



上海銀行(香港)
Bank of Shanghai (Hong Kong)

BANK OF SHANGHAI (HONG KONG) LIMITED

2025 INTERIM FINANCIAL STATEMENTS

BANK OF SHANGHAI (HONG KONG) LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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BANK OF SHANGHAI (HONG KONG) LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

Bank of Shanghai (Hong Kong) Limited (the “Company”) is pleased to present the condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the first half of 2025 ended 30 June 2025. The condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, and the condensed consolidated statement of changes in equity for the six months period ended 30 June 2025, and the condensed consolidated statement of financial position as at 30 June 2025 of the Group, along with the explanatory notes (all of which are unaudited) are illustrated on pages 6 to 30 of this condensed consolidated financial statements.

In preparing the unaudited condensed consolidated financial statements and the Regulatory Disclosure Statements for the first half of 2025, the Company has fully complied with the disclosure requirements stipulated in the Banking (Disclosure) Rules.

Financial Review

The Group’s pre-tax profit for the period was HK\$151 million (first half of 2024: loss of HK\$559 million). It should be noted that the Group’s operating results included a foreign exchange translation gain of HK\$8 million (first half of 2024: loss of HK\$19 million) on the capital denominated in Renminbi (“RMB”) due to appreciation of RMB against HK Dollar during the period. The increase in the pre-tax profit was mainly driven by the increase in net income from financial instruments measured at fair value and decrease in allowances for credit and other losses.

Operating and other expenses decreased by 29% to HK\$81 million. Allowances for credit and other losses were HK\$58 million, 90% less than the same period last year. Total gross loans and advances to customers has decreased by 3% to HK\$20,379 million (2024 year end: HK\$21,085 million), customer deposits increased by 9% to HK\$17,868 million (2024 year end: HK\$16,460 million).

The Group’s financial position remained sound. Total capital adequacy ratio was maintained at a comfortable level at 18.9%, and the average liquidity maintenance ratio (“LMR”) at 104%. Both ratios are calculated on regulatory consolidated basis and adequately met the statutory requirements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Interest income		736,301	888,405
Interest expense		(597,552)	(714,677)
Net interest income	4	138,749	173,728
Net fee and commission income	5	12,837	37,204
Net income/(loss) from financial instruments measured at fair value	6	130,157	(45,163)
Net income/(loss) from investment securities		8,012	(48,037)
Other operating income/(loss)		201	(878)
Total operating income		289,956	116,854
Operating and other expenses	7	(81,454)	(114,628)
Operating profit before impairment losses		208,502	2,226
Allowances for credit and other losses	8	(57,505)	(561,150)
Profit/(loss) before taxation		150,997	(558,924)
Taxation	9	(59,526)	(3,436)
Profit/(loss) for the period		91,471	(562,360)
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for subsidiaries		4,333	(10,065)
Net movement in revaluation reserve	10	30,165	373,544
Total comprehensive income for the period		125,969	(198,881)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Assets			
Cash and balances with banks and central bank	11	3,091,101	1,812,934
Placements with and advances to banks	12	12,562	781,187
Financial assets at fair value through profit or loss		631,173	588,464
Derivative financial assets	20	9,801	114,577
Loans and advances to customers	13	20,017,824	20,466,722
Investment securities	14	9,410,950	8,604,151
Investment in an associate		5,300	4,963
Property and equipment	15	43,565	49,492
Intangible assets		1,532	1,990
Current tax recoverable		—	—
Deferred tax assets		96,639	172,168
Other assets	16	1,022,059	271,566
TOTAL ASSETS		34,342,506	32,868,214
Liabilities			
Deposits from customers	17	17,868,350	16,460,196
Deposits from banks		3,253,725	4,679,604
Financial assets sold under repurchase agreement		523,422	1,564,858
Derivative financial liabilities	20	72,129	29,451
Certificates of deposit and other debt securities issued	18	6,629,650	4,254,071
Current tax payable		33,999	50,287
Deferred tax liabilities		—	—
Lease liabilities		36,479	44,737
Other borrowings		217,205	221,335
Other liabilities	19	599,554	581,651
TOTAL LIABILITIES		29,234,513	27,886,190
Capital and reserves			
Share capital	22	6,305,476	6,305,476
Retained profits		(1,266,836)	(1,358,307)
Other reserves		69,353	34,855
TOTAL EQUITY		5,107,993	4,982,024
TOTAL EQUITY AND LIABILITIES		34,342,506	32,868,214

