central, Central, Hong Kong, a written notice signed by (i) such shareholder (other than the proposed person) duly qualified to attend and vote at the meeting of his/her intention to propose such person for election; and (ii) the proposed person indicating his/her willingness to be elected. The said notice must include the personal information of the proposed person as required by Rule 13.51(2) of the Listing Rules and consent of publication of his/her personal data.

The period during which the aforesaid notice may be given shall be at least seven days (or such other period as determined and announced by the Board). Such period will commence on the day after the despatch of the notice of general meeting for which such notice is given and end no later than seven days prior to the date of such general meeting. The Company would take appropriate actions and make necessary arrangements, and the shareholder concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under bye-law 116 of the Company's Bye-laws once valid notice is received.

The Procedures for Shareholders to Propose a Person for Election as a Director of the Company is available on the website of the Company.

#### **Procedures for Directing Shareholders' Enquiries to the Board**

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Public Financial Holdings Limited  
2/F, Public Bank Centre  
120 Des Voeux Road Central  
Central, Hong Kong  
Telephone : (852) 2541 9222  
Fax : (852) 2545 5665  
Email : investor@publicbank.com.hk

Shareholders may also make enquiries to the Board at the general meetings of the Company.



## Brief Biography of Directors

### Mr. Lai Wan

Mr. Lai Wan, aged 81, has 51 years of experience in the banking and finance related industries. He was appointed as an Independent Non-Executive Director of the Company in December 2013, and became the Independent Non-Executive Co-Chairman of the Company in July 2015. Mr. Lai was re-designated as the Non-Executive Co-Chairman of the Company in June 2021 and re-designated as the Non-Executive Chairman in January 2023. He is a member of the Audit Committee and Nomination and Remuneration Committee. Mr. Lai is currently the Non-Independent Non-Executive Chairman of Public Bank, the Non-Executive Chairman of Public Bank (Hong Kong) and a Non-Executive Director of Public Finance. Mr. Lai is also a member of various Board Committees of Public Bank (Hong Kong) and Public Finance. He holds directorship in another company in the Public Bank Group.

Mr. Lai graduated with a Bachelor of Arts (Honours) Degree in Economics from University of Malaya and is an Associate of the Asian Institute of Chartered Bankers. He had served Bank Negara Malaysia for 20 years up to 1985 and had working experience in three finance companies from 1985 to 1994 where he had held senior management positions. Mr. Lai was appointed the President/Chief Executive Officer of a Malaysian bank in 1997 until his retirement in December 2000.

### Mr. Chong Yam Kiang

Mr. Chong Yam Kiang, aged 74, has 55 years of experience in the banking and finance industry. He was appointed as a Non-Executive Director of the Company in January 2009, and re-designated as Executive Director and appointed as the Chief Executive of the Company in January 2024. Mr. Chong was re-designated from Non-Executive Director to Executive Director and appointed as the Chief Executive of Public Bank (Hong Kong) in January 2024, and re-designated from Executive Director and Chief Executive to Executive Director of Public Finance in November 2023 and further re-designated to Non-Executive Director of Public Finance in January 2024. He is a member of Board Executive Committees of Public Bank (Hong Kong) and Public Finance and also a director of certain subsidiaries of the Company.

Mr. Chong is currently a member of the Deposit-taking Companies Advisory Committee of the HKMA. He had served as an Executive Committee member of The DTC Association (The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies) ("The DTC Association") for several years.

### Dato' Chang Kat Kiam

Dato' Chang Kat Kiam, aged 70, has 50 years of experience in the banking and finance industry. He was appointed as a Non-Executive Director of the Company in March 2004. He is also a Non-Executive Director and the Chairman or a member of various Board Committees of Public Bank (Hong Kong) and Public Finance.

Dato' Chang is currently the Deputy Chief Executive Officer of Public Bank. He also holds directorships in several other companies in the Public Bank Group. He holds a Master's Degree in Business Administration (Finance) from University of Hull, United Kingdom and is a Chartered Banker of the Chartered Banker Institute, United Kingdom and the Asian Institute of Chartered Bankers.

## Brief Biography of Directors

### Mr. Quah Poh Keat

Mr. Quah Poh Keat, aged 72, has 35 years of experience in auditing, tax and insolvency practices and had worked in Malaysia and United Kingdom. He was appointed as a Non-Executive Director of the Company in July 2008, re-designated as an Independent Non-Executive Director in January 2009 and re-designated as a Non-Executive Director in October 2013. He is currently a member of the Audit Committee and Nomination and Remuneration Committee. Mr. Quah is also a Non-Executive Director and a member of various Board Committees of Public Finance. He is the Deputy Chairman of the Board of another company in the Public Bank Group.

Mr. Quah is also an Independent Non-Executive Director of Paramount Corporation Berhad and Malayan Flour Mills Berhad, and a Senior Independent Non-Executive Director of Kuala Lumpur Kepong Berhad, all of which are listed public companies in Malaysia.

Mr. Quah is a Fellow of the Chartered Tax Institute of Malaysia and the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. He was a partner of KPMG Malaysia since October 1982 and appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until end of September 2007. He retired from the firm in December 2007. He was the Deputy Chief Executive Officer of Public Bank from October 2013 to December 2015.

### Mr. Lee Huat Oon

Mr. Lee Huat Oon, aged 62, has 33 years of experience in the banking and finance industry. Prior to his appointment as a Non-Executive Director of the Company in January 2024, Mr. Lee was appointed as an Executive Director of the Company in June 1996, re-designated as a Non-Executive Director in November 2013, and re-designated as an Executive Director from December 2013 until his retirement in January 2020. Mr. Lee was appointed as the Chief Executive and Executive Director of Public Finance in November 2023 and January 2024 respectively, and is a member of the Board Executive Committee of Public Finance.

Mr. Lee holds a degree in Accounting from the University of Malaya and is a Chartered Accountant of Malaysian Institute of Accountants. He is currently an Executive Committee member of The DTC Association. He had previously served as the Acting Chairman of The DTC Association, a member of the Deposit-taking Companies Advisory Committee of the HKMA, a director of The Hong Kong Mortgage Corporation Limited and a member of the Banking and Finance Training Board of Vocational Training Council in Hong Kong for several years.

### Mr. Lee Chin Guan

Mr. Lee Chin Guan, aged 66, has 25 years of experience in legal matters, with 13 years of experience in legal practice, principally in commercial and corporate matters. He was appointed as an Independent Non-Executive Director of the Company in September 2004 and is a member of the Audit Committee and Nomination and Remuneration Committee. He is also a Non-Independent Non-Executive Director of Public Bank, and an Independent Non-Executive Director and the Chairman or a member of various Board Committees of Public Bank (Hong Kong) and Public Finance. Mr. Lee is the Chairman of the Boards of two other companies in the Public Bank Group. He is also a Non-Independent Non-Executive Director of LPI Capital Berhad, which is a listed public company in Malaysia and became a 44.15% owned subsidiary of Public Bank in December 2024.

Mr. Lee qualified as a Barrister-at-Law from Middle Temple, United Kingdom in 1982. He also holds a Bachelor's Degree in Science (Honours) from University of Manchester Institute of Science and Technology, England and Degrees in Law from Cambridge University, Oxford University and Chicago-Kent College of Law.



## Brief Biography of Directors

### Mr. Lim Chao Li

Mr. Lim Chao Li, aged 58, has over 30 years of experience in commerce, accountancy, finance, hospitality, property and technology industries and practices in Malaysia and United States. He was appointed as an Independent Non-Executive Director of the Company in July 2021 and is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He is also an Independent Non-Executive Director of Public Bank, Public Bank (Hong Kong) and Public Finance, and the Chairman or a member of various Board Committees of Public Bank (Hong Kong) and Public Finance. Mr. Lim is also a Non-Independent Non-Executive Director of JcbNext Berhad, which is a listed public company in Malaysia.

Mr. Lim holds a Bachelor of Science in Economics Degree majoring in Accounting and Finance from The Wharton School of Business, University of Pennsylvania, USA. He also holds a Bachelor of Applied Science (Systems Engineering) Degree from the School of Engineering and Applied Science, University of Pennsylvania, USA. Mr. Lim had previously served Deloitte & Touche USA and Johnson & Johnson Medical Malaysia. Currently, he is the Chief Commercial Officer of Hotel Equatorial Management Sdn Bhd.

### Ms. Phe Kheng Peng

Ms. Phe Kheng Peng, aged 55, has more than 25 years of experience in banking and fund management industry in Malaysia. She was appointed as an Independent Non-Executive Director of the Company in May 2023 and is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. Ms. Phe is also an Independent Non-Executive Director and the Chairman or a member of various Board Committees of Public Bank (Hong Kong) and Public Finance. She holds directorship in another company in the Public Bank Group. Ms. Phe is also an Independent Non-Executive Director of Pintaras Jaya Berhad and Southern Score Builders Berhad, both of which are listed public companies in Malaysia.

Ms. Phe holds a Bachelor of Commerce (Accounting and Finance) Degree from University of New South Wales, Sydney, Australia, and is a Fellow of Certified Practising Accountant Australia. She had previously served in AmBank Group – fund management division as Chief Investment Officer of AmInvestment Management Sdn Bhd (currently known as “AmFunds Management Berhad”) and subsequently appointed as the Managing Director, Global Markets of AmBank Group. From 2013 to 2021, Ms. Phe served in Deutsche Bank (Malaysia) Berhad as the Managing Director whereby she was responsible for all institutional and corporate clients business in Malaysia and Philippines.

# Our Corporate Family Corporate Events & Recreational Activities



The 33rd Annual General Meeting of Public Financial Holdings Limited held in March 2024.

The champions of the workshop “Building a Winning Team” held during the Business Forum 2024.



Group photo of Public Bank (Hong Kong) staff at Business Forum 2024.



Representatives from Public Finance, Public Bank (Hong Kong) and Winton Financial receiving the “Caring Company” Logo awarded by The Hong Kong Council of Social Service.



Representative from the Group receiving the ESG Special Recognition Award - with Merit from Award presenters of Television Broadcasts Limited.



Staff volunteers packed 100 care packages for delivery to the elderly for celebration of Mid-Autumn Festival.



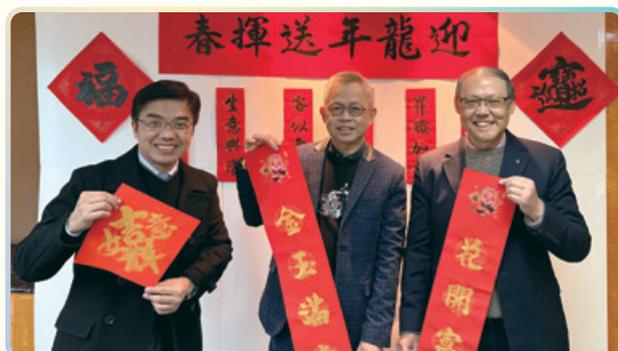
Staff and their family members visiting the Hong Kong Seeing Eye Dog Training School to understand the needs of people with visual impairments and how guide dogs assist them in their daily lives.



Collaborating with St. Barnabas Society and Home to organise a Mid-Autumn Festival activity "Lantern Making and Care Packages Distribution", staff volunteers and their family members show care to the elderly they served.



Staff participating in coral exploration tour at Hoi Ha Wan organised by the World Wildlife Fund-Hong Kong to understand the importance of marine life protection.



Senior Management holding the Fai Chun, wishing everyone a prosperous year.



Facilitated by the workshop mentor from Epworth Village Methodist Church, staff creating their handmade aroma candles in a mental health awareness workshop.

Winton Financial's staff volunteers and their family members making DIY flower bouquets for donation to the Boys' and Girls' Club Association of Hong Kong.



# Our Corporate Family Marketing & Promotions

**大眾銀行(香港) PUBLIC BANK (HONG KONG)**

## 儲蓄/往來戶口

靈活理財 累積財富

**「高息」儲蓄戶口**  
享特惠存款利率

**「生息」往來戶口**  
融合儲蓄及支票功能，  
配合財務需要

另設港光/  
外幣定期存款服務，  
賺取更高利息回報

www.publicbank.com.hk **8107 0818**

**大眾銀行(香港) PUBLIC BANK (HONG KONG)**

## 大眾銀行(香港) 您的樓按首選

**多種優惠按揭計劃，  
配合您所需**

**備有現金回贈及  
多項額外優惠**

接受不同類型樓宇申請

www.publicbank.com.hk **8107 0818**

**大眾銀行(香港) PUBLIC BANK (HONG KONG)**

## 開立新證券戶口

### 首6個月買入交易 **0%佣金**

成功開立新證券戶口及登記本推廣即享

**首6個月交易月之買入交易**

**0% 佣金優惠** (所有交易總額)  
佣金上限為HK\$15,000

**其餘6個月交易月之買賣交易**

**50% 佣金優惠** (電子交易總額)  
佣金上限不設上限

**其他  
推廣優惠**

- 購買指定一般保險產品  
可享30%保費折扣
- HK\$10,000  
證券交易限額

www.publicbank.com.hk **8107 0818**

**大眾銀行(香港) PUBLIC BANK (HONG KONG)**

## 手機開戶/理財

### 方便快捷

### 兼享 多重獎賞

**經手機開戶  
配合利息與資產計劃**

**迎新獎賞** 高達 **HK\$150**

**透過手機理財**

**額外港元  
定期存款年利率 0.20%**

**額外利息  
現金獎賞** 高達 **HK\$10,000**

**外幣兌換 優惠利率**

www.publicbank.com.hk **8107 0818**





# Report of the Directors

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment and property holding company. The principal activities of its subsidiaries during the year were the provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis.

Details of the principal activities of the Company's subsidiaries are set out in Note 1 to the financial statements.

## RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the Group's financial position as at that date are set out in the financial statements on pages 66 to 170.

The Directors did not declare the payment of interim dividend (2023: HK\$0.03), and did not recommend the payment of final dividend for the year (2023: Nil).

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 9.

## BUSINESS REVIEW

A fair review of the Group's business, particulars of important events affecting the Group that have occurred since the year end of 2024 (if any), and indication of likely future development in the Group's business are provided in the "Chairman's Statement", "Management Discussion and Analysis" and "Notes to Financial Statements" sections of this annual report. An analysis using key financial performance indicators is set out in "Management Discussion and Analysis" section while the principal risks and uncertainties that the Group may be facing are contained in the "Notes to Financial Statements" section of this annual report. Compliance with relevant laws and regulations that have a significant impact on the Group can be found throughout the annual report, in particular, the "Corporate Governance Report". Discussions on the Group's environmental policies/performance and our relationship with key stakeholders are covered by a separate ESG Report which will be available on the Group's website under the "Corporate Social Responsibility" section and the website of the Stock Exchange at the same time as the publication of this annual report. The above sections form part of this Report of the Directors.



## Report of the Directors

### **INVESTMENT PROPERTIES, PROPERTY AND EQUIPMENT AND LAND HELD UNDER FINANCE LEASES**

Details of movements in the investment properties, property and equipment and land held under finance leases of the Group are set out in Notes 23, 24 and 25 to the financial statements, respectively.

### **SHARE CAPITAL**

There was no movement in the Company's issued share capital during the year.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Bermuda Companies Act which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

### **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 year.

### **RESERVES**

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and Note 41(b) to the financial statements, respectively.

### **DISTRIBUTABLE RESERVES**

The Company's contributed surplus is distributable to shareholders in accordance with the Bermuda Companies Act. As at 31 December 2024, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK\$3,141,522,000 (inclusive of the Company's contributed surplus) are set out in Note 41(b) to the financial statements as computed in accordance with the generally accepted accounting principles of Hong Kong. In addition, the Company's share premium account in the amount of approximately HK\$4,013,344,000 may be distributed in the form of fully paid bonus shares.

### **MAJOR CUSTOMERS**

During the year, the five largest customers of the Group accounted for less than 30% of the total operating income of the Group.

## Report of the Directors

### DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

#### Non-Executive Directors:

Lai Wan, Chairman  
Cheah Kim Ling (Resigned on 1 January 2024)  
Dato' Chang Kat Kiam  
Quah Poh Keat  
Lee Huat Oon (Appointed on 1 January 2024)

#### Independent Non-Executive Directors:

Lee Chin Guan  
Lim Chao Li  
Phe Kheng Peng

#### Executive Directors:

Tan Yoke Kong (Resigned on 1 January 2024)  
Chong Yam Kiang (Re-designated from Non-Executive Director to Executive Director on 1 January 2024)

In accordance with bye-laws 112(A) and (B) of the Company's Bye-laws, Mr. Lai Wan, Mr. Chong Yam Kiang and Mr. Lim Chao Li shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to the shareholders.

### REMUNERATION POLICY AND DIRECTORS' REMUNERATION

The Remuneration Policy of the Group is established and implemented to encourage employee behaviour that supports the Group's risk tolerance, risk management framework and long-term financial soundness. It is in line with the objectives, business strategies and long-term goals of the Group and structured in a way that will not encourage excessive risk-taking by employees but allows the Group to attract and retain employees with relevant skills, knowledge and expertise to discharge their specific functions.

The basis of determining the remuneration payable to the Directors is set out in the Corporate Governance Report on pages 33 to 35 of this annual report. Details of Directors' remuneration in the Group are set out in Note 13 to the financial statements.

### DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.



## Report of the Directors

### MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as detailed in Notes 30 and 37 to the financial statements, there has been no transaction, arrangement or contract of significance in relation to the Company's business to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

### PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 170(A) of the Company's Bye-laws and subject to the provisions of the statutes, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all liability incurred by him as such Directors or officers of the Company in or about the execution or holding of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto, provided that this bye-law shall only have effect in so far as its provisions are not avoided by the Bermuda Companies Act. The liability insurance of the Directors and officers for the Company was/is in force during the year and as at the date on which this Report of the Directors is approved.

### LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

In January 2022, the Company entered into a facility agreement (the "Facility Agreement") with a total of eight financial institutions as the original lenders, United Overseas Bank Limited ("UOB") as mandated lead arranger, bookrunner and underwriter and UOB as the agent (the "Agent") for a HKD term loan facility in an aggregate amount of up to HK\$1,100,000,000 (the "Facility"). The Facility replaced the facility agreement dated 23 January 2018 relating to a HK\$1,100,000,000 term loan facility made available to the Company by Mizuho Bank, Ltd. and other financial institutions.

The final maturity date of the Facility shall be 36 months after the date of first utilisation of the Facility.

The Facility Agreement provides, among other things, that it is an event of default if Public Bank, the controlling shareholder (currently holding approximately 73.2% interest) of the Company, does not or ceases to beneficially own more than 50% of the issued share capital of, and ownership interests in, the Company free from any security or Public Bank does not or ceases to exercise management control over the Company.

If an event of default occurs, the Agent may, and shall if so directed by the Majority Lenders (as defined in the Facility Agreement), cancel the Facility immediately and demand immediate repayment of all or part of the loans made to the Company together with accrued interest.

The Company has arranged for the refinance of the Facility by intra-group borrowings and the refinance will be completed before the end of January 2025.

The circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continued to exist at the end of 2024.

## Report of the Directors

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the Directors' interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules were as follows:

#### Long positions in ordinary shares of the Company and associated corporations

Interests in	Name of Directors	Number of ordinary shares				Total	Percentage of interests in the issued share capital %
		Directly beneficially owned	Through spouse or minor children	Through controlled corporations	Other interests		
1. The Company	Chong Yam Kiang	20,000	-	-	-	20,000	0.0018
	Dato' Chang Kat Kiam	300,000	-	-	-	300,000	0.0273
	Quah Poh Keat (Note 1)	-	-	804,017,920 (Note 2)	-	804,017,920	73.2312
2. Public Bank, the ultimate holding company	Chong Yam Kiang	94,200	-	-	-	94,200	0.0005
	Dato' Chang Kat Kiam	628,180	-	-	-	628,180	0.0032
	Lee Chin Guan	1,000,150	-	-	-	1,000,150	0.0052
	Lai Wan	-	93,270	-	-	93,270	0.0005
	Lim Chao Li	151,710	-	-	-	151,710	0.0008
	Lee Huat Oon	47,010	-	-	-	47,010	0.0002
	Quah Poh Keat (Note 1)	123,556,410 (Note 2)	-	4,200,680,375 (Note 2)	-	4,324,236,785	22.28
3. LPI Capital Bhd, a fellow subsidiary (Note 3)	Lee Chin Guan	2,300,000	-	-	-	2,300,000	0.58
	Quah Poh Keat (Note 1)	-	-	175,896,000 (Note 2)	-	175,896,000	44.15

Notes:

- Mr. Quah Poh Keat was appointed as one of the executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow on 28 February 2023 in accordance with the Grant of Probate issued by the High Court of Malaya at Kuala Lumpur on the same date.
- Deemed interests held as one of the executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow.
- Public Bank had acquired 44.15% interests in LPI Capital Bhd at RM9.80 per share via a Sale and Purchase Agreement dated 10 October 2024 and LPI Capital Bhd became an associated corporation (within the meaning of Part XV of the SFO) of the Company on 4 December 2024.



## Report of the Directors

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

#### Long positions in ordinary shares of the Company and associated corporations (Continued)

Save as disclosed above, none of the Directors had registered an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules at the end of the year.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the year or at the end of the year has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Company's Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreement that will or may result in the Company issuing shares or that requires the Company to enter into any agreements that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the register of interests and short positions in the shares and underlying shares of the Company kept under section 336 of the SFO showed that the following shareholders had interests of 5% or more in the issued share capital of the Company:

Name	Capacity	Number of ordinary shares	Percentage of interests in the issued share capital %
<b>Substantial shareholders</b>			
Public Bank (Note 1)	Beneficial owner	804,017,920	73.2312
Teh Li Shian Diona (Note 2) Tan Sri Dato' Sri Dr. Tay Ah Lek (Note 2) Tay Mui Leng (Note 2) Quah Poh Keat (Note 2)	Joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow (Note 1)	804,017,920 (Note 3)	73.2312

Notes:

- The estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow had direct and indirect interests of 4,324,236,785 shares or 22.2776% in the issued share capital of Public Bank and was therefore deemed to be interested in the shares of the Company to the extent that Public Bank had interests.
- Ms. Teh Li Shian Diona, Tan Sri Dato' Sri Dr. Tay Ah Lek, Ms. Tay Mui Leng and Mr. Quah Poh Keat were appointed as the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow on 28 February 2023 in accordance with the Grant of Probate issued by the High Court of Malaya at Kuala Lumpur on the same date.
- Deemed interests held as joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow.



## Report of the Directors

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)**

All the interests stated above represent long positions. Save as disclosed above and under the heading "Directors' interests and short positions in shares and underlying shares", no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded under section 336 of the SFO at the end of the year.

### **CORPORATE GOVERNANCE**

The Group is committed to maintaining a high level of corporate governance practices. A detailed Corporate Governance Report is set out on pages 19 to 46 of this annual report.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirmed that the Company has maintained the amount of public float as required under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

### **DONATIONS**

During the year, the Group made charitable donations totalling HK\$21,450 (2023: HK\$12,120).

### **REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company comprises three Independent Non-Executive Directors, namely Ms. Phe Kheng Peng, Mr. Lee Chin Guan and Mr. Lim Chao Li, and two Non-Executive Directors, namely Mr. Lai Wan and Mr. Quah Poh Keat. The 2024 annual report has been reviewed by the Audit Committee.

### **AUDITORS**

Messrs. Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

**Lai Wan**

*Director*

16 January 2025



# Independent Auditor's Report



**Ernst & Young**  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## To the members of Public Financial Holdings Limited

*(Incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Public Financial Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 66 to 170, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

### Key audit matters

#### Assessment of goodwill impairment

Refer to the material accounting policies in Note 5, significant accounting estimates in Note 6 and the disclosures related to goodwill in Note 28 to the financial statements.

Goodwill impairment testing of cash-generating unit ("CGU") relies on estimates of value-in-use based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment.

We considered assessment of goodwill as a key audit matter due to (i) the significance of the goodwill of HK\$1,964 million recognised in the consolidated financial statements of the Group; and (ii) the level of subjectivity associated with the assumptions used in estimating the value-in-use of the CGU, including the Group's 5-year cash flow forecasts, the growth rates used to extrapolate the cash flows beyond 5 years and the discount rates applied.

As at 31 December 2024, the carrying amount of goodwill was HK\$1,964 million. During the year ended 31 December 2024, the Group provided goodwill impairment losses of HK\$810 million.

### How our audit addressed the key audit matter

We obtained management's goodwill impairment assessment and assessed the identification of CGU and allocation of goodwill with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards. We tested the mathematical accuracy of the cash flow forecasts utilised in the value-in-use calculations.

Our audit procedures also included evaluating the assumptions and methodologies used by the Group in performing the impairment assessment, in particular those relating to the Group's 5-year cash flow forecasts, the growth rates used to extrapolate the cash flows beyond 5 years and the discount rates applied.

In respect of the cash flow forecast, we obtained understanding of the basis of preparing the forecasts and key assumptions therein. We performed back testing of the cash flow projections of previous forecasts against the business plan and historical operating performance, understood the deviation (if any) and considered whether further adjustment is required. With the assistance of our internal specialist, we assessed the growth rates used to extrapolate the cash flows by comparing against internal information and external economic and market data.

In respect of the discount rate, with the assistance of our internal specialist, we formed an independent view of the appropriate discount rate applied in the calculation of value-in-use and compared to that used by the Group.

We evaluated the adequacy of financial statement disclosures relating to goodwill impairment.



## Independent Auditor's Report

### KEY AUDIT MATTERS (Continued)

#### Key audit matters (Continued)

##### Impairment of loans and advances and receivables

Refer to the material accounting policies in Note 5, significant accounting estimates in Note 6 and the disclosures of loans and advances and receivables in Note 20 to the financial statements.

The measurement of expected credit loss ("ECL") requires the application of significant judgements which include the identification of exposures with a significant deterioration in credit quality and assumptions used in the ECL models, such as the probabilities of default, loss given default, expected future cash flows and forward-looking macroeconomic factors.

Due to the significance of loans and advances and receivables of HK\$24,193 million and the corresponding subjectivity inherent in the estimation of ECL allowances, we considered this as a key audit matter.

#### How our audit addressed the key audit matter (Continued)

Our audit procedures included the assessment of the design and operating effectiveness of controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of loans and advances and receivables.

We also assessed the operating effectiveness of key controls over the application of the impairment methodology, the governance for the ECL models, inputs and assumptions used by the Group in calculating the ECL and the mathematical accuracy of the ECL calculations.

In conjunction with our internal specialist, we assessed the validity of the Group's ECL model, including model input, model design and model performance. We assessed the Group's criteria for assessing if a significant increase in credit risk had occurred against the requirements of HKFRS 9 and tested the staging of the Group's financial assets against these criteria. We assessed whether the forward-looking adjustments, including whether the economic variables and assumptions used in each of the economic scenarios and their probability weightings were consistent with internal information and external economic and market data. Where changes had been made in model parameters and assumptions, we evaluated the appropriateness of such changes.

For a sample of exposures that were subject to an individual impairment assessment, we reviewed the Group's assumptions of the expected future cash flows, including assumptions in respect of the realisable value of collateral.

We also evaluated the adequacy of financial statement disclosures relating to the impairment of loans and advances and receivables.

## Independent Auditor's Report

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Huen Chun Man.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
16 January 2025



# Consolidated Income Statement

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Interest income	8	2,052,398	1,958,740
Interest expense	8	(1,069,107)	(953,715)
<b>NET INTEREST INCOME</b>		<b>983,291</b>	1,005,025
Fees and commission income	9	220,229	199,206
Fees and commission expenses	9	(1,968)	(2,059)
Net fees and commission income		<b>218,261</b>	197,147
Other operating income	10	<b>35,088</b>	36,457
<b>OPERATING INCOME</b>		<b>1,236,640</b>	1,238,629
Operating expenses	11	(1,701,003)	(843,100)
Changes in fair value of investment properties		(51,968)	(30,454)
<b>OPERATING (LOSS)/PROFIT BEFORE CREDIT LOSS EXPENSES</b>		<b>(516,331)</b>	365,075
Credit loss expenses	12	(499,079)	(324,444)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(1,015,410)</b>	40,631
Tax	15	16,023	(26,250)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(999,387)</b>	14,381
<b>(LOSS)/PROFIT ATTRIBUTABLE TO:</b>			
Owners of the Company		(999,387)	14,381
<b>(LOSS)/EARNINGS PER SHARE (HK\$)</b>	17		
Basic		(0.910)	0.013
Diluted		(0.910)	0.013

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(999,387)</b>	14,381
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Net losses on debt securities investment measured at fair value through other comprehensive income ("FVOCI"), net of tax	<b>(1,206)</b>	–
Exchange differences on translating foreign operations, net of tax	<b>(34,507)</b>	(22,180)
	<b>(35,713)</b>	(22,180)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of properties	<b>57,393</b>	74,581
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>21,680</b>	52,401
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b>(977,707)</b>	66,782
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>(977,707)</b>	66,782

# Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>			
Cash and short term placements	18	<b>5,951,644</b>	3,718,694
Placements with banks and financial institutions maturing after one month but not more than twelve months	19	<b>1,905,999</b>	977,141
Derivative financial instruments		<b>4,561</b>	10,743
Loans and advances and receivables	20	<b>24,192,793</b>	23,947,182
Equity investments at fair value through other comprehensive income	21	<b>6,804</b>	6,804
Debt securities investment	22	<b>6,624,576</b>	7,639,528
Investment properties	23	<b>612,341</b>	525,361
Property and equipment	24	<b>231,454</b>	210,057
Land held under finance leases	25	<b>651,795</b>	670,300
Right-of-use assets	26	<b>87,169</b>	90,722
Deferred tax assets	33	<b>89,103</b>	48,914
Tax recoverable		<b>16,209</b>	42,849
Goodwill	28	<b>1,964,403</b>	2,774,403
Intangible assets	29	<b>232</b>	232
Other assets	27	<b>504,913</b>	291,762
<b>TOTAL ASSETS</b>		<b>42,843,996</b>	40,954,692
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions at amortised cost		<b>521,314</b>	467,547
Derivative financial instruments		<b>14,589</b>	40
Customer deposits at amortised cost	31	<b>32,173,517</b>	29,536,440
Unsecured bank loans at amortised cost	32	<b>1,620,326</b>	1,611,754
Lease liabilities	26	<b>96,177</b>	97,346
Current tax payable		<b>2,654</b>	–
Deferred tax liabilities	33	<b>58,445</b>	54,775
Other liabilities	27	<b>656,257</b>	508,366
<b>TOTAL LIABILITIES</b>		<b>35,143,279</b>	32,276,268



## Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Issued capital	34	<b>109,792</b>	109,792
Reserves		<b>7,590,925</b>	8,568,632
<b>TOTAL EQUITY</b>		<b>7,700,717</b>	8,678,424
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42,843,996</b>	40,954,692

**Lai Wan**  
*Director*

**Chong Yam Kiang**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Note	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Debt securities revaluation reserve HK\$'000	Regulatory reserve <sup>#</sup> HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2024	109,792	4,013,296	829	96,116	78,563	-	34,316	4,365,121	(19,609)	8,678,424
Loss for the year	-	-	-	-	-	-	-	(999,387)	-	(999,387)
Other comprehensive income/(loss)	-	-	-	-	57,393	(1,206)	-	-	(34,507)	21,680
Transfer from regulatory reserve to retained profits	-	-	-	-	-	-	(34,316)	34,316	-	-
Dividends for 2024	-	-	-	-	-	-	-	-	-	-
As at 31 December 2024	109,792	4,013,296	829	96,116	135,956	(1,206)	-	3,400,050	(54,116)	7,700,717
Note	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Debt securities revaluation reserve HK\$'000	Regulatory reserve <sup>#</sup> HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000
As at 1 January 2023	109,792	4,013,296	829	96,116	3,982	-	46,153	4,371,841	2,571	8,644,580
Profit for the year	-	-	-	-	-	-	-	14,381	-	14,381
Other comprehensive income/(loss)	-	-	-	-	74,581	-	-	-	(22,180)	52,401
Transfer from regulatory reserve to retained profits	-	-	-	-	-	-	(11,837)	11,837	-	-
Dividends for 2023	-	-	-	-	-	-	-	(32,938)	-	(32,938)
As at 31 December 2023	109,792	4,013,296	829	96,116	78,563	-	34,316	4,365,121	(19,609)	8,678,424

The contributed surplus of the Group represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation in September 1991 over the nominal value of the Company's shares issued in exchange therefor.

Deducted from the contributed surplus of the Group as at 31 December 2024 was positive goodwill of HK\$98,406,000 (31 December 2023: HK\$98,406,000), which arose from the acquisition of certain subsidiaries in prior years.

<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 case the expected credit loss ("ECL") provisions under accounting standards' requirements is below a target level set by the HKMA.*

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(1,015,410)</b>	40,631
Adjustments for:			
Dividend income from listed investments	10	<b>(258)</b>	(243)
Dividend income from unlisted investments	10	<b>(150)</b>	(35)
Depreciation of property and equipment and land held under finance leases	11	<b>49,814</b>	46,736
Depreciation of right-of-use assets	11	<b>53,332</b>	56,846
Other interest expenses	8	<b>4,984</b>	2,841
Gain on termination of leases	10	<b>(58)</b>	–
Payment of dismantling costs		<b>(265)</b>	(678)
Net losses on disposal of property and equipment	10	<b>21</b>	418
Increase in credit loss expenses for loans and advances and receivables		<b>8,701</b>	137,819
Increase/(decrease) in credit loss expenses for debt securities investment and bank placements		<b>212</b>	(38)
Impairment of intangible assets		–	486
Decrease in fair value of investment properties		<b>51,968</b>	30,454
Impairment of goodwill		<b>810,000</b>	–
Exchange differences		<b>(36,534)</b>	(24,624)
Profits tax refunded/(paid)		<b>11,183</b>	(100,140)
Operating (loss)/profit before changes in operating assets and liabilities		<b>(62,460)</b>	190,473
Decrease in operating assets:			
(Increase)/decrease in placements with banks and financial institutions		<b>(246,659)</b>	166,298
(Increase)/decrease in loans and advances and receivables		<b>(254,312)</b>	594,581
Decrease in debt securities investment		<b>3,654,152</b>	42,066
Increase in other assets		<b>(213,151)</b>	(27,970)
Decrease/(increase) in derivative financial instruments		<b>6,182</b>	(10,400)
		<b>2,946,212</b>	764,575
Increase/(decrease) in operating liabilities:			
Increase/(decrease) in deposits and balances of banks and other financial institutions at amortised cost		<b>53,767</b>	(29,610)
Increase/(decrease) in customer deposits at amortised cost		<b>2,637,077</b>	(909,972)
Increase/(decrease) in derivative financial instruments		<b>14,549</b>	(1,962)
Increase in other liabilities		<b>147,766</b>	66,189
		<b>2,853,159</b>	(875,355)
Net cash inflow from operating activities		<b>5,736,911</b>	79,693



## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investment properties	23	(73,508)	–
Purchases of property and equipment	24	(60,774)	(56,258)
Dividends received from listed investments	10	258	243
Dividends received from unlisted investments	10	150	35
Net cash outflow from investing activities		(133,874)	(55,980)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New unsecured bank loans		262,000	61,667
Repayment of unsecured bank loans		(253,428)	(2,000)
Repayment of lease liabilities	26	(55,604)	(56,318)
Dividends paid on shares		–	(153,709)
Net cash outflow from financing activities		(47,032)	(150,360)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>5,556,005</b>	<b>(126,647)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>4,175,205</b>	<b>4,301,852</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>9,731,210</b>	<b>4,175,205</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and short term placements repayable on demand	39	672,592	802,410
Money at call and short notice with an original maturity within three months		4,923,540	2,745,960
Placements with banks and financial institutions with an original maturity within three months		1,057,270	189,568
Debt securities investment with an original maturity within three months		3,077,808	437,267
		9,731,210	4,175,205
<b>OPERATIONAL CASH FLOWS FROM INTEREST</b>			
Interest paid		(1,104,404)	(847,142)
Interest received		2,089,772	1,895,996



## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans HK\$'000	Dividends payable HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
As at 1 January 2024	1,611,754	-	97,346	1,709,100
Changes from financing cash flows:				
Proceeds from new unsecured bank loans	262,000	-	-	262,000
Repayment of unsecured bank loans	(253,428)	-	-	(253,428)
Dividends paid on ordinary shares	-	-	-	-
Repayment of lease liabilities	-	-	(55,604)	(55,604)
Total changes from financing cash flows	8,572	-	(55,604)	(47,032)
Other changes:				
Dividends declared on ordinary shares	-	-	-	-
Additions to lease liabilities	-	-	56,656	56,656
Interest expense on lease liabilities	-	-	4,873	4,873
Reassessment on lease liabilities	-	-	(6,994)	(6,994)
Exchange difference on lease liabilities	-	-	(100)	(100)
Total other changes	-	-	54,435	54,435
As at 31 December 2024	1,620,326	-	96,177	1,716,503

## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Bank loans HK\$'000	Dividends payable HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
As at 1 January 2023	1,552,087	120,771	110,745	1,783,603
Changes from financing cash flows:				
Proceeds from new unsecured bank loans	61,667	–	–	61,667
Repayment of unsecured bank loans	(2,000)	–	–	(2,000)
Dividends paid on ordinary shares	–	(153,709)	–	(153,709)
Repayment of lease liabilities	–	–	(56,318)	(56,318)
Total changes from financing cash flows	59,667	(153,709)	(56,318)	(150,360)
Other changes:				
Dividends declared on ordinary shares	–	32,938	–	32,938
Additions to lease liabilities	–	–	39,603	39,603
Interest expense on lease liabilities	–	–	2,729	2,729
Reassessment on lease liabilities	–	–	842	842
Exchange difference on lease liabilities	–	–	(255)	(255)
Total other changes	–	32,938	42,919	75,857
As at 31 December 2023	1,611,754	–	97,346	1,709,100



# Notes to Financial Statements

## 1. CORPORATE AND GROUP INFORMATION

The Company is incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is a limited liability company and its shares are listed on the Stock Exchange (stock code: 626).

