

BANK OF TAIWAN, HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the year ended 31 Dec 2021

BANK OF TAIWAN – HONG KONG BRANCH
Key Financial Information Disclosure Statement
For the year ended 31 Dec 2021

CONTENTS

PAGE(S)

SECTION A – INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

| | | |
|------|--|-----|
| I. | PROFIT AND LOSS INFORMATION | 3 |
| II. | BALANCE SHEET INFORMATION | 4 |
| III. | ADDITIONAL BALANCE SHEET INFORMATION | 5 |
| A. | ADVANCES AND IMPAIRMENT ALLOWANCES | 5 |
| B. | OVERDUE AND RESCHEDULED ASSETS | 6 |
| C. | OFF-BALANCE SHEET INFORMATION | 7 |
| D. | GROSS ADVANCES TO CUSTOMERS SEGMENTAL ANALYSIS | 8-9 |
| E. | INTERNATIONAL CLAIMS | 10 |
| F. | MAINLAND ACTIVITIES | 11 |
| G. | FOREIGN CURRENCY POSITION | 12 |
| H. | LIQUIDITY INFORMATION DISCLOSURES | 12 |
| I. | DISCLOSURE OF REMUNERATION | 12 |

SECTION B – INFORMATION OF THE BANK (CONSOLIDATED BASIS)

| | | |
|-----|------------------------------------|----|
| I. | CAPITAL AND CAPITAL ADEQUACY RATIO | 13 |
| II. | OTHER FINANCIAL INFORMATION | 13 |

| | |
|--------------------|-----------|
| DECLARATION | 14 |
|--------------------|-----------|

SECTION A – INFORMATION OF THE BRANCH (HONG KONG BRANCH ONLY)

I. PROFIT AND LOSS INFORMATION

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| | For the year end | |
|---|------------------|----------------|
| | 31 Dec 21 | 31 Dec 20 |
| Interest income | 177,939 | 349,228 |
| Interest expense | (71,347) | (178,916) |
| Net interest income | 106,592 | 170,312 |
| Fee and commission income | 8,232 | 8,596 |
| Fee and commission expense | (1,774) | (1,835) |
| Net fee and commission income | 6,458 | 6,761 |
| Other operating income | | |
| Gains less losses arising from non-trading activities in foreign currencies | 3,126 | 2,782 |
| Gains less losses arising from trading activities in foreign currencies | 460 | 224 |
| Gains less losses on disposal of securities | 1,254 | - |
| Others | - | - |
| | 4,840 | 3,006 |
| Total income | 117,890 | 180,079 |
| Operating expenses | | |
| Staff expense | (20,653) | (25,111) |
| Rental expense | (1,202) | (1,145) |
| Other expense | (18,155) | (20,048) |
| | (40,010) | (46,304) |
| Write-back/(charges) of Impairment provisions for loans | 13,266 | (92,406) |
| Write-back/(charges) of Impairment provisions for other assets | (330) | 126 |
| Revaluation gains for negotiable debt instruments | 825 | (979) |
| Gains less losses from the disposal of property, plant and equipment | - | - |
| Profit before taxation | 91,641 | 40,516 |
| Tax expense | (10) | - |
| Profit after taxation | 91,651 | 40,516 |

II. BALANCE SHEET INFORMATION

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| | As at | |
|---|-------------------|-------------------|
| | <u>31 Dec 21</u> | <u>30 Jun 21</u> |
| <u>Assets</u> | | |
| Cash and balances with banks (except those included in amount due from overseas offices) | 3,187,525 | 3,776,073 |
| Placements with banks and other financial institutions with maturity of more than one month but less than twelve months (except those included in amount due from overseas offices) | 4,875,358 | 4,449,042 |
| Amount due from overseas offices | 1,022,196 | 555,280 |
| Trade bills | - | 3,641 |
| Certificates of deposit held | 540,169 | 498,335 |
| Negotiable debt instruments | 3,131,073 | 3,219,447 |
| Loans and impairment losses | | |
| Loans and advances to customers | 1,925,340 | 2,416,424 |
| Loans and advances to banks | 148,180 | - |
| Impairment losses (collective and specific) | (58,903) | (69,724) |
| Property, plant and equipment | 23,282 | 4,742 |
| Other accounts | 41,640 | 79,276 |
| Total assets | 14,835,860 | 14,932,536 |
| <u>Liabilities</u> | | |
| Deposits and balances of banks and other financial institutions (except those included in amount due to overseas offices) | 1,536,549 | 1,648,570 |
| Deposits from customers | | |
| Demand deposits and current accounts | 102,407 | 168,648 |
| Savings deposits | 2,925,260 | 2,622,937 |
| Time, call and notice deposits | 4,096,318 | 4,189,324 |
| Amount due to overseas offices | 4,197,542 | 4,347,709 |
| Other accounts | 75,155 | 85,583 |
| Total liabilities | 12,933,231 | 13,062,771 |
| <u>Equities</u> | | |
| Reserves | 1,801,621 | 1,801,621 |
| Current profit / (loss) | 101,008 | 68,144 |
| Total equities | 1,902,629 | 1,869,765 |
| Total Equities and Liabilities | 14,835,860 | 14,932,536 |