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital HK\$'000	Retained profits HK\$'000	Revaluation reserve HK\$'000	Capital Contribution HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
Balance at 1 January 2024	6,305,476	(248,734)	(457,549)	129,874	(41,413)	5,687,654
Loss for the period	–	(562,360)	–	–	–	(562,360)
Other comprehensive income	–	–	373,544	–	(10,065)	363,479
Total comprehensive income	–	(562,360)	373,544	–	(10,065)	(198,881)
Balance at 30 June 2024	6,305,476	(811,094)	(84,005)	129,874	(51,478)	5,488,773
Loss for the period	–	(547,213)	–	–	–	(547,213)
Other comprehensive income	–	–	39,963	–	501	40,464
Total comprehensive income	–	(547,213)	39,963	–	501	(506,749)
Balance at 1 January 2025	6,305,476	(1,358,307)	(44,042)	129,874	(50,977)	4,982,024
Profit for the period	–	91,471	–	–	–	91,471
Other comprehensive income	–	–	30,165	–	4,333	34,498
Total comprehensive income	–	91,471	30,165	–	4,333	125,969
Balance at 30 June 2025	<u>6,305,476</u>	<u>(1,266,836)</u>	<u>(13,877)</u>	<u>129,874</u>	<u>(46,644)</u>	<u>5,107,993</u>

The regulatory reserve is maintained in accordance with Hong Kong Banking regulations. At 30 June 2025, no regulatory reserve (31 December 2024: Nil) was required to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movement in this reserve was made directly through retained profits after consultation with the Hong Kong Monetary Authority. The regulatory reserve is non-distributable.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Notes	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Net cash inflow from operating activities	21(a)	2,050,476	565,176
Investing activities			
Proceeds from sale and redemption of investment securities		2,828,814	3,285,667
Purchase of investment securities		(3,367,770)	(3,618,699)
Purchases of property and equipment and intangible assets		(2,599)	(5,742)
Sales of interests in associates		—	853
Interest received from investment securities		231,386	303,139
Net cash outflow from investing activities		(310,169)	(34,782)
Financing activities			
Proceeds from the issuance of other debt securities		4,700,000	2,750,000
Interest paid for other debt securities		(53,093)	(127,096)
Redemption of other debt securities		(5,400,000)	(2,738,774)
Net payment from other borrowings		(4,129)	(133,484)
Interest paid for other borrowings		(4,209)	(15,872)
Payment of lease liabilities		(9,545)	(12,990)
Net cash outflow from financing activities	21(d)	(770,976)	(278,216)
Increase in cash and cash equivalents		969,331	252,178
Cash and cash equivalents at 1 January		2,891,769	957,807
Exchange differences in respect of cash and cash equivalents		41,737	—
Cash and cash equivalents at 30 June	21(b)	3,902,837	1,209,985

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF CONSOLIDATION

The condensed consolidated financial statements covers the consolidated positions of the Company and its subsidiaries.

For regulatory reporting purposes, the Company is required to compute its capital adequacy ratios and leverage ratio on an unconsolidated basis that is different from the basis of consolidation for accounting purposes. The basis is illustrated in the note 3(a) of the Regulatory Disclosure Statements.

(2) BASIS OF PREPARATION

(a) Material accounting policies

These condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies applied in preparing the condensed consolidated financial statements are the same as those applied in preparing the financial statements for the year ended 31 December 2024 as disclosed in the Group’s Directors’ Report and consolidated financial statements for the year ended 31 December 2024, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), except for the accounting policy changes that are expected to be reflected in 2025 annual financial statements. Details of any changes in accounting policies are set out in note (2)(b).

The preparation of an condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated financial statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

These condensed consolidated financial statements are unaudited.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(2) BASIS OF PREPARATION (CONTINUED)

(b) Amended standard

An amended standard became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the standard.

The Group has applied the following amendments to HKAS issued by the HKICPA to interim financial report for the current accounting period:

- Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability

None of the amendment has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim Condensed Consolidated Financial Statements. The Group has not applied any new or amended standards which are not yet effective for the current accounting period.

(c) Critical accounting estimates

The preparation of condensed consolidated financial statements requires management to exercise judgements, use estimates and make assumptions that affect the application of policies and reported amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. In preparing these condensed consolidated financial statements, critical accounting estimates and assumptions used that are significant to the condensed consolidated financial statements, and areas involving a higher degree of judgement and complexity were the same as those disclosed in the consolidated financial statements for the year ended 31 December 2024.