During the year, the Group's principal activities were the provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Public Bank, which is incorporated in Malaysia.

Particulars of the Company's subsidiaries are as follows:

Name	Issued ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Direct %	Indirect %	
Public Bank (Hong Kong) Limited	2,854,044,825	100	–	Provision of banking and financial services
Public Bank (Nominees) Limited	100,000	–	100	Provision of nominee services
Public Futures Limited	2	–	100	Dormant
Public Financial Securities Limited	148,000,000	–	100	Securities brokerage
Public Finance Limited	671,038,340	–	100	Deposit-taking and financing
Public Financial Limited	10,100,000	–	100	Investment holding
Public Securities Limited	10,000,000	–	100	Dormant
Public Securities (Nominees) Limited	10,000	–	100	Dormant
Winton (B.V.I.) Limited	61,773	100	–	Investment holding

## Notes to Financial Statements

### 1. CORPORATE AND GROUP INFORMATION (Continued)

Name	Issued ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Direct %	Indirect %	
Winton Financial Limited	4,000,010	–	100	Provision of personal and property mortgage loans, and financing of licensed public vehicles such as taxis
Winton Motors, Limited	78,000	–	100	Trading of taxi cabs, taxi licences and leasing of taxis

Notes:

1. Except for Winton (B.V.I.) Limited, which is incorporated in the British Virgin Islands, all subsidiaries are incorporated in Hong Kong.
2. Except for Public Bank (Hong Kong), which operates in Hong Kong and Mainland China, all subsidiaries operate in Hong Kong.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”)) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements of the Hong Kong Companies Ordinance. They also comply with the applicable disclosure provisions of the Listing Rules and contain certain disclosure information required under the Banking (Disclosure) Rules issued by the HKMA.

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVPL”), debt securities investments at FVOCI and equity investments at FVOCI.



## Notes to Financial Statements

### 3. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

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

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

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

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

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

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

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

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

### 4. BASIS OF CAPITAL DISCLOSURES

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

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

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

## Notes to Financial Statements

### 4. BASIS OF CAPITAL DISCLOSURES (Continued)

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 should satisfy the minimum requirements of the Securities and Futures (Financial Resources) Rules issued by the SFC.

Regulatory reserve, if any, set aside pursuant to the HKMA's capital requirements is non-distributable.

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 ("CCB") ratio for 2023 and 2024 is 2.5%, whilst the required countercyclical capital buffer ("CCyB") ratio for 2023 and 2024 is 1.0% and 0.5% respectively.

### 5. ACCOUNTING POLICIES Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

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

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

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

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

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

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



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Changes in accounting policies and disclosures (Continued)

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

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

#### Amendments to HKAS 7 and HKFRS 7 – *Supplier Finance Arrangements*

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the consolidated financial information of the Group.

#### Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that are expected to be relevant to the Group and have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

• HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
• HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>3</sup></i>
• Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
• Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
• Amendments to HKAS 21	<i>Lack of Exchangeability<sup>1</sup></i>
• Annual Improvements to HKFRS Accounting Standards - Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Issued but not yet effective HKFRSs (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings Per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use in compliance with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. However, some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Issued but not yet effective HKFRSs (Continued)

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

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

*Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wordings in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wordings in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued)

#### Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

#### (1) Foreign currency translation

These financial statements are presented in HKD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (i) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in "Other operating income" or "Other operating expenses" in the consolidated income statement with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity which is taken directly to equity until the disposal of the net investment, at which time they are recognised in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

##### (ii) Group companies

As at the reporting date, the assets and liabilities of subsidiaries and overseas branches and offices are translated into the Group's presentation currency at the rates of exchange ruling at the end of the reporting period, and their statements of comprehensive income are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement as part of gains or losses on disposal.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (2) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) *Financial assets*

###### Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity investments)
- Financial assets at FVPL

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (2) Financial instruments – initial recognition and subsequent measurement (Continued)

##### (i) *Financial assets (Continued)*

###### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and short term placements, placements with banks and financial institutions, loans and advances and receivables, and debt securities investment.

###### Financial assets at FVOCI (debt instruments)

The Group measures financial assets at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

###### Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as financial assets designated at FVOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity investments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (2) Financial instruments – initial recognition and subsequent measurement (Continued)

##### (i) *Financial assets (Continued)*

###### Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as “Other operating income” in the consolidated income statement when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial asset host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

##### (ii) *Financial liabilities*

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, lease liabilities, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include deposits and balances of banks and other financial institutions at amortised cost, customer deposits at amortised cost, certificates of deposit issued at amortised cost, unsecured bank loans at amortised cost, other liabilities and foreign exchange contracts.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (2) Financial instruments – initial recognition and subsequent measurement (Continued)

##### (ii) *Financial liabilities (Continued)*

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

##### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated income statement.

This category generally applies to customer deposits at amortised cost and unsecured bank loans at amortised cost.

#### (3) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements in “Other liabilities” at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at FVPL. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the consolidated income statement. The premium received is recognised in the consolidated income statement in “Net fees and commission income” on a straight-line basis over the life of the guarantee.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (4) Derecognition of financial assets and financial liabilities

##### (i) *Financial assets*

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### (ii) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

##### (iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (5) Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that will be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (6) Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For credit cards and revolving facilities that include both the loan and undrawn commitments, financial guarantees and letters of credit, ECLs are calculated and presented together with the loan.

For accounts receivable from contracts with customers, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic conditions.

For loans and advances, trade bills, accrued interests, loan commitments, financial guarantee contracts and letters of credit, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL.

The Group considers that there has been a significant increase in credit risk (i.e. Stage 2 for ECL calculations) in all cases when contractual payments are more than 30 days past due. The Group considers a financial asset in default (i.e. Stage 3 (credit-impaired) for ECL calculations) in all cases when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (6) Impairment of financial assets (Continued)

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Group
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Group
- The borrower (or any legal entity within the borrower's group) filing for bankruptcy application/protection
- Borrower's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Group provides relief measures, including principal moratorium or extension of due dates, to relieve financial burden of loan borrowers affected by the COVID-19 pandemic. Borrowers with a significant increase in credit risk (e.g. contractual payments being more than 30 days past due) are not eligible for application of the aforesaid relief scheme. In determining the loan stage of loans under relief measures, the Group considers both the delinquent period and qualitative information on the loan repayment ability as mentioned above.

It is the Group's policy to consider a financial instrument as "cured" and therefore reclassified out of Stage 3 when none of the default criteria have been present for at least 6 consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Over 90% (31 December 2023: over 90%) of debt securities investment were rated with a grading of A3 or above based on the credit rating of Moody's Investors Service ("Moody's"), an external credit agency. Over 90% (31 December 2023: over 90%) of the placements were deposited with banks and financial institutions rated with a grading of Baa2 or above based on the credit rating of Moody's. Therefore, they are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Moody's to determine whether the debt instrument has a significant increase in credit risk and to estimate ECLs.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (7) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment. Right-of-use assets are depreciated on a straight-line basis, as follows:

Land and buildings	Over the lease terms plus the extension option period
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##### *Land held under finance leases*

The right-of-use of leasehold land is classified as “Land held under finance leases”. Lump sum payments were made upfront to acquire the leasehold land from the owners with medium-term or long-term, and no ongoing payments will be made under the terms of these land leases. Medium-term leases are leases with remaining lease periods of more than 10 years to 50 years. Long-term leases are leases with remaining lease periods of more than 50 years. It is stated at cost less accumulated depreciation and any impairment, and is depreciated over the remaining lease terms on a straight-line basis to the consolidated income statement.

##### *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in the lease terms, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or a rate) or a change in the assessment of an option to purchase the underlying asset).

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (7) Leases (Continued)

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in “Other operating income” in the consolidated income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

#### (8) Interest income and expense, fee and commission income and other operating income

##### (i) *Interest income and expense*

For all financial instruments measured at amortised cost and interest-bearing financial instruments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

Once the value of a financial asset or a group of similar financial assets had been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (8) Interest income and expense, fee and commission income and other operating income (Continued)

##### (ii) *Fee and commission income*

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- (a) Fee income earned from services that are provided over a certain period of time  
Fees earned from the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.
- (b) Fee income from providing transaction services  
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

##### (iii) *Dividend income*

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

##### (iv) *Net trading income*

Net trading income arising from trading activities includes all gains and losses from changes in fair value for financial assets and financial liabilities held for trading. Gains and losses on foreign exchange trading and other transactions are also reported as "Net trading income" except for those gains and losses on translation of foreign currencies recognised in the translation reserve.

##### (v) *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the consolidated income statement as "Other operating income".

#### (9) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, amounts due from banks on demand or with original maturity of generally within three months and debt securities investment with original maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (10) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in the consolidated income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating unit ("CGU") of the Group, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to this unit.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (10) Business combinations and goodwill (Continued)

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

#### (11) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (12) Property and equipment, and depreciation

Property and equipment are stated at cost, except for certain buildings transferred from investment properties which are stated at deemed cost at the date of transfer, less accumulated depreciation and impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 4%
Leasehold improvements:	
Own leasehold buildings	20% to 33 1/3%
Others	Over the shorter of the remaining lease terms and 7 years
Furniture, fixtures and equipment	10% to 33 1/3%
Motor vehicles	20% to 25%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### (13) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the year of retirement or disposal.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (13) Investment properties (Continued)

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property and equipment, and depreciation” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property and equipment, and depreciation” above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated income statement.

#### (14) Intangible assets (other than goodwill)

Intangible assets, representing eligibility rights to trade on or through Hong Kong Exchanges and Clearing Limited, are stated at cost less impairment. The useful lives are assessed to be indefinite and they are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. The carrying amount of intangible assets is subject to an annual impairment test, and impairment, if any, is charged to the consolidated income statement.

#### (15) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined as the actual cost for taxi cabs and taxi licences. Net realisable value is based on estimated selling prices less any estimated costs to be incurred on disposal.

#### (16) Impairment of non-financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group will make an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of the asset’s (or a CGU’s) value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGU. Where the carrying amount of an asset (or a CGU) exceeds its recoverable amount, the asset (or the CGU) that the Group considered impaired is written down to its recoverable amount.

For assets excluding goodwill, deferred tax assets and inventories of taxi licences, an assessment is made at each reporting date as to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period it arises.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (17) Repossessed assets and valuation of collateral

Collateral assets for loans and advances and receivables are repossessed by the Group when the borrowers are unable to service their repayments, and would be realised in satisfaction of outstanding debts. Advances with repossessed collateral assets will continue to be accounted for as customer advances, except for those where the Group has taken the legal title and control of the repossessed collateral assets, in which cases the repossessed assets are recognised under separate accounts with a corresponding reduction in the carrying amount of related advances. Individual impairment allowance is made on the shortfall between the expected net realisable value of the repossessed assets and the outstanding advances.

Repossessed assets are recognised at the lower of the carrying amount of the related loans and advances and receivables and fair value less costs to sell.

#### (18) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Operating expenses" in the consolidated income statement.

#### (19) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (19) Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credit and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credit and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (20) Employee benefits

##### (i) Retirement benefit schemes

The Group participates in two defined contribution retirement benefit schemes for those employees who are eligible to participate. The assets of the schemes are held separately from those of the Group in independently administered funds.

## Notes to Financial Statements

### 5. ACCOUNTING POLICIES (Continued) Material accounting policies (Continued)

#### (20) Employee benefits (Continued)

##### (i) Retirement benefit schemes (Continued)

Contribution for Mandatory Provident Fund (MPF) Scheme is made based on a percentage of the participating employees' relevant monthly income from the Group while contribution for Occupational Retirement Schemes Ordinance (ORSO) Scheme is made based on the participating employees' basic salary, and the contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the respective schemes. When an employee leaves the Group prior to his/her interest in the Group's employer non-mandatory contributions vesting with the employee, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. The Group's mandatory contributions vest fully with the employee.

##### (ii) Employee leave entitlements

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated as at the end of the reporting period.

#### (21) Dividends

Final dividends proposed by the Directors will remain in retained profits within reserves in the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared by the Directors. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

#### (22) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### Impairment allowances on loans and advances and receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.



## Notes to Financial Statements

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued) Estimation uncertainty (Continued)

#### Impairment allowances on loans and advances and receivables (Continued)

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns probabilities of default to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets based on risk characteristics of the customers and by product types when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on probabilities of default, exposures at default and losses given default
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

#### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2024 and 31 December 2023 was HK\$1,964,403,000 and HK\$2,774,403,000 respectively. Further details are set out in Note 28 to the financial statements.

#### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## Notes to Financial Statements

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as a non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

#### **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

### 7. SEGMENT INFORMATION Operating segment information

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

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

## Notes to Financial Statements

## 7. SEGMENT INFORMATION (Continued)

### Operating segment information (Continued)

The following table discloses the revenue and profit information for operating segments for the years ended 31 December 2024 and 31 December 2023.

	2024	2023	2024	2023	2024	2023	2024	2023
			Wealth management services, stockbroking and securities management				Total	
	Retail and commercial banking businesses				Other businesses			
	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)	983,113	1,006,985	178	(1,960)	-	-	983,291	1,005,025
Net fees and commission income	123,040	119,166	95,221	77,981	-	-	218,261	197,147
Other operating income/(expenses)	14,245	16,463	-	(203)	20,843	20,197	35,088	36,457
Operating income	1,120,398	1,142,614	95,399	75,818	20,843	20,197	1,236,640	1,238,629
Operating (loss)/profit after credit loss expenses before tax	(1,011,004)	61,791	45,238	2,933	(49,644)	(24,093)	(1,015,410)	40,631
Tax							16,023	(26,250)
<b>(Loss)/profit for the year</b>							<b>(999,387)</b>	14,381
<b>Other segment information</b>								
Depreciation of property and equipment and land held under finance leases	(49,814)	(46,736)	-	-	-	-	(49,814)	(46,736)
Depreciation of right-of-use assets	(53,332)	(56,846)	-	-	-	-	(53,332)	(56,846)
Changes in fair value of investment properties	-	-	-	-	(51,968)	(30,454)	(51,968)	(30,454)
Credit loss expenses	(499,079)	(324,444)	-	-	-	-	(499,079)	(324,444)
Net losses on disposal of property and equipment	(21)	(418)	-	-	-	-	(21)	(418)

## Notes to Financial Statements

### 7. SEGMENT INFORMATION (Continued) Operating segment information (Continued)

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

	2024	2023	2024	2023	2024	2023	2024	2023
	Retail and commercial banking businesses		Wealth management services, stockbroking and securities management		Other businesses		Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets other than intangible assets and goodwill	<b>39,681,040</b>	37,286,462	<b>480,627</b>	276,430	<b>612,382</b>	525,402	<b>40,774,049</b>	38,088,294
Intangible assets	-	-	<b>232</b>	232	-	-	<b>232</b>	232
Goodwill	<b>1,964,403</b>	2,774,403	-	-	-	-	<b>1,964,403</b>	2,774,403
<b>Segment assets</b>	<b>41,645,443</b>	40,060,865	<b>480,859</b>	276,662	<b>612,382</b>	525,402	<b>42,738,684</b>	40,862,929
Unallocated assets: Deferred tax assets and tax recoverable							<b>105,312</b>	91,763
<b>Total assets</b>							<b>42,843,996</b>	40,954,692
Segment liabilities	<b>34,766,557</b>	32,130,852	<b>308,827</b>	83,624	<b>6,796</b>	7,017	<b>35,082,180</b>	32,221,493
Unallocated liabilities: Deferred tax liabilities and tax payable							<b>61,099</b>	54,775
<b>Total liabilities</b>							<b>35,143,279</b>	32,276,268
<b>Other segment information</b>								
Additions to non-current assets – capital expenditure	<b>134,282</b>	56,258	-	-	-	-	<b>134,282</b>	56,258



## Notes to Financial Statements

### 7. SEGMENT INFORMATION (Continued) 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 years ended 31 December 2024 and 31 December 2023.

	2024 HK\$'000	2023 HK\$'000
Segment revenue from external customers:		
Hong Kong	1,139,847	1,121,975
Mainland China	96,793	116,654
	<b>1,236,640</b>	1,238,629

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

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

	2024 HK\$'000	2023 HK\$'000
Non-current assets:		
Hong Kong	3,529,737	4,251,128
Mainland China	17,657	19,947
	<b>3,547,394</b>	4,271,075

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

#### Operating income or revenue from major customers

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

## Notes to Financial Statements

### 8. INTEREST INCOME AND EXPENSE

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Interest income from:		
Loans and advances and receivables	<b>1,502,840</b>	1,508,924
Short term placements and placements with banks	<b>215,887</b>	159,575
Debt securities investment	<b>333,671</b>	290,241
	<b>2,052,398</b>	1,958,740
Interest expense on:		
Deposits from banks and financial institutions	<b>24,664</b>	26,258
Deposits from customers	<b>956,069</b>	841,273
Bank loans	<b>83,390</b>	83,343
Others	<b>4,984</b>	2,841
	<b>1,069,107</b>	953,715

Interest income and interest expense for the year ended 31 December 2024, calculated using the effective interest method for financial assets and financial liabilities which are not designated at FVPL, amounted to HK\$2,052,398,000 and HK\$1,069,107,000 (2023: HK\$1,958,740,000 and HK\$953,715,000) respectively.

### 9. NET FEES AND COMMISSION INCOME

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Fees and commission income:		
Retail and commercial banking	<b>125,008</b>	121,225
Wealth management services, stockbroking and securities management	<b>95,221</b>	77,981
	<b>220,229</b>	199,206
Less: Fees and commission expenses	<b>(1,968)</b>	(2,059)
	<b>218,261</b>	197,147

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.

## Notes to Financial Statements

## 10. OTHER OPERATING INCOME

	2024 HK\$'000	2023 HK\$'000
Gross rental income	20,917	20,259
Less: Direct operating expenses	(74)	(73)
Net rental income	20,843	20,186
Gains less losses arising from dealing in foreign currencies	22,977	3,440
Net (losses)/gains on derivative financial instruments	(10,028)	10,703
	12,949	14,143
Net losses on disposal of property and equipment	(21)	(418)
Gain on termination of leases	58	–
Dividend income from listed investments	258	243
Dividend income from unlisted investments	150	35
Others	851	2,268
	35,088	36,457

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

There were no net gains or losses arising from the derecognition of equity/debt securities investments at FVOCI, loans and advances and receivables, financial assets and financial liabilities measured at amortised cost and financial assets and financial liabilities designated at FVPL for the years ended 31 December 2024 and 31 December 2023.