A. ADVANCES AND IMPAIRMENT LOSSES**i. Advance to customers and impairment losses on advances**

| | As at | |
|--|------------------|------------------|
| | <u>31 Dec 21</u> | <u>30 Jun 21</u> |
| Advances to customers | 1,925,340 | 2,416,424 |
| Advances to banks and other financial institutions | 148,180 | - |
| Total | <u>2,073,520</u> | <u>2,416,424</u> |
| Collective impairment provisions | (21,847) | (29,230) |
| Specific impairment provisions | (38,538) | (40,494) |
| Total | <u>(60,385)</u> | <u>(69,724)</u> |
| Gross advances less impairment provisions | 2,013,135 | 2,346,700 |
| Provisions as a percentage of gross advances | | |
| - Collective impairment provisions | 1.05% | 1.21% |
| - Specific impairment provisions | 1.86% | 1.68% |
| Total provisions | <u>2.91%</u> | <u>2.89%</u> |

ii. Impairment provisions

| | Specific impairment provisions | Collective impairment provisions | Total |
|--|--------------------------------------|--|---------------|
| <u>31 Dec 21</u> | | | |
| Advances to customers | 38,538 | 20,365 | 58,903 |
| Advances to banks and other financial institutions | - | 1,482 | 1,482 |
| Total | <u>38,538</u> | <u>21,847</u> | <u>60,385</u> |
| <u>30 Jun 21</u> | | | |
| Advances to customers | 40,494 | 29,230 | 69,724 |
| Advances to banks and other financial institutions | - | 0 | 0 |
| Total | <u>40,494</u> | <u>29,230</u> | <u>69,724</u> |

iii. Impaired advances to customers

| | <u>31 Dec 21</u> | <u>30 Jun 21</u> |
|---------------------------------------|------------------|------------------|
| amount of impaired loans and advances | 138,776 | 141,655 |
| amount of specific provisions made | 38,538 | 40,494 |
| value of collateral | - | - |
| % of advances to customers | 7.21% | 5.86% |

There were no loans and advances to banks and other financial institutions which are determined impaired as at 31 December 2021 and 30 June 2021.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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B. OVERDUE AND RESCHEDULED ASSETS

| | <u>31 Dec 21</u> | As at <u>30 Jun 21</u> |
|---|------------------|---------------------------|
| i. Advances to customers overdue for | | |
| more than 3 months and up to 6 months | - | - |
| more than 6 months and up to 1 year | - | - |
| more than 1 year | - | - |
| | <u>-</u> | <u>-</u> |
| Specific impairment provisions made in respect of the above overdue advances | - | - |
| Market value of collateral held against the covered portion of all overdue advances | <u>-</u> | <u>-</u> |
| Covered portion of all overdue advances | <u>-</u> | <u>-</u> |
| Uncovered portion of all overdue advances | - | - |
| ii. Rescheduled advances to customers | <u>13,478</u> | <u>15,204</u> |
| (Net of those overdue advances which have been disclosed above) | | |

| | As a percentage of total gross advances to customers | |
|---|---|------------------|
| | <u>31 Dec 21</u> | <u>30 Jun 21</u> |
| | % | % |
| a. Advances to customers overdue for | | |
| more than 3 months and up to 6 months | 0.00 | 0.00 |
| more than 6 months and up to 1 year | 0.00 | 0.00 |
| more than 1 year | 0.00 | 0.00 |
| | <u>0.00</u> | <u>0.00</u> |
| b. Rescheduled advances to customers | <u>0.70</u> | <u>0.63</u> |

iii. Loans and advances to banks and other financial institutions

There were no loans and advances to banks and other financial institutions which were overdue as at 31 December 2021 and 30 June 2021.

iv. Other assets (trade bills and debt securities)

There were no other assets (including trade bills and debt securities) which were overdue as at 31 December 2021 and 30 June 2021.

v. Amount of repossessed assets

There were no repossessed assets held by the branch as at 31 December 2021 and 30 June 2021.