(3) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY FINANCIAL STATEMENTS

The financial information relating to the year ended 31 December 2024 that is included in the condensed consolidated financial statements for the six months ended 30 June 2025 as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Group has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 622(3) of and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Group's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(4) NET INTEREST INCOME

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Interest income		
– Placements with and advances to banks	23,148	25,602
– Loans and advances to customers	486,618	619,719
– Investment securities	206,441	221,823
– Cash and balances with banks and central bank	20,094	21,261
	<u>736,301</u>	<u>888,405</u>
Interest expense		
– Deposits from banks	(73,692)	(108,310)
– Deposits from customers	(380,515)	(452,450)
– Certificate of deposits and other debt securities issued	(114,592)	(136,349)
– Other	(28,753)	(17,568)
	<u>(597,552)</u>	<u>(714,677)</u>
Net interest income	<u>138,749</u>	<u>173,728</u>

The interest income accrued on impaired financial assets and on unwinding of discount on loan impairment allowances amounted to HK\$3,571,000 (first half of 2024: HK\$5,832,000).

Include within interest income is HK\$736,301,000 (first half of 2024: HK\$888,405,000) earned from financial assets that are not recognised at fair value through profit or loss.

(5) NET FEE AND COMMISSION INCOME

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Credit facilities	3,626	4,611
Trade services	1,199	1,210
Corporate advisory	5,192	28,863
Asset management	3,417	2,922
Brokerage	1	–
Others	320	226
	<u>13,755</u>	<u>37,832</u>
Grand Total		
	13,755	37,832
Fee and commission expense	<u>(918)</u>	<u>(628)</u>
Net fee and commission income	<u>12,837</u>	<u>37,204</u>

All the fee and commission income of HK\$13,755,000 (first half of 2024: HK\$37,832,000) and fee and commission expense of HK\$918,000 (first half of 2024: HK\$628,000) for the six months ended 30 June 2025 arose from financial assets and financial liabilities that were not measured at fair value through profit or loss.

Net fee and commission income arose from trust or other fiduciary activities in which the Group held or invested on behalf of its customers for the six months ended 30 June 2025 was HK\$3,417,000 (first half of 2024: HK\$2,922,000).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(6) NET INCOME/(LOSS) FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Foreign exchange	102,545	20,450
Interest rate and others	27,612	(65,613)
	<u>130,157</u>	<u>(45,163)</u>

(7) OPERATING AND OTHER EXPENSES

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Staff costs		
– salaries and other benefits	47,054	50,140
– pension and provident fund costs	2,152	561
	<u>49,206</u>	<u>50,701</u>
Premises and equipment expenses excluding depreciation		
– Variable lease payments not included in the measurement of lease liabilities	30	25
– Maintenance and office facility expenses	1,804	1,922
– Others	704	794
	<u>2,538</u>	<u>2,741</u>
Auditor's remuneration	926	314
Depreciation of property and equipment	1,521	1,006
Amortisation of right-of-use ("RoU") assets	7,435	12,792
Amortisation of intangible assets	458	603
Legal and professional fees	3,027	2,240
Litigation expense	4,344	28,176
IT and system expenses	5,442	7,376
Data subscription fees	3,062	3,719
Other operating expenses	3,495	4,960
	<u>29,710</u>	<u>61,186</u>
	<u>81,454</u>	<u>114,628</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(8) ALLOWANCES FOR CREDIT AND OTHER LOSSES

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Cash and balances with banks and central bank	27	(46)
Placements with and advances to banks	(18)	31
Loans and advances to customers	49,769	37,409
Investment securities	1,442	504,075
Other assets	5,271	27,737
Off-balance sheet credit exposures	1,014	(8,056)
	<u>57,505</u>	<u>561,150</u>

The table below shows the movements in Stage 3 ECL and Stage 1 & 2 ECL during the period.

	Balance at 1 January HK\$'000	Charge to/ (release from) statement of comprehensive income HK\$'000	Recoveries HK\$'000	Write-off HK\$'000	Exchange and other movements HK\$'000	Balance at 30 June HK\$'000
2025						
Stage 3 Expected Credit Losses ("ECL")						
Loans and advances to customers	345,649	69,534	–	(300,000)	(7,309)	107,874
Investment securities	–	–	–	–	–	–
Other assets	113,812	5,276	–	(6,169)	2,981	115,900
Off-balance sheet credit exposures	–	–	–	–	–	–
	<u>459,461</u>	<u>74,810</u>	<u>–</u>	<u>(306,169)</u>	<u>(4,328)</u>	<u>223,774</u>
Stage 1&2 ECL						
Cash and balances with banks and central bank	39	27	–	–	–	66
Placements with and advances to banks	18	(18)	–	–	–	–
Loans and advances to customers	273,012	(19,765)	–	–	–	253,247
Investment securities	52,463	1,442	–	–	–	53,905
Other assets	60	(5)	–	–	2	57
Off-balance sheet credit exposures	18,434	1,014	–	–	–	19,448
	<u>344,026</u>	<u>(17,305)</u>	<u>–</u>	<u>–</u>	<u>2</u>	<u>326,723</u>
Total allowances for credit and other losses	<u>803,487</u>	<u>57,505</u>	<u>–</u>	<u>(306,169)</u>	<u>(4,326)</u>	<u>550,497</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(8) ALLOWANCES FOR CREDIT AND OTHER LOSSES (CONTINUED)