## Notes to Financial Statements

### 11. OPERATING EXPENSES

	Notes	2024 HK\$'000	2023 HK\$'000
Staff costs:			
Salaries and other staff costs		<b>542,475</b>	507,041
Pension contributions		<b>26,932</b>	25,979
Less: Forfeited contributions		<b>(87)</b>	(167)
Net contribution to retirement benefit schemes		<b>26,845</b>	25,812
		<b>569,320</b>	532,853
Other operating expenses:			
Depreciation of right-of-use assets	26	<b>53,332</b>	56,846
Depreciation of property and equipment and land held under finance leases	24, 25	<b>49,814</b>	46,736
Auditors' remuneration		<b>4,736</b>	4,727
Administrative and general expenses		<b>73,151</b>	68,204
Impairment of goodwill		<b>810,000</b>	–
Others		<b>140,650</b>	133,734
Operating expenses before changes in fair value of investment properties		<b>1,701,003</b>	843,100

As at 31 December 2024 and 31 December 2023, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years. The credits for the years ended 31 December 2024 and 31 December 2023 arose in respect of staff who left the schemes during the years.

## Notes to Financial Statements

### 12. CREDIT LOSS EXPENSES

The following tables show the changes in ECL on financial instruments for the years recorded in the consolidated income statement.

	2024			Total HK\$'000
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000	Lifetime expected credit loss credit impaired (Stage 3) HK\$'000	
Net charge for/(write-back of) credit loss expenses:				
– loans and advances	48,916	(1,564)	422,100	469,452
– trade bills, accrued interest and other receivables	(41)	24	29,422	29,405
– cash and short term placements	222	–	–	222
– placements with banks and financial institutions	93	–	–	93
– debt securities investment	(103)	–	–	(103)
– loan commitments	10	–	–	10
	49,097	(1,540)	451,522	499,079

## Notes to Financial Statements

### 12. CREDIT LOSS EXPENSES (Continued)

	2023			Total HK\$'000
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000	Lifetime expected credit loss credit impaired (Stage 3) HK\$'000	
Net charge for/(write-back of) credit loss expenses:				
– loans and advances	1,941	6,634	311,059	319,634
– trade bills, accrued interest and other receivables	(81)	46	4,883	4,848
– cash and short term placements	29	–	–	29
– placements with banks and financial institutions	(91)	–	–	(91)
– debt securities investment	24	–	–	24
– loan commitments	–	–	–	–
	1,822	6,680	315,942	324,444



## Notes to Financial Statements

### 13. DIRECTORS' REMUNERATION

The remuneration of each Director for the years ended 31 December 2024 and 31 December 2023, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

Name of Directors	2024				Total HK\$'000
	Fees	Salaries and other benefits (Note 1)	Bonuses	Retirement benefit contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Lai Wan	510	-	-	-	510
Chong Yam Kiang	250	3,135	658	171	4,214
Lee Huat Oon (Note 2)	250	2,296	64	275	2,885
Quah Poh Keat	250	250	-	-	500
Dato' Chang Kat Kiam	375	-	-	-	375
Lee Chin Guan	500	10	-	-	510
Lim Chao Li	500	10	-	-	510
Phe Kheng Peng	500	10	-	-	510
	<b>3,135</b>	<b>5,711</b>	<b>722</b>	<b>446</b>	<b>10,014</b>

## Notes to Financial Statements

### 13. DIRECTORS' REMUNERATION (Continued)

Name of Directors	Fees HK\$'000	Salaries and other benefits (Note 1) HK\$'000	2023		Total HK\$'000
			Bonuses HK\$'000	Retirement benefit contributions HK\$'000	
Lai Wan	510	–	–	–	510
Tan Yoke Kong	250	3,270	875	317	4,712
Chong Yam Kiang	250	2,769	781	160	3,960
Quah Poh Keat	250	250	–	–	500
Dato' Chang Kat Kiam	375	–	–	–	375
Lee Chin Guan	500	10	–	–	510
Lim Chao Li	500	10	–	–	510
Cheah Kim Ling	500	10	–	–	510
Phe Kheng Peng (Note 3)	313	10	–	–	323
	3,448	6,329	1,656	477	11,910

*Notes:*

1. Salaries and other benefits included basic salaries, housing allowances, other allowances, benefits in kind and share option benefits. No share option benefits were paid in 2024 (2023: Nil).
2. Mr. Lee Huat Oon was appointed on 1 January 2024.
3. Ms. Phe Kheng Peng was appointed on 19 May 2023 and her director's fee was payable on a pro-rata basis.



## Notes to Financial Statements

### 14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included two (2023: two) Directors, details of whose remuneration are set out in Note 13 above.

Details of the remaining three (2023: three) highest paid individuals' remuneration are as follows:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	6,397	5,347
Bonuses paid and payable	996	1,532
Retirement benefit scheme contributions	279	333
	<b>7,672</b>	7,212

The number of highest paid individuals whose remuneration fell within the band set out below is as follows:

	2024 Number of individuals	2023 Number of individuals
HK\$2,000,001 – HK\$2,500,000	2	3
HK\$2,500,001 – HK\$3,000,000	1	–
	<b>3</b>	3

### 15. TAX

	Note	2024 HK\$'000	2023 HK\$'000
Current tax charge:			
Hong Kong		4,936	23,188
Overseas		16,615	11,416
Over-provision in prior years		(177)	–
Deferred tax credit, net	33	(37,397)	(8,354)
		<b>(16,023)</b>	26,250

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.





## Notes to Financial Statements

### 16. DIVIDENDS

#### (a) Dividends declared during the year

	2024 HK\$ per ordinary share	2023 HK\$ per ordinary share	2024 HK\$'000	2023 HK\$'000
Interim dividend declared and paid	-	0.03	-	32,938

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

	2024 HK\$ per ordinary share	2023 HK\$ per ordinary share	2024 HK\$'000	2023 HK\$'000
Second interim dividend in respect of the previous year	-	0.11	-	120,771

### 17. (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss for the year of HK\$999,387,000 (2023: profit of HK\$14,381,000) and on the weighted average number of ordinary shares in issue of 1,097,917,618 shares (2023: 1,097,917,618 shares) during the year.

#### (b) Diluted (loss)/earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 31 December 2023.

## Notes to Financial Statements

### 18. CASH AND SHORT TERM PLACEMENTS

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Cash on hand	<b>228,477</b>	200,391
Placements with banks and financial institutions	<b>444,115</b>	602,019
Money at call and short notice	<b>5,279,627</b>	2,916,637
Gross cash and short term placements	<b>5,952,219</b>	3,719,047
Less: Impairment allowances collectively assessed		
As at 1 January 2024 and 2023	<b>(353)</b>	(324)
Credit loss expenses charged to the consolidated income statement during the year	<b>(222)</b>	(29)
	<b>(575)</b>	(353)
Cash and short term placements	<b>5,951,644</b>	3,718,694

Over 90% (31 December 2023: over 90%) of the placements were deposited with banks and financial institutions rated with a grading of Baa2 or above based on the credit rating of Moody's.

There were no overdue or rescheduled placements with banks and financial institutions and no impairment allowances specifically assessed for such placements accordingly.

### 19. PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS MATURING AFTER ONE MONTH BUT NOT MORE THAN TWELVE MONTHS

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Gross placements with banks and financial institutions	<b>1,906,190</b>	977,239
Less: Impairment allowances collectively assessed		
As at 1 January 2024 and 2023	<b>(98)</b>	(189)
Credit loss expenses (charged)/released to the consolidated income statement during the year	<b>(93)</b>	91
	<b>(191)</b>	(98)
Placements with banks and financial institutions	<b>1,905,999</b>	977,141

Over 90% (31 December 2023: over 90%) of the placements maturing after one month but not more than twelve months were deposited with banks and financial institutions rated with a grading of Baa2 or above based on the credit rating of Moody's.

There were no overdue or rescheduled placements with banks and financial institutions maturing after one month but not more than twelve months and no impairment allowances specifically assessed for such placements accordingly.



## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Loans and advances to customers	24,458,426	24,165,100
Trade bills	–	525
Loans and advances, and trade bills	24,458,426	24,165,625
Accrued interest	77,820	114,993
Other receivables	24,536,246 5,790	24,280,618 7,106
Gross loans and advances and receivables	24,542,036	24,287,724
Less: Impairment allowances		
– specifically assessed	(175,468)	(214,102)
– collectively assessed	(173,775)	(126,440)
	(349,243)	(340,542)
Loans and advances and receivables	24,192,793	23,947,182

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

Loans and advances and receivables are summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Neither past due nor impaired loans and advances and receivables	23,356,203	22,426,539
Past due but not impaired loans and advances and receivables	622,579	929,948
Credit impaired loans and advances	545,880	885,192
Credit impaired receivables	17,374	46,045
Gross loans and advances and receivables	24,542,036	24,287,724

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

## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

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

	2024		2023	
	Gross amount HK\$'000	Percentage of total loans and advances %	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for:				
Six months or less but over three months	<b>148,077</b>	<b>0.61</b>	88,717	0.37
One year or less but over six months	<b>157,194</b>	<b>0.64</b>	634,339	2.62
Over one year	<b>159,324</b>	<b>0.65</b>	121,325	0.50
Loans and advances overdue for more than three months	<b>464,595</b>	<b>1.90</b>	844,381	3.49
Rescheduled loans and advances overdue for three months or less	<b>25,938</b>	<b>0.10</b>	24,811	0.10
Impaired loans and advances overdue for three months or less	<b>55,347</b>	<b>0.23</b>	16,000	0.07
Total overdue and impaired loans and advances	<b>545,880</b>	<b>2.23</b>	885,192	3.66



## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Trade bills, accrued interest and other receivables overdue for:		
Six months or less but over three months	<b>1,308</b>	1,006
One year or less but over six months	<b>3,567</b>	30,407
Over one year	<b>12,257</b>	14,517
Trade bills, accrued interest and other receivables overdue for more than three months	<b>17,132</b>	45,930
Impaired trade bills, accrued interest and other receivables overdue for three months or less	<b>242</b>	115
Total overdue and impaired trade bills, accrued interest and other receivables	<b>17,374</b>	46,045

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.

## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

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

	Hong Kong HK\$'000	2024 Mainland China HK\$'000	Total HK\$'000	Hong Kong HK\$'000	2023 Mainland China HK\$'000	Total HK\$'000
<b>(i) Analysis of overdue loans and advances and receivables</b>						
Loans and advances and receivables overdue for more than three months	443,238	38,489	481,727	817,418	72,893	890,311
Impairment allowances specifically assessed	131,085	8,331	139,416	192,478	10,115	202,593
Current market value and fair value of collateral			428,283			806,204
<b>(ii) Analysis of impaired loans and advances and receivables</b>						
Impaired loans and advances and receivables	518,323	44,931	563,254	858,231	73,006	931,237
Impairment allowances specifically assessed	167,137	8,331	175,468	203,874	10,228	214,102
Current market value and fair value of collateral			481,897			863,513

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



## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(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:

	2024 HK\$'000	2023 HK\$'000
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	<b>428,283</b>	806,204
Covered portion of overdue loans and advances	<b>328,273</b>	693,319
Uncovered portion of overdue loans and advances	<b>136,322</b>	151,062

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 31 December 2024, the total value of repossessed assets of the Group amounted to HK\$144,770,000 (31 December 2023: HK\$699,135,000).

## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

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

	2024		2023	
	Gross amount HK\$'000	Percentage of total loans and advances %	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for three months or less	618,615	2.53	923,613	3.82
Trade bills, accrued interest and other receivables overdue for three months or less	3,964		6,335	

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

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

	2024			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Gross loans and advances and receivables as at 1 January 2024	22,985,925	370,562	931,237	24,287,724
New loans/financing originated	6,694,712	1,763	3,357	6,699,832
Loans/financing derecognised or repaid during the year (other than write-offs)	(5,332,213)	(85,678)	(451,317)	(5,869,208)
Transfer to 12-month expected credit loss (Stage 1)	82,506	(76,296)	(6,210)	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(353,306)	354,971	(1,665)	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(531,061)	(133,103)	664,164	–
Total transfer between stages	(801,861)	145,572	656,289	–
Write-offs	–	–	(576,312)	(576,312)
As at 31 December 2024	23,546,563	432,219	563,254	24,542,036
Arising from:				
Loans and advances	23,482,852	429,694	545,880	24,458,426
Trade bills, accrued interest and other receivables	63,711	2,525	17,374	83,610
	23,546,563	432,219	563,254	24,542,036

## Notes to Financial Statements

**20. LOANS AND ADVANCES AND RECEIVABLES (Continued)**  
**(f) Impairment allowances on loans and advances and receivables (Continued)**

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

The amount outstanding on financial assets that were written off during the year and are still subject to enforcement action amounted to HK\$508,451,000 (31 December 2023: HK\$190,183,000).

## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

#### (f) Impairment allowances on loans and advances and receivables (Continued)

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

	2024			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Internal rating grades:				
Performing				
Pass	23,220,891	–	–	23,220,891
Special Mention	325,672	432,219	–	757,891
Non-performing				
Substandard	–	–	157,312	157,312
Doubtful	–	–	333,036	333,036
Loss	–	–	72,906	72,906
<b>Total</b>	<b>23,546,563</b>	<b>432,219</b>	<b>563,254</b>	<b>24,542,036</b>
	2023			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Internal rating grades:				
Performing				
Pass	22,821,125	–	–	22,821,125
Special Mention	164,800	370,562	–	535,362
Non-performing				
Substandard	–	–	110,782	110,782
Doubtful	–	–	787,161	787,161
Loss	–	–	33,294	33,294
<b>Total</b>	<b>22,985,925</b>	<b>370,562</b>	<b>931,237</b>	<b>24,287,724</b>



## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

#### (f) Impairment allowances on loans and advances and receivables (Continued)

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

	2024			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
As at 1 January 2024	87,528	38,912	214,102	340,542
New loans/financing originated	52,961	-	382	53,343
Loans/financing derecognised or repaid during the year (other than write-offs)	(47,738)	(3,488)	(173,062)	(224,288)
Transfer to 12-month expected credit loss (Stage 1)	3,036	(1,492)	(1,544)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,683)	1,768	(85)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(7,437)	(30,582)	38,019	-
Total transfer between stages	(6,084)	(30,306)	36,390	-
Impact on year end expected credit loss of exposures transferred between stages during the year	(1,839)	31,061	280,840	310,062
Movements due to changes in credit risk	51,575	1,193	306,972	359,740
Recoveries	-	-	86,156	86,156
Write-offs	-	-	(576,312)	(576,312)
As at 31 December 2024	136,403	37,372	175,468	349,243
Arising from:				
Loans and advances	135,289	37,252	172,299	344,840
Trade bills, accrued interest and other receivables	1,114	120	3,169	4,403
	136,403	37,372	175,468	349,243

## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

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

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



## Notes to Financial Statements

### 20. LOANS AND ADVANCES AND RECEIVABLES (Continued)

#### (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:

	2024 Undiscounted lease payments HK\$'000	2023 HK\$'000	2024 Net investment in finance leases HK\$'000	2023 HK\$'000
Amounts receivable under finance leases:				
Within one year	478,266	485,971	319,718	297,957
Over one year but within two years	425,967	441,018	294,928	282,276
Over two years but within three years	367,925	397,102	248,742	250,600
Over three years but within four years	326,679	350,469	216,085	213,467
Over four years but within five years	299,075	320,613	195,105	190,836
Over five years	4,525,643	4,881,659	3,596,895	3,723,815
	<b>6,423,555</b>	6,876,832	<b>4,871,473</b>	4,958,951
Less: Unearned finance income	<b>(1,552,082)</b>	(1,917,881)		
Net investment in finance leases	<b>4,871,473</b>	4,958,951		

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

### 21. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments in corporate entity, at fair value:		
At the beginning and the end of the year	6,804	6,804

The above investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature. Fair value is measured based on the present value of expected cash flows in the foreseeable future.

During the year, the Group received dividends of HK\$150,000 (2023: HK\$35,000) from the above investments.

## Notes to Financial Statements

### 22. DEBT SECURITIES INVESTMENT

	Financial assets at amortised cost HK\$'000	2024 Financial assets at FVOCI HK\$'000	Total HK\$'000
Certificates of deposit held	2,367,887	129,975	2,497,862
Treasury bills and government bonds (including Exchange Fund Bills)	191,416	2,578,974	2,770,390
Other debt securities	926,540	430,136	1,356,676
<b>Gross debt securities investment</b>	<b>3,485,843</b>	<b>3,139,085</b>	<b>6,624,928</b>
Less: Impairment allowances collectively assessed			
As at 1 January 2024	(770)		(770)
Credit loss expenses released to the consolidated income statement during the year	418		418
	(352)		(352)
	<b>3,485,491</b>	<b>3,139,085</b>	<b>6,624,576</b>
Listed or unlisted:			
– Listed in Hong Kong	68,771	188,812	257,583
– Listed outside Hong Kong	280,203	194,101	474,304
– Unlisted	3,136,869	2,756,172	5,893,041
	<b>3,485,843</b>	<b>3,139,085</b>	<b>6,624,928</b>
Analysed by types of issuers:			
– Central governments	191,416	2,578,974	2,770,390
– Public sector entities	65,720	171,292	237,012
– Corporates	100,000	–	100,000
– Banks and other financial institutions	3,128,707	388,819	3,517,526
	<b>3,485,843</b>	<b>3,139,085</b>	<b>6,624,928</b>



## Notes to Financial Statements

### 22. DEBT SECURITIES INVESTMENT (Continued)

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

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

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

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

## Notes to Financial Statements

### 23. INVESTMENT PROPERTIES

	HK\$'000
At valuation:	
As at 1 January 2023	429,315
Transfer from property and equipment	260
Transfer from land held under finance leases	51,659
Changes in fair value recognised in the consolidated income statement	(30,454)
Changes in fair value recognised in the consolidated statement of comprehensive income	74,581
<b>As at 31 December 2023 and 1 January 2024</b>	<b>525,361</b>
Transfer from property and equipment	<b>449</b>
Transfer from land held under finance leases	<b>7,598</b>
Additions	<b>73,508</b>
Changes in fair value recognised in the consolidated income statement	<b>(51,968)</b>
Changes in fair value recognised in the consolidated statement of comprehensive income	<b>57,393</b>
<b>As at 31 December 2024</b>	<b>612,341</b>

The Group's investment properties are situated in Hong Kong and are held under medium-term and long-term leases in Hong Kong.

All investment properties were classified under Level 3 in the fair value hierarchy. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil). The Group has assessed that the highest and best use of its properties did not differ from their existing use.

As at 31 December 2024, investment properties were revalued according to the valuation assessed by C S Surveyors Limited, a firm of independent professionally qualified valuers. Finance and Control Department has discussions with the valuer on the valuation methodology and valuation results at least twice a year when the valuation is performed for interim and annual financial reporting.

The fair value of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis. Below is a summary of the significant inputs to the valuation of investment properties:

	2024		2023	
	Range HK\$	Weighted average HK\$	Range HK\$	Weighted average HK\$
Price per square metre	<b>28,000 to 947,000</b>	<b>390,000</b>	30,000 to 1,053,000	446,000

A significant increase/decrease in the price per square metre would result in a significant increase/decrease in the fair value of the investment properties.