C. OFF-BALANCE SHEET INFORMATION**i. CONTINGENT LIABILITIES AND COMMITMENTS**

| | <u>31 Dec 21</u> | <u>As at</u> <u>30 Jun 21</u> |
|---|------------------|----------------------------------|
| Off-balance sheet exposures (in contractual amounts) | | |
| Direct credit substitutes | - | - |
| Transaction-related contingencies | - | - |
| Trade-related contingencies | 41,353 | 42,812 |
| Forward forward deposits placed | - | - |
| Other commitments | 685,291 | 851,705 |

ii. DERIVATIVES

| | <u>31 Dec 21</u> | <u>30 Jun 21</u> |
|---|------------------|------------------|
| Interest rate contracts | | |
| Contractual amount | 748,697 | 900,841 |
| Replacement cost | - | - |
| Positive fair value | - | - |
| Negative fair value | (25,152) | (40,172) |
| Exchange rate and gold contracts | | |
| Contractual amount | 233,169 | - |
| Replacement cost | - | - |
| Positive fair value | 727 | - |
| Negative fair value | (701) | - |

For contingent liabilities and commitments, the contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default. The total of the contract amount is not representative of future liquidity requirements. The replacement costs represent the cost of replacing all contracts which have a positive value when marked to market. They do not take into account the effects of valid bilateral netting agreements.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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D. GROSS ADVANCES TO CUSTOMERS SEGMENTAL ANALYSIS

The following information concerning advances to customers by industry sectors has been classified in accordance with industry categories contained in the banking returns of Quarterly Analysis of Loans and Advances and the Provisions

i. BY INDUSTRY SECTOR

| | As at | | | |
|--|---------------------|--------------------------------------|---------------------|--------------------------------------|
| | <u>31 Dec 21</u> | | <u>30 Jun 21</u> | |
| | <u>Gross Amount</u> | <u>Balance Covered By Collateral</u> | <u>Gross Amount</u> | <u>Balance Covered By Collateral</u> |
| Loans and advances for use in | | | | |
| Hong Kong | | | | |
| Industrial, Commercial and Financial | | | | |
| Property development | 100,000 | - | 50,000 | - |
| Property investment | - | - | - | - |
| Financial concerns | 382,147 | - | 434,888 | - |
| Stockbrokers | - | - | 160,000 | - |
| Manufacturing | 288,025 | - | 78,930 | - |
| Wholesale and retail trade | 2,808 | 2,808 | 5,367 | 5,359 |
| Transport and transport equipment | - | - | - | - |
| Electricity and gas | - | - | - | - |
| Information technology | - | - | - | - |
| Recreational activities | 83,761 | - | 18,638 | - |
| All others | - | - | - | - |
| Individuals | | | | |
| Loans for the purchase of other residential properties | 14,915 | 14,915 | 15,247 | 15,247 |
| Subtotal | 871,656 | 17,723 | 763,070 | 20,606 |
| Trade finance | 79,634 | 14,435 | 97,015 | 16,749 |
| Loans and advances for use outside Hong Kong | 974,050 | - | 1,556,339 | 62,127 |
| Total loans and advances | 1,925,340 | 32,158 | 2,416,424 | 99,482 |

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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ii. BY MAJOR COUNTRIES OR GEOGRAPHICAL SEGMENTS

After taking into account recognized risk transfer, exposures to a single country exceeding 10% of the aggregate gross loans and advances to customers by geographical segment disclosed.

| <u>As at 31 Dec 21</u> | <u>Gross Amount</u> | <u>Overdue & Impaired</u> | <u>Specific impairment provisions</u> |
|------------------------|---------------------|-------------------------------|---|
| 1.China | 195,540 | 138,776 | 38,538 |
| 2.Hong Kong | 1,070,589 | - | - |
| 3.Others | 659,211 | - | - |
| | 1,925,340 | 138,776 | 38,538 |

| <u>As at 30 Jun 21</u> | <u>Gross Amount</u> | <u>Overdue & Impaired</u> | <u>Specific impairment provisions</u> |
|------------------------|---------------------|-------------------------------|---|
| 1.China | 681,755 | 141,655 | 40,494 |
| 2.Hong Kong | 1,102,166 | - | - |
| 3.Others | 632,503 | - | - |
| | 2,416,424 | 141,655 | 40,494 |