	Balance at 1 January HK\$'000	Charge to/ (release from) statement of comprehensive income HK\$'000	Write-off HK\$'000	Exchange and other movements HK\$'000	Balance at 30 June HK\$'000
2024					
Stage 3 Expected Credit Losses ("ECL")					
Loans and advances to customers	240,054	50,822	(54,000)	(5,981)	230,895
Investment securities	1,001,264	469,693	(1,367,580)	–	103,377
Other assets	64,169	27,749	(6,342)	(1,256)	84,320
Off-balance sheet credit exposures	4,772	(4,697)	–	(75)	–
	<u>1,310,259</u>	<u>543,567</u>	<u>(1,427,922)</u>	<u>(7,312)</u>	<u>418,592</u>
Stage 1&2 ECL					
Cash and balances with banks and central bank	65	(46)	–	–	19
Placements with and advances to banks	59	31	–	–	90
Loans and advances to customers	267,071	(13,413)	–	–	253,658
Investment securities	170,736	34,382	–	–	205,118
Other assets	84	(14)	–	(2)	68
Off-balance sheet credit exposures	17,698	(3,359)	–	–	14,339
	<u>455,713</u>	<u>17,581</u>	<u>–</u>	<u>(2)</u>	<u>473,292</u>
Total allowances for credit and other losses	<u>1,765,972</u>	<u>561,148</u>	<u>(1,427,922)</u>	<u>(7,314)</u>	<u>891,884</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(9) TAXATION

Taxation in the condensed consolidated statement of comprehensive income is illustrated below:

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Current Tax		
Hong Kong profit tax		
– provision for the period	2,128	26
– over provision in prior period	(7,686)	(3,618)
	(5,558)	(3,592)
Taxation outside Hong Kong		
– withholding tax in the PRC	–	1
– provision for the period	150	11,091
– over provision in prior period	(9,832)	–
	(15,240)	7,500
Deferred tax		
Origination and reversal of temporary differences	74,766	(4,064)
Total tax expense	59,526	3,436

The provision for Hong Kong profits tax was calculated at 16.5% (2024: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the periods at the rates of taxation prevailing in the countries in which the Group operates.

(10) OTHER COMPREHENSIVE INCOME

Components of other comprehensive income

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Fair value through other comprehensive income:		
Changes in fair value recognised during the period	23,306	391,111
Reclassification adjustments for amounts transferred to profit or loss upon disposal	8,012	48,002
Net deferred tax debited to revaluation reserve	(1,153)	(65,569)
Total	30,165	373,544

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(11) CASH AND BALANCES WITH BANKS AND CENTRAL BANK

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Balances with banks	2,237,116	1,529,377
Balances with central bank	<u>854,051</u>	<u>283,596</u>
	3,091,167	1,812,973
Allowance for credit and other losses at stage 1	<u>(66)</u>	<u>(39)</u>
Net cash and balances with banks and central bank	<u><u>3,091,101</u></u>	<u><u>1,812,934</u></u>

(12) PLACEMENTS WITH AND ADVANCES TO BANKS

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Gross placements with and advances to banks		
– maturing within one month	–	738,566
– maturing between one and twelve months	<u>12,562</u>	<u>42,639</u>
	12,562	781,205
Allowance for credit and other losses at stage 1	<u>–</u>	<u>(18)</u>
Net placements with and advances to banks	<u><u>12,562</u></u>	<u><u>781,187</u></u>

There were no overdue, impaired or rescheduled placements with and advances to banks for the periods indicated.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(13) LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Gross loans and advances to customers	20,378,945	21,085,383
Less: Allowance for credit and other losses		
– Stage 1 & 2 ECL	(253,247)	(273,012)
– Stage 3 ECL	(107,874)	(345,649)
	<u>20,017,824</u>	<u>20,466,722</u>
Comprising:		
– Loans	<u>20,017,824</u>	<u>20,466,722</u>
	<u>20,017,824</u>	<u>20,466,722</u>

(b) Loans and advances to customers by credit quality

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 30 June 2025				
Neither past due nor impaired				
– Pass	20,089,303	–	–	20,089,303
Past due but not impaired	–	–	–	–
Impaired	–	–	289,642	289,642
Allowance for credit and other losses	(253,247)	–	(107,874)	(361,121)
	<u>19,836,056</u>	<u>–</u>	<u>181,768</u>	<u>20,017,824</u>
As at 31 December 2024				
Neither past due nor impaired				
– Pass	20,497,050	–	–	20,497,050
Past due but not impaired	–	–	–	–
Impaired	–	–	588,333	588,333
Allowance for credit and other losses	(273,012)	–	(345,649)	(618,661)
	<u>20,224,038</u>	<u>–</u>	<u>242,684</u>	<u>20,466,722</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(14) INVESTMENT SECURITIES