The investment properties held by the Group are let under operating leases from which the Group earns rental income. Details of future annual rental receivables under operating leases are included in Note 35(a) to the financial statements.



## Notes to Financial Statements

### 24. PROPERTY AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements, furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
As at 1 January 2023	84,290	434,002	1,460	519,752
Transfer to investment properties	(387)	–	–	(387)
Additions	–	55,953	305	56,258
Disposals/write-offs	–	(19,173)	–	(19,173)
As at 31 December 2023 and 1 January 2024	<b>83,903</b>	<b>470,782</b>	<b>1,765</b>	<b>556,450</b>
Transfer to investment properties	<b>(1,205)</b>	<b>–</b>	<b>–</b>	<b>(1,205)</b>
Additions	<b>3,805</b>	<b>56,969</b>	<b>–</b>	<b>60,774</b>
Disposals/write-offs	<b>–</b>	<b>(4,401)</b>	<b>–</b>	<b>(4,401)</b>
As at 31 December 2024	<b>86,503</b>	<b>523,350</b>	<b>1,765</b>	<b>611,618</b>
Accumulated depreciation:				
As at 1 January 2023	33,894	294,585	1,010	329,489
Provided during the year	1,699	33,859	228	35,786
Transfer to investment properties	(127)	–	–	(127)
Disposals/write-offs	–	(18,755)	–	(18,755)
As at 31 December 2023 and 1 January 2024	<b>35,466</b>	<b>309,689</b>	<b>1,238</b>	<b>346,393</b>
Provided during the year	<b>1,760</b>	<b>36,951</b>	<b>196</b>	<b>38,907</b>
Transfer to investment properties	<b>(756)</b>	<b>–</b>	<b>–</b>	<b>(756)</b>
Disposals/write-offs	<b>–</b>	<b>(4,380)</b>	<b>–</b>	<b>(4,380)</b>
As at 31 December 2024	<b>36,470</b>	<b>342,260</b>	<b>1,434</b>	<b>380,164</b>
Net carrying amount:				
As at 31 December 2024	<b>50,033</b>	<b>181,090</b>	<b>331</b>	<b>231,454</b>
As at 31 December 2023	48,437	161,093	527	210,057

There were no impairment allowances made against the above items of property and equipment as at 31 December 2024 and 31 December 2023. There were no movements in impairment allowances for the years ended 31 December 2024 and 31 December 2023.

## Notes to Financial Statements

### 25. LAND HELD UNDER FINANCE LEASES

	HK\$'000
Cost:	
As at 1 January 2023	886,250
Transfer to investment properties	(52,613)
As at 31 December 2023 and 1 January 2024	<b>833,637</b>
Transfer to investment properties	<b>(10,040)</b>
As at 31 December 2024	<b>823,597</b>
Accumulated depreciation and impairment:	
As at 1 January 2023	153,341
Depreciation provided during the year	10,950
Transfer to investment properties	(954)
As at 31 December 2023 and 1 January 2024	<b>163,337</b>
Depreciation provided during the year	<b>10,907</b>
Transfer to investment properties	<b>(2,442)</b>
As at 31 December 2024	<b>171,802</b>
Net carrying amount:	
As at 31 December 2024	<b>651,795</b>
As at 31 December 2023	670,300

The Group's land held under finance leases at net carrying amount is held under the following lease terms:

	2024 HK\$'000	2023 HK\$'000
Leaseholds:		
Held in Hong Kong		
– On long-term leases	<b>421,510</b>	429,562
– On medium-term leases	<b>217,235</b>	226,921
Held outside Hong Kong		
– On medium-term leases	<b>13,050</b>	13,817
	<b>651,795</b>	670,300

Land leases are stated at the recoverable amount and are subject to an impairment test pursuant to HKAS 36, which is based on the higher of fair value less costs of disposal and value-in-use.



## Notes to Financial Statements

### 26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has entered into lease arrangements with landlords, and the terms of the leases range from 2 to 10 years.

The Group has several lease contracts that include extension options ranging from 2 to 9 years. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 6 to the financial statements). During the years ended 31 December 2024 and 31 December 2023, management had considered to exercise all extension options available in the lease contracts which had commenced, and therefore, all future cash outflows to which the Group is potentially exposed have already been reflected in the measurement of lease liabilities.

The Group also has certain leases of storage room with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the “short-term lease” and “lease of low-value assets” recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the years:

#### Right-of-use assets:

	Land and buildings HK\$'000
Cost:	
As at 1 January 2023	313,976
Additions	39,917
Reassessment	1,036
Write-offs	(50,924)
	<b>304,005</b>
As at 31 December 2023 and 1 January 2024	<b>57,051</b>
Additions	<b>(7,052)</b>
Reassessment	<b>(100,093)</b>
Write-offs	
	<b>253,911</b>
As at 31 December 2024	
Accumulated depreciation and impairment:	
As at 1 January 2023	207,081
Depreciation provided during the year	56,846
Write-offs	(50,884)
Exchange difference	240
	<b>213,283</b>
As at 31 December 2023 and 1 January 2024	<b>53,332</b>
Depreciation provided during the year	<b>(100,093)</b>
Write-offs	<b>220</b>
Exchange difference	
	<b>166,742</b>
As at 31 December 2024	
Net carrying amount:	
As at 31 December 2024	<b>87,169</b>
As at 31 December 2023	90,722

## Notes to Financial Statements

### 26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Set out below are the carrying amounts of lease liabilities and the movements during the years:

#### Lease liabilities:

	<b>Land and buildings HK\$'000</b>
As at 1 January 2023	110,745
Additions	39,603
Interest expense	2,729
Payments	(56,318)
Reassessment	842
Exchange difference	(255)
As at 31 December 2023 and 1 January 2024	<b>97,346</b>
Additions	<b>56,656</b>
Interest expense	<b>4,873</b>
Payments	<b>(55,604)</b>
Reassessment	<b>(6,994)</b>
Exchange difference	<b>(100)</b>
As at 31 December 2024	<b>96,177</b>

The maturity analysis of lease liabilities is disclosed in Note 39 to the financial statements.

The following are the amounts recognised in profit or loss:

	<b>2024 HK\$'000</b>	2023 HK\$'000
Depreciation expense of right-of-use assets	<b>53,332</b>	56,846
Interest expense on lease liabilities	<b>4,873</b>	2,729
Expense relating to short-term leases	<b>448</b>	666
Expense relating to leases of low-value assets	<b>2,441</b>	2,618
	<b>61,094</b>	62,859

During the year, the Group had total cash outflows for leases of HK\$55,604,000 (2023: HK\$56,318,000). The future cash outflows relating to leases committed but not yet commenced are disclosed in Note 35(b) to the financial statements.



## Notes to Financial Statements

### 27. OTHER ASSETS AND OTHER LIABILITIES

#### Other assets

	2024 HK\$'000	2023 HK\$'000
Interest receivable from financial institutions	73,964	74,166
Other debtors, deposits and prepayments	122,740	136,219
Net amount of accounts receivable from Hong Kong Securities Clearing Company Limited ("HKSCC")	308,209	81,377
	<b>504,913</b>	291,762

There were no other overdue or rescheduled assets, and no impairment allowances for such other assets accordingly.

#### Other liabilities

	2024 HK\$'000	2023 HK\$'000
Creditors, accruals and other payables*	454,063	270,875
Interest payable	202,194	237,491
	<b>656,257</b>	508,366

\* As at 31 December 2024, the balance also includes the impairment allowance of HK\$31,000 (31 December 2023: HK\$21,000) on off-balance sheet credit exposures, including loan commitments and financial guarantees and letters of credit.

Public Financial Securities Limited and Public Securities Limited maintain accounts with HKSCC through which they conduct securities trading transactions and settlement on a net basis.

## Notes to Financial Statements

### 27. OTHER ASSETS AND OTHER LIABILITIES (Continued)

In presenting the amounts due from and to HKSCC, the individual subsidiaries concerned have offset the gross amount of the accounts receivable from and the gross amount of the accounts payable to HKSCC. The amounts offset and the net balances are shown as follows:

	Gross amount HK\$'000	Amount offset HK\$'000	Net amount HK\$'000
<b>Other assets</b>			
<b>2024</b>			
Amount of accounts receivable from HKSCC	<b>383,569</b>	<b>(75,360)</b>	<b>308,209</b>
<b>2023</b>			
Amount of accounts receivable from HKSCC	112,061	(30,684)	81,377
<b>Other liabilities</b>			
<b>2024</b>			
Amount of accounts payable to HKSCC	<b>75,360</b>	<b>(75,360)</b>	<b>–</b>
<b>2023</b>			
Amount of accounts payable to HKSCC	(30,684)	30,684	–

### 28. GOODWILL

	HK\$'000
Cost:	
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<b>2,774,403</b>
Accumulated impairment:	
As at 1 January 2023, 31 December 2023 and 1 January 2024	<b>–</b>
Impairment during the year	<b>810,000</b>
As at 31 December 2024	<b>810,000</b>
Net carrying amount:	
As at 31 December 2024	<b>1,964,403</b>
As at 31 December 2023	2,774,403



## Notes to Financial Statements

### 28. GOODWILL (Continued) Impairment test of goodwill

The CGU identified by the Group refers to the “retail and commercial banking businesses” segment of its main operating entities, namely Public Bank (Hong Kong) and Public Finance. The recoverable amounts of the CGU at each subsequent reporting date are determined based on the value-in-use using the present value of cash flows at a pre-tax discount rate of 9.7% (2023: pre-tax discount rate of 9.7%) taking into account the expected operating synergy, profitability and growth of businesses of Public Bank (Hong Kong) and Public Finance. The cash flow projections are based on financial plans approved by management and assumed growth rates are used to extrapolate the cash flows beyond 5 years. The financial projection considers the sustainability of business growth, stability of core business developments, long-term economic cycle, availability of financial resources for business expansion, compliance with regulatory capital and liquidity requirements, and achievement of business targets extrapolated from historical financial results. Management’s financial model assumes an average growth rate of 2.8% (2023: 2.8%) per annum for the CGU from the sixth years taking into account long-term gross domestic product growth and other relevant economic factors.

An impairment loss of HK\$810,000,000 has been recognised in respect of goodwill for the year ended 31 December 2024 (2023: Nil) to write down its carrying amount to the value-in-use. A lower recoverable amount from the CGU is derived in the latest assessment mainly attributable to the downward adjustment in financial projections under the expected challenging operating environment and market conditions. The sensitivity assessment on the value-in-use of the CGU is as follows:

	<b>Value-in-use sensitivity HK\$'000</b>
<hr/>	
Discount rate:	
+25 basis points	<b>(278,690)</b>
–25 basis points	<b>299,723</b>
5-year cash flow projections:	
+5%	<b>380,677</b>
–5%	<b>(380,677)</b>

## Notes to Financial Statements

### 29. INTANGIBLE ASSETS

	HK\$'000
Cost:	
As at 1 January 2023, 31 December 2023 and 1 January 2024	<b>1,085</b>
Write-offs	<b>(486)</b>
As at 31 December 2024	<b>599</b>
Accumulated impairment:	
As at 1 January 2023	367
Impairment during the year	486
As at 31 December 2023 and 1 January 2024	<b>853</b>
Write-offs	<b>(486)</b>
As at 31 December 2024	<b>367</b>
Net carrying amount:	
As at 31 December 2024	<b>232</b>
As at 31 December 2023	232

Intangible assets represent trading rights held by the Group. The trading rights are retained for stock trading and stockbroking activities, and have indefinite useful lives as the trading rights have no expiry date. They comprise three units (31 December 2023: five units) of Stock Exchange Trading Right and one unit (31 December 2023: one unit) of Futures Exchange Trading Right in Hong Kong Exchanges and Clearing Limited.

For the year ended 31 December 2024, the two units of Stock Exchange Trading Right had been revoked following the cessation of stockbroking business by Public Securities Limited.



## Notes to Financial Statements

### 30. LOANS TO DIRECTORS

Loans to Directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Name of Director	As at	Maximum amount	As at	As at	Maximum amount	As at	Collateral held
	31 December 2024	outstanding during the year	1 January 2024	31 December 2023	outstanding during the prior year	1 January 2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Tan Yoke Kong	-	-	-	10,341	11,000	-	Property
	-	-	-	10,341	-	-	

The loans to directors represent a secured term loan granted by a subsidiary to a director on essentially the same terms with those granted to other customers, and at prevailing market rate and are repayable by monthly instalments.

The carrying amounts of these loan approximate to their fair values.

### 31. CUSTOMER DEPOSITS AT AMORTISED COST

	2024	2023
	HK\$'000	HK\$'000
Demand deposits and current accounts	2,746,720	2,934,045
Savings deposits	5,163,160	5,290,114
Time, call and notice deposits	24,263,637	21,312,281
	<b>32,173,517</b>	29,536,440

## Notes to Financial Statements

### 32. UNSECURED BANK LOANS AT AMORTISED COST

	2024 HK\$'000	2023 HK\$'000
Unsecured bank loans	<b>1,620,326</b>	1,611,754
Repayable:		
On demand or within a period not exceeding one year	<b>1,620,326</b>	1,611,754
Within a period of more than one year but not exceeding two years	–	–
Within a period of more than two years but not exceeding five years	–	–
	<b>1,620,326</b>	1,611,754

The unsecured bank loans were denominated in HKD. Carrying amounts of the unsecured bank loans bore interest at floating interest rates and at prevailing market rates.

### 33. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets:

	Impairment allowances for loans and advances and receivables HK\$'000	Tax losses available for offsetting against future taxable profit HK\$'000	Others HK\$'000	Decelerated tax depreciation of property and equipment HK\$'000	Total HK\$'000
As at 1 January 2023	35,864	8	481	35	36,388
Deferred tax credited to the consolidated income statement	13,327	3	26	6	13,362
Exchange difference	(825)	–	(11)	–	(836)
As at 31 December 2023 and 1 January 2024	<b>48,366</b>	<b>11</b>	<b>496</b>	<b>41</b>	<b>48,914</b>
Deferred tax credited/(charged) to the consolidated income statement	<b>16,212</b>	<b>24,868</b>	<b>(11)</b>	<b>(2)</b>	<b>41,067</b>
Deferred tax credited to the consolidated other comprehensive income	–	–	238	–	238
Exchange difference	<b>(1,099)</b>	–	<b>(17)</b>	–	<b>(1,116)</b>
As at 31 December 2024	<b>63,479</b>	<b>24,879</b>	<b>706</b>	<b>39</b>	<b>89,103</b>



## Notes to Financial Statements

### 33. DEFERRED TAX (Continued) Deferred tax liabilities:

	<b>Accelerated tax depreciation of property and equipment HK\$'000</b>
As at 1 January 2023	49,767
Deferred tax charged to the consolidated income statement	5,008
As at 31 December 2023 and 1 January 2024	<b>54,775</b>
Deferred tax charged to the consolidated income statement	<b>3,670</b>
As at 31 December 2024	<b>58,445</b>

The Group has tax losses arising in Hong Kong of HK\$13,596,000 (31 December 2023: HK\$9,698,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have incurred losses for some time and it is not considered probable that taxable profit will be available against which tax losses can be utilised.

There are no significant income tax consequences attaching to the payment of dividends by the Company to its shareholders.

### 34. SHARE CAPITAL

	<b>2024 HK\$'000</b>	2023 HK\$'000
Authorised: 2,000,000,000 (2023: 2,000,000,000) ordinary shares of HK\$0.10 each	<b>200,000</b>	200,000
Issued and fully paid: 1,097,917,618 (2023: 1,097,917,618) ordinary shares of HK\$0.10 each	<b>109,792</b>	109,792

## Notes to Financial Statements

### 35. LEASES

#### (a) As lessor

The Group leases its investment properties as disclosed in Note 23 to the financial statements under operating lease arrangements, and the terms of the leases range from 1 to 3 years.

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

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Within one year	<b>13,740</b>	14,494
Over one year but within two years	<b>4,570</b>	7,594
Over two years but within three years	<b>1,817</b>	195
	<b>20,127</b>	22,283

#### (b) As lessee

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

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Within one year	-	8,983
In the second to fifth years, inclusive	-	20,439
	-	29,422



## Notes to Financial Statements

### 36. OFF-BALANCE SHEET EXPOSURE

#### (a) 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 year:

	Contractual amount HK\$'000	Credit equivalent amount HK\$'000	2024 Credit risk- weighted amount HK\$'000	Positive fair value- assets HK\$'000	Negative fair value- liabilities HK\$'000
Direct credit substitutes	28,238	28,238	23,919	-	-
Transaction-related contingencies	18,780	9,390	1,354	-	-
Trade-related contingencies	4,301	860	777	-	-
Forward forward deposits placed	80,871	80,871	16,174	-	-
Forward asset purchases	-	-	-	-	-
	132,190	119,359	42,224	-	-
Derivatives held for trading:					
Foreign exchange contracts	744,108	13,615	2,723	4,561	14,589
Other commitments with an original maturity of:					
Not more than one year	37,840	7,568	7,568	-	-
More than one year	93,048	46,524	46,524	-	-
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	2,291,507	-	-	-	-
	3,298,693	187,066	99,039	4,561	14,589

	2024 Contractual amount HK\$'000
Capital commitments contracted for, but not provided in the consolidated statement of financial position	23,914

## Notes to Financial Statements

### 36. OFF-BALANCE SHEET EXPOSURE (Continued) (a) Contingent liabilities, commitments and derivatives (Continued)

	Contractual amount HK\$'000	Credit equivalent amount HK\$'000	2023 Credit risk- weighted amount HK\$'000	Positive fair value- assets HK\$'000	Negative fair value- liabilities HK\$'000
Direct credit substitutes	27,929	27,929	23,556	–	–
Transaction-related contingencies	17,846	8,923	1,259	–	–
Trade-related contingencies	3,046	609	524	–	–
Forward forward deposits placed	–	–	–	–	–
Forward asset purchases	–	–	–	–	–
	48,821	37,461	25,339	–	–
Derivatives held for trading:					
Foreign exchange contracts	452,813	20,787	4,157	10,743	40
Other commitments with an original maturity of:					
Not more than one year	–	–	–	–	–
More than one year	123,280	61,640	61,640	–	–
Other commitments which are unconditionally cancellable or which provide for automatic cancellation due to deterioration of creditworthiness of the counterparties	2,235,181	–	–	–	–
	2,860,095	119,888	91,136	10,743	40
					2023 Contractual amount HK\$'000
Capital commitments contracted for, but not provided in the consolidated statement of financial position					25,817



## Notes to Financial Statements

### 36. OFF-BALANCE SHEET EXPOSURE (Continued)

#### (a) Contingent liabilities, commitments and derivatives (Continued)

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

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 31 December 2024 and 31 December 2023, the Group had no material outstanding contingent liabilities and commitments save as disclosed above.