E. INTERNATIONAL CLAIMS

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognised risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

| | <u>Banks</u> | <u>Official Sector</u> | <u>Non-bank private sector</u> | | <u>Others</u> | <u>Total</u> |
|---|--------------|------------------------|--|-------------------------------------|---------------|--------------|
| | | | <u>Non-bank financial institutions</u> | <u>Non-financial private sector</u> | | |
| <u>As at 31 Dec 21</u> | | | | | | |
| 1. Developed countries | 1,516 | - | 79 | 38 | - | 1,633 |
| 2. Offshore centres | 870 | - | 381 | 590 | - | 1,841 |
| <i>of which:</i> | | | | | | |
| <i>Hong Kong SAR</i> | 634 | - | 382 | 560 | - | 1,576 |
| 3. Developing Europe | - | - | - | - | - | - |
| 4. Developing Latin America and Caribbean | - | - | - | - | - | - |
| 5. Developing Africa and Middle East | 384 | - | - | - | - | 384 |
| 6. Developing Asia-Pacific | 7,930 | 120 | 78 | 772 | - | 8,900 |
| <i>of which:</i> | | | | | | |
| <i>China</i> | 1,143 | - | - | 497 | - | 1,640 |
| <i>Chinese Taipei</i> | 4,287 | - | - | 12 | - | 4,299 |
| 7. International organisations | 316 | - | - | - | - | 316 |
| 8. Unallocated by country | - | - | - | - | - | - |

| | <u>Banks</u> | <u>Official Sector</u> | <u>Non-bank private sector</u> | | <u>Others</u> | <u>Total</u> |
|---|--------------|------------------------|--|-------------------------------------|---------------|--------------|
| | | | <u>Non-bank financial institutions</u> | <u>Non-financial private sector</u> | | |
| <u>As at 30 Jun 21</u> | | | | | | |
| 1. Developed countries | 1,273 | - | 95 | 36 | - | 1,404 |
| 2. Offshore centres | 905 | - | 436 | 196 | - | 1,537 |
| <i>of which:</i> | | | | | | |
| <i>Hong Kong SAR</i> | 665 | - | 435 | 166 | - | 1,266 |
| 3. Developing Europe | - | - | - | - | - | - |
| 4. Developing Latin America and Caribbean | - | - | - | - | - | - |
| 5. Developing Africa and Middle East | 191 | 152 | - | - | - | 343 |
| 6. Developing Asia-Pacific | 8,541 | 120 | 311 | 1,252 | - | 10,224 |
| <i>of which:</i> | | | | | | |
| <i>China</i> | 2,018 | - | 233 | 964 | - | 3,215 |
| <i>Chinese Taipei</i> | 4,376 | - | - | 143 | - | 4,519 |
| 7. International organisations | 301 | - | - | - | - | 301 |
| 8. Unallocated by country | - | - | - | - | - | - |

The above figures are disclosed according to the HKMA return of international banking statistics and pursuant to Section 63 of the Banking Ordinance.

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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F. MAINLAND ACTIVITIES

The categories of non-bank counterparties and the type of direct exposures refers to the Completion Instructions for the Return of Mainland Activities-MA(BS)20.

As at 31 Dec 21

| | <u>On-balance sheet exposures</u> | <u>Off-balance sheet exposures</u> | <u>Total exposures</u> |
|---|---------------------------------------|--|------------------------|
| 1. Central government, central government-owned entities & their subsidiaries & JVs | - | - | - |
| 2. Local governments, local government-owned entities & their subsidiaries & JVs | - | - | - |
| 3. PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 145 | 158 | 303 |
| 4. Other entities of central government not reported in item 1 above | - | - | - |
| 5. Other entities of local government not reported in item 1 above | - | - | - |
| 6. PRC national residing outside ML China or entities incorporated outside ML China where the credit is granted for use in ML China | 494 | 41 | 535 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures | - | - | - |
| | <u>639</u> | <u>199</u> | <u>838</u> |
| Total assets after provision | 14,836 | | |
| On-balance sheet exposures as percentage of total assets | 4.31% | | |