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Investment securities measured at amortised cost		
– at stage 1	925,821	710,043
– at stage 2	–	–
– at stage 3	–	–
Of which: past due and impaired	–	–
Allowance for credit and other losses		
– at stage 1	(361)	(209)
– at stage 2	–	–
– at stage 3	–	–
Of which: past due and impaired	–	–
	<u>925,460</u>	<u>709,834</u>
Investment securities at fair value through other comprehensive income		
– at stage 1	8,458,033	7,875,404
– at stage 2	27,457	18,913
– at stage 3	–	–
Of which: past due and impaired	–	–
	<u>8,485,490</u>	<u>7,894,317</u>
	<u>9,410,950</u>	<u>8,604,151</u>

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(14) INVESTMENT SECURITIES (CONTINUED)

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Analysed by type of securities:		
– Government bills, notes and bonds	998,923	1,176,982
– Certificate of deposit	736,652	506,682
– Debt securities	7,675,375	6,920,487
	<u>9,410,950</u>	<u>8,604,151</u>
Analysed by issuers:		
– Sovereigns	998,923	1,176,982
– Public sector entities	802,726	429,702
– Banks	7,132,472	6,237,433
– Corporates	476,829	760,034
	<u>9,410,950</u>	<u>8,604,151</u>
Analysed by listing status:		
– Listed in Hong Kong	1,252,695	1,076,719
– Listed outside Hong Kong	2,931,309	2,191,876
– Unlisted	5,226,946	5,335,556
	<u>9,410,950</u>	<u>8,604,151</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(15) PROPERTY AND EQUIPMENT

Details of movement of property and equipment are as follows:

	Leasehold improvements HK\$'000	Furniture, computer and other equipment HK\$'000	Motor vehicles HK\$'000	RoU assets – properties and office equipment HK\$'000	Total HK\$'000
Cost:					
At 1 January 2024	22,475	27,621	2,883	86,060	139,039
Additions	–	7,404	–	44,060	51,464
Write-off	–	(7,085)	–	–	(7,085)
Exchange adjustments	–	(79)	(37)	(562)	(678)
At 31 December 2024	22,475	27,861	2,846	129,558	182,740
At 1 January 2025	22,475	27,861	2,846	129,558	182,740
Additions	–	2,599	–	761	3,360
Write-off	–	–	–	(777)	(777)
Exchange adjustments	–	72	33	–	105
At 30 June 2025	22,475	30,532	2,879	129,542	185,428
Accumulated depreciation:					
At 1 January 2024	(22,449)	(25,188)	(2,843)	(63,759)	(114,239)
Charge for the year	(26)	(2,394)	–	(24,304)	(26,724)
Write-off	–	7,085	–	–	7,085
Exchange adjustments	–	77	32	521	630
At 31 December 2024	(22,475)	(20,420)	(2,811)	(87,542)	(133,248)
At 1 January 2025	(22,475)	(20,420)	(2,811)	(87,542)	(133,248)
Charge for the period	–	(1,521)	–	(7,435)	(8,956)
Write-off	–	–	–	441	441
Exchange adjustments	–	(68)	(32)	–	(100)
At 30 June 2025	(22,475)	(22,009)	(2,843)	(94,536)	(141,863)
Net book value:					
At 30 June 2025	–	8,523	36	35,006	43,565
At 31 December 2024	–	7,441	35	42,016	49,492

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(16) OTHER ASSETS

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Interest receivables (note a)	186,141	205,562
Collaterals placed (note b)	90,338	14,576
Fees receivable	15	52
Prepaid expenses	12,287	8,452
Accounts receivable (note c)	35,498	35,210
Trade date receivables	690,911	—
Others	6,869	7,714
	<u>1,022,059</u>	<u>271,566</u>

Note a: Included Stage 3 ECL of interest receivable of HK\$67,000 associated with loans and advances to customers at stage 3 as at 30 June 2025 (2024: HK\$1,392,000).

Note b: Mainly relates to cash collaterals placed in respect of derivative financial liabilities.

Note c: Included Stage 3 ECL of accounts receivable of HK\$115,833,000 associated with loans and advances to customers and investment securities at Stage 3 as at 30 June 2025 (2024: HK\$112,420,000).