#### (b) Derivative financial instruments

The Group uses the following derivative financial instruments:

Currency forwards represent commitments to purchase foreign and domestic currencies, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations established in an organised financial market to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell a foreign currency or a financial instrument on a future date at a specified price. The credit risk is negligible, as changes in the futures contract value are settled daily with the exchange. Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of interest rates (for example, fixed rate or floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligations. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as used for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised in the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risk. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which the instruments are favourable or unfavourable, and the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

## Notes to Financial Statements

### 37. RELATED PARTY TRANSACTIONS

In addition to the remuneration details of the Directors, who represent the key management personnel of the Group, in Note 13 to the financial statements, the Group had the following major transactions with related parties during the year:

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Related party transactions included in the consolidated income statement:</b>			
Ultimate holding company:			
Interest received	(a)	<b>164</b>	8
Bank loans interest paid and payable	(b)	<b>14,518</b>	11,847
Deposits interest paid and payable	(b)	<b>19</b>	77
Commitment fees paid	(d)	<b>3,966</b>	4,658
Credit information service charge	(e)	<b>259</b>	271
Fellow subsidiaries:			
Bank loans interest paid and payable	(b)	<b>8,422</b>	12,021
Commitment fees paid	(d)	–	93
Services fees	(d)	–	7
Key management personnel:			
Deposits interest paid	(b)	<b>69</b>	14
Commission income	(c)	–	2
Interest received	(c)	–	331



## Notes to Financial Statements

### 37. RELATED PARTY TRANSACTIONS (Continued)

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Related party transactions included in the consolidated statement of financial position:</b>			
Ultimate holding company:			
Cash and short term funds	(a)	127	1,253
Deposits and balances of banks and other financial institutions at amortised cost	(b)	20,984	16,933
Bank loans	(b)	287,500	213,000
Interest payable	(b)	223	120
Fellow subsidiaries:			
Deposits and balances of banks and other financial institutions at amortised cost	(b)	9,579	4,224
Bank loans	(b)	233,000	300,000
Interest payable	(b)	163	199
Key management personnel:			
Deposits	(b)	2,558	1,599
Interest payable	(b)	38	25
Secured term loan	(c)	-	10,329
Interest receivable	(c)	-	12

## Notes to Financial Statements

### 37. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) The Group placed deposits with Public Bank, the ultimate holding company, at prevailing market rates.
- (b) The ultimate holding company, fellow subsidiaries, and key management personnel placed deposits with the Group at the prevailing market rates. Interest expenses were paid/payable by the Group for the year in respect of these placements. The balances were included in customer deposits in the consolidated statement of financial position. Bank loans were granted by Public Bank and Public Bank (L) Ltd, a fellow subsidiary, to the Group, and interest expenses were paid/payable by the Group in respect of these loans.
- (c) Commission income was received from key management personnel of the Group for securities dealings through Public Financial Securities Limited and Public Securities Limited.

The balance represented a secured term loan to key management personnel of the Group granted by Public Bank (Hong Kong). Interest income/interest receivable were in respect of the secured term loan.

- (d) Commitment fees were paid to Public Bank in order to obtain standby facilities granted by Public Bank to Public Bank (Hong Kong) and Public Finance.

Commitment fees were paid to Public Bank (L) Ltd in order to obtain revolving credit facilities granted by Public Bank (L) Ltd to Public Securities Limited.

Services fees were paid to Public Investment Bank Berhad from Public Securities Limited for referrals of stock broking transactions.

- (e) The credit information service charge was paid to Public Bank for the share of cost borne by Public Bank (Hong Kong).

In addition, certain banking facilities of the Group are supported by letters of comfort issued by the ultimate holding company.

None of these related party transactions constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

## Notes to Financial Statements

### 38. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (a) Financial assets and financial liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values of financial instruments which are not carried at fair value in the financial statements.

##### Liquid or/and very short term and variable rate financial instruments

Liquid or/and very short term and variable rate financial instruments include loans and advances and receivables, debt securities investment, customer deposits, certificates of deposit issued and unsecured bank loans. As these financial instruments are liquid or having a short-term maturity or carrying interest at a variable rate, the carrying amounts are reasonable approximations of their fair values. In the case of loans and unquoted debt securities, their fair values do not reflect changes in their credit quality as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances.

##### Fixed rate financial instruments

Fixed rate financial instruments include placements with banks and financial institutions, loans and advances and receivables, debt securities investment, deposits from banks and other financial institutions, customer deposits and certificates of deposit issued. The fair values of these fixed rate financial instruments carried at amortised cost are determined based on prevailing money-market interest rates or current interest rates offered for similar financial instruments appropriate for the remaining term to maturity. The carrying amounts of such financial instruments are not materially different from their fair values.

#### (b) Financial assets and financial liabilities carried at fair value

The following tables show an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

	2024			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets:				
Derivative financial instruments	-	4,561	-	4,561
Debt securities investment at fair value through other comprehensive income	-	3,139,085	-	3,139,085
Equity investments at fair value through other comprehensive income	-	-	6,804	6,804
	-	3,143,646	6,804	3,150,450
Financial liabilities:				
Derivative financial instruments	-	14,589	-	14,589

## Notes to Financial Statements

### 38. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued) (b) Financial assets and financial liabilities carried at fair value (Continued)

	2023			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets:				
Derivative financial instruments	–	10,743	–	10,743
Debt securities investment at fair value through other comprehensive income	–	–	–	–
Equity investments at fair value through other comprehensive income	–	–	6,804	6,804
	–	10,743	6,804	17,547
Financial liabilities:				
Derivative financial instruments	–	40	–	40

Level 2 derivative financial instruments comprise forward foreign exchange contracts and currency swaps. These instruments have been measured at fair value based on the forward foreign exchange rates that are quoted in an active market. As at 31 December 2024 and 31 December 2023, the effects of discounting were considered insignificant for the Level 2 financial instruments.

Level 3 financial instruments are measured at fair value based on the present value of expected cash flows in the foreseeable future.

For financial instruments measured at fair value on a recurring basis, the Group determines whether transfer has occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Finance and Control Department performs the valuation of financial instruments required for financial reporting purposes, including Level 3 fair values, at the end of each reporting period. The impact due to changes in fair value of the Level 3 financial instruments is insignificant to the Group.

For the years ended 31 December 2024 and 31 December 2023, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

For the years ended 31 December 2024 and 31 December 2023, there were no issues and settlements related to the Level 3 financial instruments.

There was no gain or loss and no OCI reported in the consolidated income statement and consolidated statement of comprehensive income respectively related to the Level 3 financial instruments for the years ended 31 December 2024 and 31 December 2023.

For fair value measurement at Level 3, changing one or more of the inputs to the reasonably possible alternative assumptions would not change the fair value significantly.



## Notes to Financial Statements

### 39. 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. The Group's contractual undiscounted repayment obligations are shown in the sub-section "Liquidity risk management" in Note 40 to the financial statements.

	Repayable on demand HK\$'000	Up to 1 month HK\$'000	2024			Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total 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			
<b>Financial assets:</b>								
Gross cash and short term placements	672,592	5,279,627	-	-	-	-	-	5,952,219
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,837,374	68,816	-	-	-	1,906,190
Gross loans and advances and receivables	906,757	1,204,193	590,603	2,906,642	6,291,851	12,045,766	596,224	24,542,036
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804
Gross debt securities investment	-	1,047,461	3,483,499	1,407,399	686,569	-	-	6,624,928
Other assets	838	40,111	17,571	11,346	6,539	-	428,508	504,913
Derivative financial instruments	-	4,561	-	-	-	-	-	4,561
<b>Total financial assets</b>	<b>1,580,187</b>	<b>7,575,953</b>	<b>5,929,047</b>	<b>4,394,203</b>	<b>6,984,959</b>	<b>12,045,766</b>	<b>1,031,536</b>	<b>39,541,651</b>
<b>Financial liabilities:</b>								
Deposits and balances of banks and other financial institutions at amortised cost	133,163	238,151	50,000	100,000	-	-	-	521,314
Customer deposits at amortised cost	7,956,262	7,101,097	12,677,206	4,438,428	524	-	-	32,173,517
Unsecured bank loans at amortised cost	-	1,620,326	-	-	-	-	-	1,620,326
Lease liabilities	-	4,355	8,550	33,562	49,710	-	-	96,177
Other liabilities	5,685	74,673	92,066	67,323	12	-	416,498	656,257
Derivative financial instruments	-	14,589	-	-	-	-	-	14,589
<b>Total financial liabilities</b>	<b>8,095,110</b>	<b>9,053,191</b>	<b>12,827,822</b>	<b>4,639,313</b>	<b>50,246</b>	<b>-</b>	<b>416,498</b>	<b>35,082,180</b>
<b>Net liquidity gap</b>	<b>(6,514,923)</b>	<b>(1,477,238)</b>	<b>(6,898,775)</b>	<b>(245,110)</b>	<b>6,934,713</b>	<b>12,045,766</b>	<b>615,038</b>	<b>4,459,471</b>

## Notes to Financial Statements

### 39. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

	Repayable on demand HK\$'000	Up to 1 month HK\$'000	2023			Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total 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			
<b>Financial assets:</b>								
Gross cash and short term placements	802,410	2,916,637	-	-	-	-	-	3,719,047
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	733,407	243,832	-	-	-	977,239
Gross loans and advances and receivables	535,361	1,577,296	597,620	2,162,980	6,336,806	12,099,268	978,393	24,287,724
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804
Gross debt securities investment	-	983,474	2,860,749	3,178,344	617,731	-	-	7,640,298
Other assets	564	176,711	23,596	12,803	3,952	-	74,136	291,762
Derivative financial instruments	-	10,743	-	-	-	-	-	10,743
<b>Total financial assets</b>	<b>1,338,335</b>	<b>5,664,861</b>	<b>4,215,372</b>	<b>5,597,959</b>	<b>6,958,489</b>	<b>12,099,268</b>	<b>1,059,333</b>	<b>36,933,617</b>
<b>Financial liabilities:</b>								
Deposits and balances of banks and other financial institutions at amortised cost	78,015	199,532	140,000	50,000	-	-	-	467,547
Customer deposits at amortised cost	8,257,320	5,750,278	9,693,187	5,832,069	3,416	170	-	29,536,440
Unsecured bank loans at amortised cost	-	1,611,754	-	-	-	-	-	1,611,754
Lease liabilities	-	4,234	7,861	27,770	52,768	4,713	-	97,346
Other liabilities	7,231	223,483	104,087	113,745	117	-	59,703	508,366
Derivative financial instruments	-	40	-	-	-	-	-	40
<b>Total financial liabilities</b>	<b>8,342,566</b>	<b>7,789,321</b>	<b>9,945,135</b>	<b>6,023,584</b>	<b>56,301</b>	<b>4,883</b>	<b>59,703</b>	<b>32,221,493</b>
<b>Net liquidity gap</b>	<b>(7,004,231)</b>	<b>(2,124,460)</b>	<b>(5,729,763)</b>	<b>(425,625)</b>	<b>6,902,188</b>	<b>12,094,385</b>	<b>999,630</b>	<b>4,712,124</b>

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise customer deposits, bank loans, and deposits and balances of banks and other financial institutions. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as cash and short term placements, debt securities investment, loans and advances and receivables, and equity investments at FVOCI, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts held for trading. The purpose is to manage or mitigate currency risk arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, market risk, credit risk and liquidity risk.



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Group's business activities comprise retail and commercial banking services. These activities expose the Group to a variety of risks, mainly interest rate risk, market risk, credit risk, liquidity risk, operational risk, cyber security risk, climate risk and compliance risk. The respective Boards of Public Bank (Hong Kong) and Public Finance review and approve risk management policies for managing each of these risks and they are summarised below.

#### Risk management structure

The Group's risk management is underpinned by the Group's risk appetite and is subject to the respective Boards' oversight through the RMCs of Public Bank (Hong Kong) and Public Finance, which are Board Committees overseeing the establishment of enterprise-wide risk management policies and processes. The RMCs are assisted by the specific risk oversight committees including the ALCO, ORMC, Credit Committee, CRMC (applicable to Public Bank (Hong Kong) only), and Anti-Money Laundering and Counter-terrorist Financing (AML) and Compliance Committee or equivalent committees with similar functions of Public Bank (Hong Kong) and Public Finance.

The Group has established systems, policies and procedures for the control and monitoring of interest rate risk, market risk, credit risk, liquidity risk, operational risk, cyber security risk, climate risk, ESG risk and compliance risk, which are approved by the respective Boards of Public Bank (Hong Kong) and Public Finance and reviewed regularly by their management, and other designated committees or working groups. Material risks are identified and assessed by designated committees and/or working groups before the launch of new products or business activities, and are monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of Public Bank (Hong Kong) and Public Finance also perform regular audits to ensure compliance with the policies and procedures.

#### Interest rate risk management

Interest rate risk in banking book ("IRRBB") is internally defined as current or prospective risk arising from adverse movements in market interest rates to the Group's positions in the banking book. Changes in market interest rate affect economic value of interest-bearing assets, liabilities, off-balance commitments and net interest income ("NII") from such financial instruments. The primary objective of interest rate risk management is to minimise/contain the potential adverse effects of interest rate movements in economic value of equity ("EVE") and NII by closely monitoring the net repricing gap of the Group's assets and liabilities.

The IRRBB comprises gap risk, basis risk and option risk. Gap risk arises from changes in interest rates on assets, liabilities and off-balance sheet positions of different maturities. Basis risk arises from imperfect correlation of timing between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics. Option risk arises from the optional elements embedded in the Group's assets and liabilities that provide customers with the right to prepay or early repay one's assets or liabilities such that cash flows related to such financial contracts are altered.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) Interest rate risk management (Continued)

The Boards of Public Bank (Hong Kong) and Public Finance are ultimately responsible for management of IRRBB and define the overall risk appetite for management of IRRBB. The RMCs are responsible for reviewing IRRBB policies, establishing risk limits in relation to EVE and NII in accordance with risk appetite and maintaining management oversight on IRRBB. The ALCOs are responsible for identifying, measuring, evaluating, controlling and monitoring IRRBB and ensuring the timely implementation of IRRBB management strategy by different departments and business lines in response to the changing market conditions. Risk Management Departments (“RMDs”) assess, monitor and report interest rate risk exposures against approved risk limits and key interest rate risk related matters (such as limit excesses) to the ALCOs at least monthly, and escalate to the RMCs and the Boards for further deliberations/approval of proposed actions as necessary. The Group manages its IRRBB exposures at a desired level and within its risk tolerance thresholds through strategic planning of balance sheet compositions with matching of repricing maturity for its on-balance sheet instruments and/or off-balance sheet derivatives in each significant currency. Currently, the Group does not use interest rate instruments like interest rate swaps and interest rate futures for hedging purpose as the Group is not engaged in complex business transactions involving derivative financial instruments. Where the Group decides to implement a hedging to manage IRRBB, the hedge accounting treatment is required to be made in accordance with the HKFRSs. The Group conducts stress testing via scenario analyses to assess the adverse impact of various interest rate shocks on the Group’s EVE and NII, and the outcomes are deliberated in ALCO and RMC meetings. The Group establishes model for IRRBB assessment including yield curve levels’ projection of relevant interest-bearing assets and early redemption of loans. Any revisions to the existing IRRBB model or assessment methodology are deliberated by ALCOs and RMCs for the approval by the Boards. Internal Audit Departments perform independent reviews on the effectiveness of the IRRBB management system, including but not limited to the implementation/compliance of the approved policies, monitoring of risk limits, escalation of limit breaches and adequacy of IRRBB assessment methodology.

The Group employs various analytical techniques to measure IRRBB and its impact on EVE and NII on monthly basis, including interest rate repricing profile analysis, and scenario assessment on the Group’s EVE and NII under both parallel and non-parallel interest rate shocks.

For computation of the impact on EVE, the Group adopts the six prescribed standardised interest rate shock scenarios defined by the HKMA (namely parallel up, parallel down, steepener, flattener, short rate up and short rate down) and internal parallel up and down scenarios at 100 basis points.

For computation of the impact on NII over the next twelve months, the Group adopts the standardised and internal parallel up or down scenarios as mentioned above.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Interest rate risk management (Continued)

The key modeling assumptions used by the Group in EVE and NII calculation include the followings:

- (i) For EVE computation, commercial margins and other spread components have been excluded in the cash flows used in the computation and discount rate.
- (ii) The repricing maturity of non-maturity deposits is determined based on the earliest date on which their interest rates can be adjusted. Based on such assumption, the repricing maturity of all non-maturity deposits is determined to be one day.
- (iii) Conditional prepayment rates have been computed for the fixed-rate retail loan products based on historical data of past two years or more. Retail term deposits are assumed not to be subject to early redemption risk given the material early withdrawal penalty imposed by the Group.
- (iv) The Group measures IRRBB exposures separately for each significant currency in view that yield curves for different currencies vary from one to another. The Group's significant currency is defined as HKD, USD, Renminbi ("RMB"), Australian dollar and other currencies that account for at least 5% of total on-balance sheet interest rate-sensitive position in all currencies and that the aggregate of significant currency should account for at least 90% of total on-balance sheet interest rate-sensitive position. The interest rate correlations between different currencies are assumed to be insignificant.

Pursuant to the above methodology and assumptions, the impacts on EVE and NII for the positions of 31 December 2024 and 31 December 2023 under various scenarios are as follows:

Scenario	2024		2023	
	EVE HK\$'000	NII HK\$'000	EVE HK\$'000	NII HK\$'000
Parallel up	<b>(46,934)</b>	<b>62,199</b>	(48,366)	55,587
Parallel down	<b>42,168</b>	<b>(64,521)</b>	43,964	(57,545)
Steepener	<b>(10,362)</b>	<b>(76,951)</b>	(4,357)	(49,828)
Flattener	<b>1,117</b>	<b>95,299</b>	(1,491)	62,224
Short rate up	<b>(30,136)</b>	<b>112,133</b>	(27,259)	74,101
Short rate down	<b>26,709</b>	<b>(115,812)</b>	24,424	(76,431)

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Market risk management

##### (a) Currency risk

Currency risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk positions arise from foreign exchange dealings, commercial banking operations and structural foreign currency exposures. All foreign exchange positions are managed by the Group's Treasury Department within limits approved by the Board of Public Bank (Hong Kong).

The Group's assets and liabilities are mainly denominated in HKD, USD and RMB. The Group has limited foreign currency risk as the Group's net foreign currency positions are small, except for net structural position of RMB denominated operating capital.

As at 31 December 2024, if RMB had strengthened or weakened by 100 basis points against HKD with all other variables held constant, the Group's equity would have increased or decreased by HK\$11 million (31 December 2023: HK\$11 million) mainly as a result of foreign exchange impact arising from the net structural position of RMB denominated operating capital.

##### (b) Price risk

Price risk is the risk to the Group's earnings and capital due to changes in the prices of securities, including debt securities and equities.

The Group monitors price risk principally by limits established for transactions and open positions. These limits are reviewed and approved by the respective Boards of Public Bank (Hong Kong) and Public Finance and are monitored on a daily basis.

