



AIRSTAR BANK LIMITED

INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2020

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CONDENSED STATEMENT OF PROFIT OR LOSS (unaudited)

	Notes	For the six months ended 30 June 2020 HK\$
Interest income	2	11,570,426
Interest expense	3	(1,056,121)
Net interest income		10,514,305
Other income		103,268
Total income		10,617,573
Operating expenses	4	(101,444,464)
Finance costs	5	(563,150)
Impairment losses on financial assets	6	(317,633)
Loss before income tax		(91,707,674)
Income tax expense	7	-
Loss for the Period		(91,707,674)

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

	Notes	For the six months ended 30 June 2020 HK\$
Loss for the Period		(91,707,674)
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss:		
Changes in the fair value of financial assets at fair value through other comprehensive income		1,419,342
Total comprehensive income for the Period		(90,288,332)

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED BALANCE SHEET (unaudited)

	Notes	As at 30 June 2020 HK\$
Assets		
Balances with banks and other financial institutions	8	243,534,799
Placement with banks	8	921,503,800
Loans and advances to customers	9	51,848,353
Financial assets at fair value through other comprehensive income	10	424,655,295
Financial assets at amortised cost	10	27,210,249
Prepayment and other assets		20,036,143
Property, plant and equipment	11	55,406,609
Right-of-use assets		41,559,684
Intangible assets	12	50,552,166
		1,836,307,098
Total Assets		
Liabilities		
Deposits from customers	13	356,578,334
Borrowing from banks		20,000,000
Other payable and accruals		76,316,954
Lease liabilities		38,768,378
Make good provision		6,330,000
		497,993,666
Total Liabilities		
Equity		
Share capital		1,500,000,000
Other reserves	14	13,242,764
Accumulated losses		(174,929,332)
		1,338,313,432
Total Equity		
Total Liabilities and Equity		
1,836,307,098		

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

	Notes	Share capital HK\$	Other reserves HK\$	Accumulated losses HK\$	Total equity HK\$
Balance as at 1 January 2020		1,500,000,000	5,185,138	(83,221,658)	1,421,963,480
Total comprehensive income		-	1,419,342	(91,707,674)	(90,288,332)
Employee share scheme		-	6,435,527	-	6,435,527
Regulatory Reserve	6	-	202,757	-	202,757
Balance as at 30 June 2020		1,500,000,000	13,242,764	(174,929,332)	1,338,313,432

As at 30 June 2020, HK\$202,757 was earmarked as the regulatory reserve from the accumulated losses. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes and is distributable to shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority.

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS (unaudited)

	Notes	For the six months ended 30 June 2020 HK\$
Cash flows from operating activities		
Loss before income tax		(91,707,674)
Adjustments for:		
Interest income		(11,570,426)
Interest expense		1,056,121
Finance costs		543,721
Impairment losses on financial assets		317,633
Depreciation of property, plant and equipment		5,550,045
Depreciation of right-of-use assets		10,005,515
Amortisation of intangible assets		2,487,721
Employee share scheme		6,435,527
Changes in:		
Loans and advances to customers		(51,957,229)
Placement with banks		(100,000,000)
Prepayment and other assets		(3,186,556)
Deposit from customers		356,530,985
Other payable and accruals		19,711,142
Interest received		10,813,938
Interest paid		(35,053)
Finance costs paid		(543,721)
Net cash generated from operating activities		154,451,689
Cash flows from investing activities		
Purchase of intangible assets		(5,204,132)
Purchase of property, plant and equipment		(3,858,182)
Purchase of financial assets at fair value through other comprehensive income		(423,235,953)
Purchase of financial assets at amortised cost		(27,210,249)
Net cash used in investing activities		(459,508,516)
Cash flows from financing activities		
Proceeds from bank borrowings		20,000,000
Payment of lease liabilities		(8,731,957)
Net cash generated from financing activities		11,268,043
Net change in cash and cash equivalents		(293,788,784)
Cash and cash equivalents as at 1 January 2020		1,358,827,383
Cash and cash equivalents as at 30 June 2020	14	1,065,038,599

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

1 Basis of preparation

This condensed interim financial statements for the six months ended 30 Jun 2020 has been prepared under the Banking (Disclosure) Rules made under Section 60A of the Banking Ordinance, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants, except that no prior period comparative figures have been provided in the first condensed interim financial statements, as the Bank has not commenced business in provision of banking and related financial services in the preceding period.

The accounting policies applied in preparing this condensed interim financial statements are consistent with those of the previous financial year ended 31 December 2019.