(17) DEPOSITS FROM CUSTOMERS

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Deposits from customers		
– time, call and notice deposits	<u>17,868,350</u>	<u>16,460,196</u>

(18) CERTIFICATES OF DEPOSIT AND OTHER DEBT SECURITIES ISSUED

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Certificates of deposits issued at amortised costs	4,579,650	1,504,071
Other debt securities issued at amortised costs (note 21(d))	<u>2,050,000</u>	<u>2,750,000</u>
	<u>6,629,650</u>	<u>4,254,071</u>

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(19) OTHER LIABILITIES

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Interest payable	201,977	221,460
Account payable	3,468	2,629
Accrued expenses	8,404	8,812
Provision for short term employee benefits	5,424	8,777
Collateral received	4,632	71,287
Trade date payable	130,000	37,907
Others (note a)	245,649	230,779
	<u>599,554</u>	<u>581,651</u>

Note a: Included allowance for credit and other losses of HK\$19,448,000 (2024: HK\$18,434,000).

(20) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are presented in net when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle them on a net basis or realise the asset and settle the liability simultaneously. As at 30 June 2025, no derivative financial instruments have fulfilled the above criteria, therefore no derivative financial instruments were offset on the condensed consolidated statement of financial position (2024: Nil).

Derivatives – held for trading

	At 30 June 2025			At 31 December 2024		
	Notional amount HK\$'000	Derivative financial assets HK\$'000	Derivative financial liabilities HK\$'000	Notional amount HK\$'000	Derivative financial assets HK\$'000	Derivative financial liabilities HK\$'000
Exchange rate contracts	9,034,897	9,801	(72,129)	8,915,877	108,499	(29,451)
Interest rate contracts	–	–	–	116,481	6,078	–
	<u>9,034,897</u>	<u>9,801</u>	<u>(72,129)</u>	<u>9,032,358</u>	<u>114,577</u>	<u>(29,451)</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(21) NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to net cash outflow from the operating activities

	Notes	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Profit/(loss) before taxation		150,997	(558,924)
Adjustments for:			
Interest income	4	(736,301)	(888,405)
Interest expense	4	597,552	714,677
Depreciation of property and equipment	7	1,521	1,006
Amortisation of right-of-use assets	7	7,435	12,792
Amortisation of intangible assets	7	458	603
Impairment charges	8	57,505	561,150
Net income from investment securities		(8,012)	48,037
Interest received		510,330	671,959
Interest paid		(537,382)	(590,870)
Gain on early termination of a lease contract		(15)	–
Elimination of exchange differences and other non-cash items		130,120	2,168,525
Operating profit before changes in working capital		174,208	2,140,550
Changes in financial assets at fair value through profit or loss		(42,709)	190,546
Change in client trust bank balances		–	2
Change in gross loans and advances to customers		409,634	527,369
Change in other assets		(98,490)	(1,947,225)
Change in deposits from banks		(1,724,227)	(223,052)
Change in deposits from customers		1,408,154	1,199,055
Change in certificates of deposit issued		3,022,110	(696,473)
Change in amounts payable under repurchase agreement		(1,041,436)	(769,097)
Change in other liabilities		(55,720)	128,603
Cash generated from operating activities		2,051,524	550,278
Hong Kong profits tax refund		–	34,191
Tax paid outside Hong Kong		(1,048)	(19,293)
Net cash inflow from operating activities		2,050,476	565,176

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(21) NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents in the condensed consolidated statement of cash flows

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Gross cash and balances with banks and central bank (note 11)	3,091,101	792,798
Gross placements with banks with original maturity within three months (note 12)	12,562	120,040
Investment securities with original maturity within three months	799,174	297,147
	<u>3,902,837</u>	<u>1,209,985</u>

(c) Reconciliation with the condensed consolidated statement of financial position