The Group did not actively trade in financial instruments and in the opinion of the Directors, the price risk related to trading activities to which the Group was exposed was not material. Accordingly, no quantitative market risk disclosures for price risk have been made.



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Credit risk management

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the lending, trade finance, treasury and other activities undertaken by the Group.

The Group has a credit risk management process to measure, monitor and control credit risk. Its credit policy defines the credit extension and measurement criteria, credit review, approval and monitoring processes, and the loan classification and provisioning systems. It has a hierarchy of credit authority which approves credit in compliance with the Group's credit policy. Credit risk exposures are measured and monitored against credit limits and other control limits (such as connected exposures, large exposures and risk concentration limits approved by the respective Boards or dedicated committees). The Group's loan exposures are concentrated in purchase of properties, property investment, transportation and consumer financing segment in Hong Kong; and such lendings are monitored and controlled within the approved concentration limits of Public Bank (Hong Kong) and Public Finance. Segregation of duties in key credit functions is in place to ensure separate credit control and monitoring. Management and recovery of problem credits are handled by an independent work-out team.

The Group manages its credit risk within a conservative framework. Its credit policy is regularly revised, taking into account factors such as prevailing business and economic conditions, regulatory requirements and its capital resources. Its policy on connected lending exposures defines and states connected parties, statutory and applicable connected lending limits, types of connected transactions, taking of collateral, the capital adequacy treatment, and detailed procedures and controls for monitoring connected lending exposures. In general, interest rates and other terms and conditions applying to connected lending should not be more favourable than those of the loans offered to non-connected borrowers under similar circumstances. The terms and conditions should be determined on normal commercial terms at arm's length and in the ordinary course of business of the Group.

Credit and compliance audits are periodically conducted by Internal Audit Departments of Public Bank (Hong Kong) and Public Finance to evaluate the effectiveness of credit reviews, approval and monitoring processes and to ensure that the established credit policies and procedures are complied with.

Compliance Departments of Public Bank (Hong Kong) and Public Finance conduct compliance tests at selected business units on identified high risk areas for adherence to regulatory and operational requirements and credit policies.

Credit Committees of Public Bank (Hong Kong) and Public Finance monitor the quality of financial assets which are neither past due nor impaired by financial performance indicators (such as the loan-to-value ratio, debts servicing ratio, financial soundness of borrowers and personal guarantees) through meeting discussions and management reports. Loan borrowers subject to legal proceedings, negative comments from other counterparties and rescheduled arrangements are put under watch lists or under the "special mention" grade for management oversight.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Credit risk management (Continued)

Credit Committees of Public Bank (Hong Kong) and Public Finance also monitor the quality of past due or impaired financial assets by internal grading comprising “substandard”, “doubtful” and “loss” accounts through meeting discussions and management reports. Impaired financial assets include those subject to personal bankruptcy petitions, corporate winding-up and rescheduled arrangements.

RMCs of Public Bank (Hong Kong) and Public Finance are responsible for reviewing and assessing the adequacy of risk management framework for identifying, measuring, monitoring and controlling the credit risk of existing and new products. The Committees also review credit risk management policies and credit risk tolerance limits. The RMC of Public Bank (Hong Kong) is assisted by CRMC in discharging its responsibilities on credit risk management issues.

The Group mitigates credit risk by credit protection provided by guarantors and by loan collateral such as customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles.

The “Neither past due nor impaired loans and advances and receivables” are shown in Note 20 to the financial statements.

Loans and advances and receivables that were neither past due nor impaired were related to a large number of diversified customers for whom there was no recent history of default.

Maximum credit exposures for off-balance sheet items without taking into account the fair value of collateral are as follows:

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Credit related contingent liabilities	<b>51,319</b>	48,821
Loan commitments and other credit related commitments	<b>2,422,395</b>	2,358,461



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its current obligations. Major sources of liquidity risk of the Group are the early or unexpected withdrawals of deposits in cash outflow and the delay in cash inflow from loan repayments. To manage liquidity risk, the Group has established a liquidity risk management framework which incorporates liquidity risk tolerance, management oversight on liquidity risk, liquidity risk and funding strategy, risk related metrics and tools for liquidity risk management, internal liquidity risk pricing, and the manner of reporting significant matters. The major objectives of liquidity risk management framework are to (i) specify the roles and responsibilities of relevant parties on liquidity risk management, (ii) identify, measure and control liquidity risk exposures with proper implementation of funding strategies, (iii) effectively report significant risk related matters for management oversight, and (iv) manage the liquidity profile within risk tolerance. The liquidity risk management framework is cascaded to all business lines to ensure a consistent liquidity risk strategy, policies and practices across the Group. Liquidity risk related policies are reviewed by Senior Management and dedicated committees, and significant changes in such policies are approved by the Boards of Public Bank (Hong Kong) and Public Finance or committees delegated by the respective Boards.

ALCOs of Public Bank (Hong Kong) and Public Finance monitor the liquidity position as part of the ongoing management of assets and liabilities, and set up trigger limits to monitor liquidity risk. They also closely monitor the liquidity of the subsidiaries on a periodic basis to ensure that the liquidity structure of the subsidiaries' assets, liabilities and commitments can meet their funding needs, and that internal liquidity trigger limits are complied with.

Treasury Department of Public Bank (Hong Kong) and a dedicated department of Public Finance are responsible for the centralised implementation of the strategies and policies approved by the dedicated committees and the respective Boards, and developing operational procedures and controls to ensure the compliance with the aforesaid policies and to minimise operational disruptions in case of a liquidity crisis.

RMDs of Public Bank (Hong Kong) and Public Finance are responsible for day-to-day monitoring of liquidity maintenance ratios, loans to deposits ratios, concentration risk related ratios and other liquidity risk related ratios coupled with the use of cash-flow projections, maturity ladder, stress-testing methodologies and other applicable risk assessment tools and metrics to detect early warning signals and identify vulnerabilities to potential liquidity risk on forward-looking basis with the objective of ensuring different types of liquidity risks of the Group are appropriately identified, measured, assessed and reported. They also carry out analysis based on risk-based management reports, summarise the data from those reports and present the key liquidity information of the Group and key business lines to the respective ALCOs on a regular (at least monthly) basis. In case of significant issues, such as serious limit excesses or breaches or early warning signals of potential severe impact on Public Bank (Hong Kong) or Public Finance are identified from the aforesaid management reports or market information obtained from Treasury Department and business units, a designated ALCO member will convene a meeting (involving Senior Management members) to discuss risk related matters and propose actions to ALCO whenever necessary. A high level summary of the liquidity risk performance of Public Bank (Hong Kong) or Public Finance will be presented by the respective ALCOs to their RMCs and the Boards.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) Liquidity risk management (Continued)

The liquidity risk related metrics of Public Bank (Hong Kong) and Public Finance include at least liquidity maintenance ratios (with internal risk tolerance higher than the statutory liquidity maintenance ratio); cash-flow mismatches under normal and different stress scenarios; concentration related limits of deposits and other funding sources, and maturity profile of major assets and liabilities (including on-balance sheet and off-balance sheet items). Systems and procedures are in place to measure and manage liquidity risk arising from off-balance sheet exposures and contingent funding obligations by cash-flow projections in both baseline and stressed scenarios. In baseline scenario, expected cash outflow is derived from the aforesaid exposures and obligations including potential drawdowns of unused committed facilities; trade related contingencies; issued letters of credit and financial guarantee unrelated to trade related contingencies; and uncommitted facilities and other contingent obligations with regard to not only the contractual terms in agreements with customers but also the manner of past months' utilisation and genuine drawdowns of the credit facilities; customer relationships and reputational risk perspectives. In stressed scenario, the utilisation and drawdowns of credit facilities are expected to escalate to some extent.

The funding strategies of the Group are to (i) diversify funding sources for mitigating liquidity risk exposures; (ii) minimise disruptions due to operational issues such as transfer of liquidity across group entities; (iii) ensure contingency funding is available to the Group; and (iv) maintain sufficient liquidity cushion to meet critical liquidity needs such as loan commitments and deposit withdrawals in stressed situations. The Group has established concentration limits of funding sources taking into account the respective risk profiles of Public Bank (Hong Kong) and Public Finance. For instance, intra-group funding and funding from the largest funding provider are restricted to be not more than 15% and 10% of total funding sources respectively to reduce reliance on single source of funding. Medium and long term funding is maintained at a level of at least 20% of total funding source to pursue stable funding structure.

Contingency funding plan is formulated to address liquidity needs at different stages including the mechanism for the detection of early warning signals of potential crisis at early stage and obtaining of emergency funding in bank-run scenario at later stage. Designated roles and responsibilities of the Crisis Management Team, departments and business units and their emergency contact information are documented clearly in contingency funding plan policy as part of business continuity planning, and contingency funding measures are in place to set priorities of funding arrangements with counterparties, to set procedures for intraday liquidity risk management and intra-group funding support, to manage media relationship and to communicate with internal and external parties during a liquidity crisis. The stress-testing results are updated and reported to Senior Management regularly and the results such as the survival period for positive cash-flow mismatches are used in contingency funding planning and determination of the required level of liquidity cushion. Based on the results of liquidity stress-testing, standby facilities and liquid assets are maintained to provide liquidity to meet unexpected and material cash outflows in stressed situations.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Liquidity risk management (Continued)

The Group maintains sufficient liquidity cushion comprising mainly bills, notes or bonds issued by eligible central governments in a total amount of not less than HK\$2.0 billion to address critical and emergent liquidity needs on intraday basis and over other different time horizons. The Group is not subject to particular collateral arrangements or requirements in contracts in case there is a credit rating downgrade of entities within the Group.

Apart from cash-flow projections under normal scenario to manage liquidity under different time horizons, different stress scenarios such as institution-specific stress scenario, the general market stress scenario and the combination of such scenarios with assumptions are set and reviewed by dedicated committees and approved by the respective Boards. Under institution-specific stress scenario, loan repayments from some customers are assumed to be delayed. The projected cash inflow would be affected by increased amount of rollover of banking facilities by some corporate customers or reduced by the amount of retail loan delinquencies. Regarding cash-outflow projection, part of undrawn banking facilities are not to be utilised by borrowers or honoured by the Group. The core deposits ratio would decrease as there would be early withdrawals of some fixed deposits before contractual maturity dates or there would be fewer renewals of fixed deposits on the contractual maturity dates. In the general market stress scenario, some undrawn banking facilities are not to be honoured upon drawdown as some bank counterparties will not have sufficient liquidity to honour their obligations in market. The Group may pledge or liquidate its liquid assets such as debt securities (including but not limited to treasury bills or notes or bonds issued by eligible central governments) to secure funding to address potential liquidity crisis. Liquidity stress-tests are conducted regularly (at least monthly) and the results are utilised for part of contingency funding plan or for providing insights to management about the latest liquidity position of the Group.

#### Regulatory liquidity ratios

Pursuant to section 97H of the Hong Kong Banking Ordinance and Rules 7 and 8D of the Banking (Liquidity) Rules, Public Bank (Hong Kong) Group (including Public Bank (Hong Kong) and Public Finance) and Public Bank (Hong Kong) are required to comply with the liquidity maintenance ratio requirement and core funding ratio requirement whilst Public Finance is required to comply with the liquidity maintenance ratio requirement only.

	2024	2023
Liquidity Maintenance Ratio		
– Public Bank (Hong Kong) Group	<b>62.4%</b>	59.2%
– Public Bank (Hong Kong)	<b>61.9%</b>	57.6%
– Public Finance	<b>74.8%</b>	93.4%
Core Funding Ratio		
– Public Bank (Hong Kong) Group	<b>146.8%</b>	140.3%
– Public Bank (Hong Kong)	<b>146.3%</b>	138.2%

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Liquidity risk management (Continued)

##### Regulatory liquidity ratios (Continued)

The average liquidity maintenance ratio and core funding ratio are computed using the arithmetic mean of each calendar month's average ratio as reported in the return relating to the liquidity position submitted to the HKMA. The core funding ratio is not applicable to Public Finance.

Liquidity exposures and funding needs are measured and assessed at the level of individual legal entities (i.e. Public Bank (Hong Kong) and its core operating subsidiaries) and Mainland China Office (i.e. Shenzhen Branch and its sub-branches). Pursuant to the HKMA/SFC's requirements, the transferability of liquidity of Public Bank (Hong Kong) and its core operating subsidiaries takes into account the need of compliance with trigger points of liquidity related ratios and minimum liquidity capital level; and other legal and regulatory limitations such as limits of connected exposures and capital related ratios. Pursuant to the requirements of National Financial Regulatory Administration, the Mainland China Office of Public Bank (Hong Kong) is required to maintain regulatory liquidity ratios in RMB and foreign currencies of not less than 25%. Due to the foreign exchange controls imposed by the State Administration of Foreign Exchange ("SAFE") in China, cross-border funding flows to and from Mainland China are subject to the supervision and approval of the SAFE. In view of the limitation on transferability of liquidity, Mainland China Office has maintained high and sufficient liquidity to meet its business needs. As at 31 December 2024, the liquidity ratios in RMB and foreign currencies of Mainland China Office were more than 100% (31 December 2023: more than 100%).

Maturity analysis of financial liabilities, based on the contractual undiscounted cash flows, is as follows:

	2024							Total HK\$'000
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	
Forward assets purchase	-	-	-	-	-	-	-	-
Forward deposits placed	-	80,871	-	-	-	-	-	80,871
Derivative financial instruments	-	14,589	-	-	-	-	-	14,589
Credit related contingent liabilities	-	6,110	9,324	35,753	-	132	-	51,319
Loan commitments and other credit related commitments	2,199,146	51,165	41,195	37,840	93,049	-	-	2,422,395
Customer deposits at amortised cost	7,958,661	7,180,087	12,827,873	4,555,224	4,267	164	-	32,526,276
Deposits and balances of banks and other financial institutions at amortised cost	133,163	242,258	50,674	102,320	-	-	-	528,415
Unsecured bank loans at amortised cost	-	1,653,027	-	-	-	-	-	1,653,027
Lease liabilities	-	4,751	9,288	36,095	51,741	-	-	101,875
Other liabilities	-	307,464	-	-	-	-	146,599	454,063
	<b>10,290,970</b>	<b>9,540,322</b>	<b>12,938,354</b>	<b>4,767,232</b>	<b>149,057</b>	<b>296</b>	<b>146,599</b>	<b>37,832,830</b>



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) Liquidity risk management (Continued)

	2023							Total HK\$'000
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	
Forward assets purchase	-	-	-	-	-	-	-	-
Forward forward deposits placed	-	-	-	-	-	-	-	-
Derivative financial instruments	-	40	-	-	-	-	-	40
Credit related contingent liabilities	-	3,596	7,884	35,509	1,700	132	-	48,821
Loan commitments and other credit related commitments	2,224,091	11,090	-	-	123,280	-	-	2,358,461
Customer deposits at amortised cost	8,262,575	5,836,593	9,853,051	6,013,582	7,697	170	-	29,973,668
Deposits and balances of banks and other financial institutions at amortised cost	78,016	202,934	141,881	51,517	-	-	-	474,348
Unsecured bank loans at amortised cost	-	1,636,624	-	-	-	-	-	1,636,624
Lease liabilities	-	4,489	8,346	29,525	55,044	4,777	-	102,181
Other liabilities	-	142,491	-	-	-	-	128,384	270,875
	10,564,682	7,837,857	10,011,162	6,130,133	187,721	5,079	128,384	34,865,018

#### Operational risk management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, human and system errors or from external events.

The Group has an operational risk management function in place to identify, measure, monitor and control operational risk. Its operational risk management policy defines the responsibilities of various committees, business units and supporting departments, and highlights key operational risk factors and categories with loss event types to facilitate the measurement and assessment of operational risks and their potential impact. Operational risk exposures are monitored by appropriate key risk indicators for tracking and escalation to management for providing early warning signals of increased operational risk or a breakdown in operational risk management. Regular operational risk management reports are received and consolidated from various parties and reported to the ORMC for monitoring and control of operational risk. Pursuant to such regular reporting and monitoring, there were no significant operational loss events being identified in the first half of year 2024. The Group also purchased relevant insurances as risk migration tools to contain potential operational losses within risk tolerance level. Business continuity plans are in place to ensure continuity of banking operations in the event of business disruption.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Cyber security risk management

Cyber security risk is the risk of loss resulting from a cyber attack or information security breach on the Group. The Group has put in place adequate resources and established cyber security risk management policy in accordance with the requirements of the HKMA's Cybersecurity Fortification Initiative and other industry standards to provide guidance on managing cyber security risk, improving cyber resilience as well as ensuring adequate cyber security awareness throughout the Group. The Group also periodically engaged qualified professional assessors to conduct assessments and simulation attacks to assess the robustness of the Group's cyber security controls.

#### Climate risk management

Climate risk is defined as the risk from climate changes, the related impacts and the economic and financial consequences, as a result of physical damage caused by extreme weather events or from transitioning towards a low-carbon economy. Public Bank (Hong Kong) and Public Finance have established their respective climate-related risk management policies in accordance with the requirements of the Supervisory Policy Manual Module GS-1 "Climate Risk Management" issued by the HKMA to define the roles and responsibilities of various committees, business units and supporting departments, and provide guidance on managing climate-related risks as well as ensuring adequate awareness on importance of climate changes throughout the entities. Moreover, the Group's priority on managing climate-related risks and opportunities has been formulated into strategies and action plans to achieve the Public Bank Group's overall sustainability commitment of Carbon Neutral Position for Scopes 1 and 2 by 2030 and Net Zero Carbon by 2050. In order to achieve the commitment, the Group's priority is on developing the risk management processes, infrastructure and tools to systematically identify and assess climate-related risks and to embed climate-related risk management considerations into the day-to-day business activities of the Group. Public Bank (Hong Kong) and Public Finance have also conducted climate risk stress testing exercise to identify potential vulnerabilities brought by climate changes and plan for responses towards achieving climate resilience.

#### Capital management

Capital of the Group for regulatory and risk management purposes includes share capital, share premium, reserves, retained profits, regulatory reserve and subordinated debts, if any. Finance and Control Department is responsible for monitoring the amount of the capital base and capital adequacy ratios against trigger limits and for risk exposures and ensuring compliance with relevant statutory limits, taking into account business growth, dividend payout and other relevant factors.

The Group's policy is to maintain a strong capital base to support the development of the Group's businesses and to meet the statutory capital adequacy ratios and other regulatory capital requirements. Capital is allocated to various business activities of the Group depending on the risks taken by each business unit and in accordance with the requirements of relevant regulatory bodies, taking into account current and future activities within a time frame of 3 years.



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Capital management (Continued)

##### Capital adequacy ratios

The consolidated capital adequacy ratios of the Group are computed in accordance with the provisions of the Banking Ordinance relating to Basel III capital standards and the Capital Rules. The Group has adopted the standardised approach for the calculation of credit risk-weighted exposures and market risk-weighted exposures. The Group has adopted the basic indicator approach and the standardised approach for the calculation of operational risk-weighted exposures of Public Bank (Hong Kong) and Public Finance, respectively.