2 Interest income

	For the six months ended 30 June 2020 HK\$
Interest on balances and placement with banks and other financial institutions	11,124,983
Interest on loans and advances to customers	388,011
Interest on financial assets that are not measured at fair value through profit or loss	57,432
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	11,570,426
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3 Interest expense

	For the six months ended 30 June 2020 HK\$
Interest on deposits from customers	1,026,817
Interest on borrowings from banks	29,304
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	1,056,121
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(unaudited)

4 Operating expenses

	For the six months ended 30 June 2020 HK\$
Auditor's remuneration	600,000
Depreciation of property, plant and equipment	5,550,045
Depreciation of right-of-use assets	10,005,515
Amortisation of intangible assets	2,487,721
Staff costs	67,669,186
- Short-term employee benefits	58,295,751
- Retirement benefit	2,937,908
- Employee share scheme	6,435,527
Legal and professional fees	2,881,277
Other operating expenses	12,250,720
	101,444,464

5 Finance costs

	For the six months ended 30 June 2020 HK\$
Interest on lease liabilities	543,721
Bank charges	19,429
	563,150

6 Impairment losses on financial assets

	For the six months ended 30 June 2020 HK\$
Loans and advances to customers	114,876
Regulatory reserve	202,757
	317,633

7 Income tax expense

	For the six months ended 30 June 2020 HK\$
Current income tax	-
Deferred income tax	-
	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

8 Balances and placement with banks and other financial institutions

	As at 30 June 2020 HK\$
Balances with banks and other financial institutions	
- Cash at banks	140,907,557
- Due from Hong Kong Monetary Authority (“HKMA”)	102,627,242
Less: Impairment allowances	
- Stage 1	-
- Stage 2	-
- Stage 3	-
	243,534,799
	243,534,799

Balances with banks and other financial institutions are denominated in Hong Kong dollars, Reminbi and United States dollars.

	As at 30 June 2020 HK\$
Placement with banks maturing	
- Less than 3 months	821,503,800
- Less than 6 months but over 3 months	100,000,000
Less: Impairment allowances	
- Stage 1	-
- Stage 2	-
- Stage 3	-
	921,503,800
	921,503,800

Placement with banks are denominated in Hong Kong dollars and United States dollars.

As at 30 Jun 2020, there were no impaired, overdue or rescheduled balances and placement with banks and other financial institutions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

9 Loans and advances to customers

	As at 30 June 2020 HK\$
Gross loans and advances to customers	51,963,229
Less: Impairment allowances	
- Stage 1	(114,876)
- Stage 2	-
- Stage 3	-
	51,848,353
	51,848,353

As at 30 Jun 2020, there were no impaired, overdue or rescheduled loans and advances to customers.

10 Financial assets

	As at 30 June 2020 HK\$
Fair value through other comprehensive income	
- Debt securities	424,655,295
Amortised cost	
- Debt securities	27,210,249
	451,865,544
	451,865,544
Fair value hierarchy	
- Level 1	451,865,544
- Level 2	-
- Level 3	-
	451,865,544
	451,865,544

As at 30 Jun 2020, there were no impaired, overdue or rescheduled financial assets at fair value through other comprehensive income and amortised cost.

As at 30 Jun 2020, the fair value of financial assets at amortised cost is HK\$27,254,509.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

11 Property, plant and equipment

	Leasehold improvement HK\$	Furniture and fixture HK\$	Computer equipment - Server HK\$	Computer equipment - Hardware HK\$	Total HK\$
Cost					
At 1 January 2020	11,051,641	1,631,649	20,387,027	24,344,470	57,414,787
Additions	3,092,321	393,793	893,433	824,585	5,204,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	14,143,962	2,025,442	21,280,460	25,169,055	62,618,919
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Accumulated depreciation					
At 1 January 2020	(1,543,302)	(74,936)	-	(44,027)	(1,662,265)
Depreciation charge	(2,099,165)	(184,807)	(1,052,764)	(2,213,309)	(5,550,045)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	(3,642,467)	(259,743)	(1,052,764)	(2,257,336)	(7,212,310)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying Amount					
At 31 December 2019	9,508,339	1,556,713	20,387,027	24,300,443	55,752,522
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At 30 June 2020	10,501,495	1,765,699	20,227,696	22,911,719	55,406,609
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

12 Intangible assets

	HK\$
Cost	
At 1 January 2020	49,181,705
Addition	3,858,182
	53,039,887
At 30 June 2020	53,039,887
Accumulated Amortisation	
At 1 January 2020	-
Amortisation charge	(2,487,721)
	(2,487,721)
At 30 June 2020	(2,487,721)
Carrying Amount	
At 31 December 2019	49,181,705
	49,181,705
At 30 June 2020	50,552,166
	50,552,166

13 Deposits from customers

	As at 30 June 2020 HK\$
Saving deposits	76,375,203
Time deposits	280,203,131
	356,578,334
	356,578,334

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

14 Analysis of the balances of cash and cash equivalents

	As at 30 June 2020 HK\$
Balances with banks and other financial institutions	243,534,799
Placement with banks	821,503,800
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	1,065,038,599
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15 Material related-party transactions

There were no changes in the related party transaction described in 2019 Annual report that have had a material impact on the financial position of the Bank in the six months ended 30 June 2020.