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Cash and balances with banks and central bank (note 11)	3,091,101	792,798
Gross placements with and advances to banks (note 12)	12,562	120,040
Investment securities (note 14)	9,410,950	9,635,381
Amounts shown in the condensed consolidated statement of financial position	12,514,613	10,548,219
Less: Balances, gross placements with and advances to banks and investment securities with an original maturity beyond three months	<u>(8,611,776)</u>	<u>(9,338,234)</u>
	<u>3,902,837</u>	<u>1,209,985</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(21) NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(d) 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 change. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Other debt securities issued (note 18) \$'000	Other borrowings \$'000	Lease Liabilities \$'000	Total \$'000
At 1 January 2024	2,733,363	207,612	22,252	2,963,227
Changes from financing cash flow:				
Redemption from the other debt securities	(5,488,774)	—	—	(5,488,774)
Proceeds from the issuance of other debt securities	5,500,000	—	—	5,500,000
Net payment from short-term borrowings	—	13,726	—	13,726
Capital element of lease rentals paid	—	—	(21,610)	(21,610)
Interest element of lease rentals paid	—	—	(582)	(582)
Interest paid	(127,096)	(22,586)	—	(149,682)
Total changes from financing cash flow	(115,870)	(8,860)	(22,192)	(146,922)
New lease	—	—	44,059	44,059
Interest expense	127,096	22,583	582	150,261
Exchange difference	5,411	—	36	5,447
Total other changes	132,507	22,583	44,677	199,767
At 31 December 2024 and 1 January 2025	2,750,000	221,335	44,737	3,016,072
Changes from financing cash flow:				
Redemption from the other debt securities	(5,400,000)	—	—	(5,400,000)
Proceeds from the issuance of other debt securities	4,700,000	—	—	4,700,000
Net payment from short-term borrowings	—	(4,129)	—	(4,129)
Capital element of lease rentals paid	—	—	(8,710)	(8,710)
Interest element of lease rentals paid	—	—	(835)	(835)
Interest paid	(53,093)	(4,209)	—	(57,302)
Total changes from financing cash flow	(753,093)	(8,338)	(9,545)	(770,976)
New lease	—	—	761	761
Early termination	—	—	(310)	(310)
Interest expense	53,093	4,208	835	58,136
Exchange difference	—	—	—	—
Total other changes	53,093	4,208	1,286	58,587
At 30 June 2025	2,050,000	217,205	36,478	2,303,683

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(22) SHARE CAPITAL

	No. of shares '000	HK\$'000
Ordinary shares, issued and fully paid:		
At 30 June 2025 and 31 December 2024	<u>590,986</u>	<u>6,305,476</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(23) CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Contract amounts		
– Direct credit substitutes	–	–
– Other commitments:		
– which are unconditionally cancellable	5,309,556	6,415,657
– with an original maturity under one year	138,096	474,612
– with an original maturity over one year	<u>1,338,623</u>	<u>1,103,202</u>
	<u>6,786,275</u>	<u>7,993,471</u>
Credit risk-weighted amounts	<u>1,119,901</u>	<u>646,523</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: fair value measured using quoted market prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: fair value measured using valuation techniques based on observable inputs, either directly or indirectly. This category includes quoted prices in active markets for similar financial instruments, or quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: fair value measured using significant unobservable inputs. This category includes inputs to valuation techniques not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Where available, the most suitable measure for fair value is the quoted market price. In absence of organised secondary markets for most of the unlisted securities and over-the-counter derivatives, direct market prices of these financial instruments may not be available. The fair values of such instruments are therefore calculated based on established valuation techniques using current market parameters or market prices provided by counterparties.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date. For other derivative financial instruments, the Group uses estimated discounted cash flows to determine their fair value and the discount rate used is a discount rate at the end of reporting period applicable for an instrument with similar terms and conditions.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

The table below analyses financial instruments, measured at fair value as at 30 June 2025 and 31 December 2024, by the level in the fair value hierarchy into which the fair value treatment is categorised.

At 30 June 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Financial assets at fair value				
through profit or loss	–	203,516	427,657	631,173
Derivative financial assets (note 20)	–	9,801	–	9,801
Investment securities at fair value				
through other comprehensive income				
(note 14)	<u>998,923</u>	<u>7,486,567</u>	<u>–</u>	<u>8,485,490</u>
Liabilities				
Derivative financial liabilities (note 20)	<u>–</u>	<u>72,129</u>	<u>–</u>	<u>72,129</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

At 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss	–	232,163	356,301	588,464
Derivative financial assets (note 20)	–	114,577	–	114,577
Investment securities at fair value through other comprehensive income (note 14)	<u>1,070,483</u>	<u>6,823,834</u>	<u>–</u>	<u>7,894,317</u>
Liabilities				
Derivative financial liabilities (note 20)	<u>–</u>	<u>29,451</u>	<u>–</u>	<u>29,451</u>

During the six months ended 30 June 2025 and the year of 2024, there were no transfers of financial instruments between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of the debt securities in Level 2 is determined using broker quotes as at the end of the reporting period.