	<b>31 December 2024</b>	31 December 2023
Public Bank (Hong Kong):		
Consolidated CET1 Capital Ratio	<b>23.8%</b>	24.9%
Consolidated Tier 1 Capital Ratio	<b>23.8%</b>	24.9%
Consolidated Total Capital Ratio	<b>24.6%</b>	25.6%

The above capital ratios are higher than the minimum capital ratios required by the HKMA.

##### Capital conservation buffer (CCB)

Public Bank (Hong Kong) Group is subject to the 2.5% CCB ratio effective from 1 January 2019.

##### Countercyclical capital buffer (CCyB)

The CCyB ratio is an additional layer of CET1 capital which takes effect as an extension of the Basel III CCB.

As at 31 December 2024, Public Bank (Hong Kong) Group has reserved a capital buffer, inclusive of CCyB ratio of 0.5% (31 December 2023: 1.0%), to the private sector credit exposures in Hong Kong.

## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Capital management (Continued)

##### Countercyclical capital buffer (CCyB) (Continued)

The following tables illustrate the geographical breakdown of risk-weighted amounts (“RWA”) in relation to private sector credit exposures:

Jurisdiction (“J”)	31 December 2024			
	Applicable JCCyB ratio in effect %	Total RWA used in computation of CCyB ratio HK\$’000	CCyB ratio %	CCyB amount HK\$’000
1. Hong Kong, China	0.500	17,001,349		
2. Mainland China	–	947,367		
Total		17,948,716	0.474	85,007

Jurisdiction	31 December 2023			
	Applicable JCCyB ratio in effect %	Total RWA used in computation of CCyB ratio HK\$’000	CCyB ratio %	CCyB amount HK\$’000
1. Hong Kong, China	1.000	16,853,901		
2. Mainland China	–	1,187,708		
Total		18,041,609	0.934	168,539

##### Leverage ratio

The leverage ratio is introduced into the Basel III framework as a non-risk-based backstop limit to supplement risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, and introduce additional safeguards against model risk and measurement errors. The ratio is a volume-based measure calculated as Basel III Tier 1 capital divided by total on-balance sheet and off-balance sheet exposures with reference to the Completion Instructions of the Quarterly Template on Leverage Ratio.



## Notes to Financial Statements

### 40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Capital management (Continued)

##### Leverage ratio (Continued)

	<b>31 December 2024 HK\$'000</b>	31 December 2023 HK\$'000
Public Bank (Hong Kong): Consolidated Tier 1 Capital	<b>5,977,574</b>	6,208,432
Consolidated Exposure Measure for Leverage Ratio	<b>40,362,070</b>	37,540,460
Consolidated Leverage Ratio	<b>14.8%</b>	16.5%

#### Principal subsidiaries and basis of consolidation

The basis of consolidation for financial accounting purposes is in accordance with HKFRSs, as described in Note 3 to the financial statements.

The basis of consolidation for regulatory purposes is different from that for accounting purposes. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the Capital Rules.

The consolidated capital adequacy ratio of Public Bank (Hong Kong) is computed on a consolidated basis including Public Bank (Hong Kong) and Public Finance. The subsidiaries not included in the computation of the consolidated capital adequacy ratio of Public Bank (Hong Kong) are Public Bank (Nominees) Limited, Public Futures Limited, Public Financial Securities Limited, Public Financial Limited, Public Securities Limited and Public Securities (Nominees) Limited.

Details of the Company's subsidiaries are set out in Note 1 to the financial statements.

## Notes to Financial Statements

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting year is as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>			
Cash and short term placements		5,221	3,435
Investment properties		2,166,929	2,457,400
Property and equipment		2,057	2,408
Investments in subsidiaries	41(a)	6,593,507	6,593,507
Tax recoverable		–	2,583
Other assets		1,235	999
<b>TOTAL ASSETS</b>		<b>8,768,949</b>	9,060,332
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Unsecured bank loans at amortised cost		1,432,826	1,498,754
Tax payable		636	–
Deferred tax liabilities		16,862	15,946
Other liabilities		53,967	55,023
<b>TOTAL LIABILITIES</b>		<b>1,504,291</b>	1,569,723
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Issued capital		109,792	109,792
Reserves	41(b)	7,154,866	7,380,817
<b>TOTAL EQUITY</b>		<b>7,264,658</b>	7,490,609
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,768,949</b>	9,060,332

**Lai Wan**  
Director

**Chong Yam Kiang**  
Director



## Notes to Financial Statements

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

#### (a) Investments in subsidiaries

Information about the investments in subsidiaries of the Company at the end of the reporting year is as follows:

	2024 HK\$'000	2023 HK\$'000
Unlisted shares, at cost	<b>6,593,507</b>	6,593,507
	<b>6,593,507</b>	6,593,507

The amounts due from subsidiaries were unsecured, and had no fixed terms of repayment. No interest-bearing amounts were due from subsidiaries as at 31 December 2024 and 31 December 2023.

Particulars of the Company's subsidiaries are shown in Note 1 to the financial statements.

#### (b) Reserves

Information on the movement of the reserves of the Company during the reporting year is as follows:

	Note	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2024		4,013,344	829	194,176	3,172,468	7,380,817
Loss for the year		-	-	-	(225,951)	(225,951)
Dividends for 2024	16	-	-	-	-	-
As at 31 December 2024		4,013,344	829	194,176	2,946,517	7,154,866

## Notes to Financial Statements

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) (b) Reserves (Continued)

	Note	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2023		4,013,344	829	194,176	3,217,880	7,426,229
Loss for the year		–	–	–	(12,474)	(12,474)
Dividends for 2023	16	–	–	–	(32,938)	(32,938)
As at 31 December 2023		4,013,344	829	194,176	3,172,468	7,380,817

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation in September 1991 over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

### 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 16 January 2025.



# List of Properties

## LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Shop 7, Ground Floor Mei Hang Building Nos. 15/17, 21/25, 29/33, 37/41 & 45 Kai Man Path Tuen Mun New Territories Hong Kong	A shop unit on the ground floor of a 5-storey composite building	Public Finance's Tuen Mun Branch	Leasehold 149 Years	23 Years (30-6-2047)	51 Years	84	30-6-1980	817
Shop A, Ground Floor Kong Kai Building No. 184 Aberdeen Main Road Aberdeen Hong Kong	A shop unit on the ground floor of a 22-storey residential building built on a 2-storey commercial podium	Public Finance's Aberdeen Branch	Leasehold 999 Years	835 Years (26-12-2859)	35 Years	68	9-3-1990	3,719
Ground Floor Yue Yee Mansion No. 92 Shung Ling Street San Po Kong Kowloon Hong Kong	Ground floor of a 7-storey Chinese tenement building	Public Finance's San Po Kong Branch	Leasehold 149 Years	23 Years (30-6-2047)	60 Years	94	9-6-1990	1,386
Flat F, 29th Floor Pine Mansion Harbour View Gardens No. 26 Taikoo Wan Road Taikoo Shing Quarry Bay Hong Kong	A residential unit of a 30-storey residential building	Leased to third parties	Leasehold 999 Years	875 Years (18-4-2899)	41 Years	91	31-12-2011 (#)	13,580
Units 1003-1005 10th Floor Fortress Tower No. 250 King's Road North Point Hong Kong	3 office units on the 10th floor of a 20-storey office building built on a 4-storey commercial podium	Public Finance's I.T. Centre	Leasehold 150 Years	102 Years (26-8-2126)	41 Years	293	18-3-1992	6,619
Apartment A on 14th Floor of Tower II and Car Parking Space Nos. 4 and 66 on 4th Level Regent on The Park No. 9A Kennedy Road Wanchai Hong Kong	A residential unit on the 14th floor of a 34-storey residential building	Vacant	Leasehold 150 Years	106 Years (19-10-2130)	39 Years	253	5-3-1993 (#)	62,700

## List of Properties

### LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024 (Continued)

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Ground Floor & Open Yard No. 751 Nathan Road Mongkok Kowloon Hong Kong	Ground floor of a 14-storey composite building	Public Bank (Hong Kong)'s Prince Edward Branch	Leasehold 150 Years	55 Years (18-8-2079)	54 Years	130	24-5-1993	10,336
11th Floor Wing On House No. 71 Des Voeux Road Central Central Hong Kong	11th floor of a 31-storey office building built on a 2-storey podium	The Group's office	Leasehold 999 Years	878 Years (14-8-2902)	57 Years	1,464	11-6-1993	86,295
Shop B, Ground Floor and Office B 1st to 17th Floors JCG Building No. 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on the ground floor and all B units on the 1st to 17th floors of a 18-storey commercial building with shops and offices	Public Bank (Hong Kong)'s and Public Finance's Mongkok Branch; the Group's storeroom; office space leased to third parties	Leasehold 150 Years	26 Years (27-5-2050)	37 Years	2,215	30-6-1994 (#)	83,372
Flat F, 24th Floor Ngan Sing Mansion Sing Fai Terrace No. 1 Tai Fung Avenue Taikoo Shing Quarry Bay Hong Kong	A residential unit of a 26-storey residential building built on a podium	Staff quarters for the Group	Leasehold 999 Years	875 Years (18-4-2899)	40 Years	76	1-8-1995	4,413
Ground Floor Ruby Commercial Building No. 480 Nathan Road Yau Ma Tei Kowloon Hong Kong	Ground floor of a 16-storey commercial building	Public Finance's Nathan Road Branch	Leasehold 150 Years	43 Years (22-10-2067)	42 Years	110	14-1-2000	7,635
Shop Nos. 51 to 53 1st Floor Harbour Crystal Centre No. 100 Granville Road Tsimshatsui Kowloon Hong Kong	3 commercial units on the 1st floor of a 16-storey commercial building	Public Finance's Tsimshatsui Branch	Leasehold 150 Years	104 Years (10-12-2128)	42 Years	131	1-11-2000	1,929



## List of Properties

### LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024 (Continued)

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Ground Floor Section B of Lot No. 3704 in DD120 Yuen Long New Territories Hong Kong	Ground floor of a 5-storey composite building	Public Finance's Yuen Long Branch	Leasehold 149 Years	23 Years (30-6-2047)	67 Years	102	23-4-2001	8,450
Shop A, Ground Floor Wing On House No. 71 Des Voeux Road Central Hong Kong	Ground floor of a 31-storey office building built on a 2-storey podium	Leased to third parties	Leasehold 999 Years	878 Years (14-8-2902)	57 Years	113	15-10-2003 (#)	106,960
Workshops A, B and C Ground Floor and Flat E, 9th Floor Hung Cheong Factory Building No. 742-748 Cheung Sha Wan Road No. 3 Kwong Cheung Street Cheung Sha Wan Kowloon Hong Kong	3 workshop units on the ground floor and a unit on the 9th floor of a 12-storey industrial building	A portion of workshops on the ground floor is leased to third parties and the remaining portions floor being occupied by the Group as branch or office and the whole Flat E on the 9th floor is vacant	Leasehold 149 Years	23 Years (27-6-2047)	59 Years	682 (Workshops A, B and C) 68 (Flat E)	24-7-1992 (#)	25,868
Workshops E1 and F1 10th Floor Hang Fung Industrial Building Phase 1 2G Hok Yuen Street Hungghom Kowloon Hong Kong	2 workshops on the 10th floor of a 13-storey industrial building	Occupied by the Group as storeroom	Leasehold 150 Years	23 Years (15-9-2047)	45 Years	962	24-7-1992	532
11th Floor Argyle Centre, Phase 1 No. 688 Nathan Road No. 65 Argyle Street Mongkok Kowloon Hong Kong	Office space on the 11th floor of a 21-storey commercial building	The Group's office; office space leased to third parties	Leasehold 150 Years	36 Years (18-5-2060)	42 Years	1,465	2-5-1994 (#)	198,364
4th Floor 581 Nathan Road Mongkok Kowloon Hong Kong	4th floor of a 7-storey composite building with shops and residential flats	Vacant	Leasehold 150 Years	13 Years (25-12-2037)	55 Years	55	14-6-1984 (#)	3,832

## List of Properties

### LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024 (Continued)

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Unit 3, 5th Floor Telford House No. 16 Wang Hoi Road Kowloon Bay Kowloon Hong Kong	An office unit on the 5th floor of a 23-storey commercial building	Leased to third parties	Leasehold 149 Years	23 Years (30-6-2047)	30 Years	90	30-5-2006** (#)	11,578
Shop 3C, 1st Floor Telford House No. 16 Wang Hoi Road Kowloon Bay Kowloon Hong Kong	A shop unit on the 1st floor of a 23-storey commercial building	Leased to third parties	Leasehold 149 Years	23 Years (30-6-2047)	30 Years	47	30-5-2006** (#)	21,600
Ground Floor 17 South Wall Road and the whole block of 19 South Wall Road Kowloon City Kowloon Hong Kong	A shop unit on the ground floor of a 5-storey tenement block and the whole block of a 5-storey tenement block	Public Bank (Hong Kong)'s Kowloon City Branch on the ground floor; some portion as Public Bank (Hong Kong)'s staff quarters; the remaining portion leased to third parties	Leasehold 149 Years	23 Years (30-6-2047)	47 Years	432	30-5-2006** (#)	26,947
Shop 5, Ground Floor Fu Ho Building Nos. 3-7 Kau Yuk Road Yuen Long New Territories Hong Kong	A shop unit on the ground floor of a 14-storey composite building	Public Bank (Hong Kong)'s Yuen Long Branch	Leasehold 149 Years	23 Years (30-6-2047)	45 Years	82	30-5-2006**	6,833
Shop B, Ground Floor Victory Court Nos. 185-187 Castle Peak Road Tsuen Wan New Territories Hong Kong	A shop unit on the ground floor of a 14-storey composite building	Public Bank (Hong Kong)'s Tsuen Wan Branch	Leasehold 149 Years	23 Years (30-6-2047)	44 Years	149	30-5-2006**	7,321
Units 801, 808-812, Level 8 Metroplaza, Tower 2 No. 223 Hing Fong Road Kwai Fong New Territories Hong Kong	6 office units on level 8 of a 35-storey office building on a 9-storey commercial carpark podium	Public Bank (Hong Kong)'s backup office	Leasehold 149 Years	23 Years (30-6-2047)	32 Years	527	30-5-2006**	12,635



## List of Properties

### LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024 (Continued)

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Units 1-5, 24th Floor Luen Cheong Can Centre No. 8 Yip Wong Road Tuen Mun New Territories Hong Kong	5 industrial units on the 24th floor of a 26-storey industrial building	Public Bank (Hong Kong)'s warehouse	Leasehold 149 Years	23 Years (30-6-2047)	32 Years	1,053	30-5-2006**	1,410
Basement, Ground Floor 1st-12th Floors, Flats A & B on 14th Floor, 17th Floor Flat A on 19th Floor 21st Floor and Main Roof Public Bank Centre No. 120 Des Voeux Road Central Central Hong Kong	A shop unit on the ground floor and basement and office floors of a 23-storey commercial building	Public Bank (Hong Kong)'s Main Branch and administrative office	Leasehold 999 Years	818 Years (26-6-2842)	47 Years	5,451	30-5-2006**	245,782
Units 40-41, Ground Floor Hung Hom Commercial Centre Nos. 37-39 Ma Tau Wai Road Hungghom Kowloon Hong Kong	2 shop units on the ground floor of a 14-storey commercial building	Public Bank (Hong Kong)'s Hung Hom Branch	Leasehold 149 Years	23 Years (15-9-2047)	42 Years	184	30-5-2006**	8,718
Shop B1, Ground Floor Hong Kong Plaza No. 188 Connaught Road West Western District Hong Kong	A shop unit on the ground floor of a 42-storey commercial building	Public Bank (Hong Kong)'s Shek Tong Tsui Branch	Leasehold 150 Years (for Lot No. 289)	30 Years (27-12-2054)	41 Years	180	30-5-2006**	12,710
			Leasehold 999 Years (for Lot No. 302)	878 Years (3-9-2902)				
Shop 1, on Level 1, Carrianna Friendship Square Renminnan Road/Chunfeng Road, Luohu District Shenzhen PRC	A shop unit on the ground floor of a 33-storey composite building	Public Bank (Hong Kong)'s Shenzhen Branch	Leasehold 50 Years	17 Years (17-12-2041)	27 Years	168	30-5-2006**	13,636
Shops Nos. 4, 5A, 5B, 6A and 6B on Level 1 of Shatin New Town, Nos.1-15 Wang Pok Street Shatin New Territories Hong Kong	5 shops on level 1 of a commercial podium under eight blocks of 22-storey residential buildings	Public Bank (Hong Kong)'s and Public Finance's Shatin Branch	Leasehold 149 Years	23 Years (30-6-2047)	41 Years	203	1-12-2008	27,322

## List of Properties

### LIST OF PROPERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2024 (Continued)

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (Square Metres)	Date of Last Revaluation/ Acquisition	Carrying Amount as at 31 Dec 2024 (HK\$'000)
Shop B, Ground Floor Kong Kai Building, No. 184 Aberdeen Main Road Aberdeen Hong Kong	A shop unit on the ground floor of a 22-storey residential building	Public Bank (Hong Kong)'s Aberdeen Branch	Leasehold 999 Years	835 Years (26-12-2859)	35 Years	105	16-4-2016	52,061
Shop G1A-G1B, G/F Tai Moon Building Cosmopolitan Estate Nos. 43-59 Tai Tsun Street Tai Kok Tsui Kowloon Hong Kong	A shop unit on the ground floor of a 12-storey residential building	Public Bank (Hong Kong)'s Tai Kok Tsui Branch and leased to third parties	Leasehold 999 Years	846 Years (4-8-2870)	49 Years	163	28-9-2018 (#)	46,350
Shop A, Ground Floor Ek Lam Mansion, Nos. 486, 486A & 488 Nathan Road, Yau Ma Tei Kowloon Hong Kong	A shop unit on the ground floor of a 11-storey composite building	Public Bank (Hong Kong)'s Yaumatei Branch	Leasehold 150 Years	20 Years (24-12-2044)	62 Years	120	29-4-2022	62,939
Shop 11, Ground Floor Mei Hang Building Nos. 15/17, 21/25, 29/33, 37/41 & 45 Kai Man Path Tuen Mun New Territories Hong Kong	A shop unit on the ground floor of a 5-storey composite building	Leased to third parties	Leasehold 149 Years	23 Years (30-6-2047)	51 Years	93	1-11-2022 (#)	59,520
Shops 2, 3, 3A and 4 Ground Floor Fok Cheong Building No. 1032-1044 King's Road Quarry Bay Hong Kong	A shop unit on ground floor of a 20-storey composite building	Leased to third parties	Leasehold 150 Years	93 Years (16-5-2117)	52 Years	152	18-12-2024 (#)	70,000

Notes:

(#) Revaluation was conducted as at 31 December 2024.

\*\* The acquisition date for those properties vested over from Public Bank (Hong Kong) is 30 May 2006.