Valuation of financial instruments with significant unobservable inputs

The fair value of financial assets at fair value through profit and loss in Level 3 is determined using the most recent transactions, market comparable investment or discounted cashflow analysis. As at 30 June 2025, it is estimated that with all other variable held constant, an increase/decrease in the price of same products by 5% would have increased/decreased the Group's equity by HK\$21 million (2024: HK\$18 million).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

The movement during the period in the balance of these Level 3 fair value measurements are as follows:

	Assets				
	Wealth management products from banks HK\$'000	Convertible bonds HK\$'000	Return of beneficial interest HK\$'000	Unlisted equity investments HK\$'000	Total HK\$'000
At 1 January 2025	–	29,153	244,628	82,520	356,301
Additions	42,911	–	–	–	42,911
Disposal for the products	–	–	–	(87)	(87)
Net surplus on revaluation	–	–	9,883	6,633	16,516
Exchange difference	924	885	7,592	2,615	12,016
At 30 June 2025	<u>43,835</u>	<u>30,038</u>	<u>262,103</u>	<u>91,681</u>	<u>427,657</u>
Total gains or losses for the period reclassified from other comprehensive income on disposal	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total gains or losses for the period included in profit or loss for assets or liabilities held at the end of the reporting					
– Other operating income	–	–	–	184	184
– Net income from financial instruments measured at fair value	<u>–</u>	<u>–</u>	<u>9,883</u>	<u>6,633</u>	<u>16,516</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

	Assets			
	Convertible bonds HK\$'000	Return of beneficial interest HK\$'000	Unlisted equity investments HK\$'000	Total HK\$'000
At 1 January 2024	82,781	351,679	85,661	520,121
Payment for purchases	–	–	27	27
Disposal/redemption for the products	–	–	–	–
Net deficit on revaluation	(22,993)	(52,889)	(3,874)	(79,756)
Other changes	(1,711)	(7,590)	(1,940)	(11,241)
At 30 June 2024	<u>58,077</u>	<u>291,200</u>	<u>79,874</u>	<u>429,151</u>
Total gains or losses for the period included in profit or loss for assets held during the reporting period:				
– Other operating income	–	–	–	–
– Net income from financial instruments measured at fair value	<u>22,993</u>	<u>47,024</u>	<u>4,752</u>	<u>74,769</u>

(b) Financial assets and liabilities not measured at fair value

Financial assets and liabilities that were presented not at their fair value on the condensed consolidated statement of financial position mainly represented cash and balances with banks and central bank, placements with and advances to banks, loans and advances to customers and investment securities at amortised costs. These financial assets were measured at amortised cost less impairment. Financial liabilities not presented at their fair value on the condensed consolidated statement of financial position mainly included deposits from banks, deposits from customers, certificates of deposit issued and other debt securities. These financial liabilities were measured at amortised cost.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(24) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial assets and liabilities not measured at fair value (continued)

The Group assessed that the differences between fair values and carrying amounts of those financial assets and liabilities not presented on the Group's condensed consolidated statement of financial position at their fair values are minimal as most of the Group's financial assets and liabilities are either short-term or priced at floating rates, except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amounts at 30 June 2025 HK\$'000	Fair Value at 30 June 2025 HK\$'000	Fair Value measurements as at 30 June 2025 categorised into		
			Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Assets

Investments securities at amortised cost, net of ECL (note 14)	925,460	931,140	–	931,140	–
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Liabilities

Certificates of deposit and other debt securities issued at amortised cost (note 18)	6,629,650	6,629,650	–	6,629,650	–
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	Carrying amounts at 31 December 2024 HK\$'000	Fair Value at 31 December 2024 HK\$'000	Fair Value measurements as at 31 December 2024 categorised into		
			Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Assets

Investments securities at amortised cost, net of ECL	709,834	708,565	–	708,565	–
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Liabilities

Certificates of deposit and other debt securities issued at amortised cost	4,254,071	4,254,071	–	4,254,071	–
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BANK OF SHANGHAI (HONG KONG) LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

(25) MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group entered into transactions with related parties in the normal course of business including accepting and placement of inter-bank deposits, conducting correspondent banking and foreign exchange transactions. All these related party transactions were priced at the relevant market rates at the time of each transaction.

The amount of material related party transactions during the period and outstanding balances at the reporting date are set out below:

	Immediate and ultimate holding company	
	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000
Condensed consolidated statement of profit or loss and other comprehensive income:		
Interest income	13	20
Interest expense	(97,490)	(134,510)
Net fee and commission income	2,529	2,331
Other operating expenses	—	1,399
	<u>30 June 2025</u> HK\$'000	<u>31 December 2024</u> HK\$'000

Condensed consolidated statement of financial position:

Amounts due from:		
– Cash and balances with banks and central bank	14,773	17,924
– Other assets	1,571	1,550
– Property and equipment	—	—
Amounts due to:		
– Deposits from banks	1,570,251	2,988,132
– Certificates of deposit and other debt securities issued	2,050,000	2,750,000
– Other liabilities	279,969	301,961

(26) IMMEDIATE AND ULTIMATE HOLDING COMPANY

As at 30 June 2025, the Company's immediate and ultimate holding company is Bank of Shanghai Co., Limited, which is incorporated in the People's Republic of China. Bank of Shanghai Co., Limited produces financial statements available for public access.