As at 30 Jun 21

| | <u>On-balance sheet exposures</u> | <u>Off-balance sheet exposures</u> | <u>Total exposures</u> |
|---|---------------------------------------|--|------------------------|
| 1. Central government, central government-owned entities & their subsidiaries & JVs | - | - | - |
| 2. Local governments, local government-owned entities & their subsidiaries & JVs | - | - | - |
| 3. PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 108 | - | 108 |
| 4. Other entities of central government not reported in item 1 above | - | - | - |
| 5. Other entities of local government not reported in item 1 above | - | - | - |
| 6. PRC national residing outside ML China or entities incorporated outside ML China where the credit is granted for use in ML China | 1,057 | 1,553 | 2,610 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank ML exposures | - | - | - |
| | <u>1,165</u> | <u>1,553</u> | <u>2,718</u> |
| Total assets after provision | 14,933 | | |
| On-balance sheet exposures as percentage of total assets | 7.80% | | |

III. ADDITIONAL BALANCE SHEET INFORMATION - CONTINUED

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G. FOREIGN CURRENCY POSITION

The foreign currency exposures are prepared in accordance with the H.K.M.A. return of completion Foreign Currency Position completion instructions. The net position (in absolute terms) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies.

| <u>As at 31 Dec 21</u> | USD | GBP | JPY | EUR | CNY | AUD | SGD | NZD | other foreign currencies | Total |
|---------------------------|----------|-----|------|-------|-------|------|-----|-----|--------------------------------|----------|
| Spot assets | 11,587 | 6 | 67 | 179 | 712 | 23 | 1 | 3 | - | 12,578 |
| Spot liabilities | (11,494) | (6) | (60) | (176) | (715) | (22) | - | - | - | (12,473) |
| Forward purchases | 118 | - | - | - | - | - | - | - | - | 118 |
| Forward sales | (118) | - | - | - | - | - | - | - | - | (118) |
| Net option position | - | - | - | - | - | - | - | - | - | - |
| Net long (short) position | 93 | - | 7 | 3 | (3) | 1 | 1 | 3 | - | 105 |

| <u>As at 30 Jun 21</u> | USD | GBP | JPY | EUR | CNY | AUD | SGD | NZD | other foreign currencies | Total |
|---------------------------|----------|-----|------|------|---------|-----|-----|-----|--------------------------------|----------|
| Spot assets | 11,541 | 10 | 40 | 96 | 1,040 | 6 | 1 | 3 | - | 12,737 |
| Spot liabilities | (11,445) | (6) | (42) | (99) | (1,041) | (9) | (1) | - | - | (12,643) |
| Forward purchases | - | - | - | - | - | - | - | - | - | - |
| Forward sales | - | - | - | - | - | - | - | - | - | - |
| Net option position | - | - | - | - | - | - | - | - | - | - |
| Net long (short) position | 96 | 4 | (2) | (3) | (1) | (3) | - | 3 | - | 94 |

There were no foreign currency structural positions as at 31 December 2021 and 30 June 2021.

H. LIQUIDITY INFORMATION DISCLOSURE

For the period

| | <u>31 Dec 21</u> | <u>31 Dec 20</u> |
|---------------------------------|------------------|------------------|
| Average LMR for the year/period | 96.15% | 82.93% |
| Calculation period | Oct~Dec 2021 | Oct~Dec 2020 |

The liquidity ratio refers to the statutory minimum liquidity maintenance ratio specified under section 103 of the Banking Ordinance on effective from 1 January 2015.

The average value of its LMR calculated based on the arithmetic mean of the average value of its LMR reported in its liquidity position return for each month during the reporting period.

Liquidity ratios are monitored on a daily basis (Treasury department is responsible for adjustments of allocation of assets and liabilities based on the LMR calculated by Accounting department) and liquidity stress test has been performed quarterly in the branch. The Asset-Liability Committee (ALCO) has been established in the branch and ALCO meetings are held on a monthly basis.

I. REMUNERATION DISCLOSURE

In accordance with section 3 of the HKMA's Supervisory Policy Manual CG-5 "Guideline on a Sound Remuneration System", Bank of Taiwan has disclosed the relevant information in the part of Corporate Governance of the Bank's Annual Report.

SECTION B – INFORMATION OF THE BANK (CONSOLIDATED BASIS)

NT\$'000

I. CAPITAL AND CAPITAL ADEQUACY RATIO

| | <u>31 Dec 21</u> | As at <u>30 Jun 21</u> |
|--|------------------|----------------------------------|
| A. Capital Adequacy Ratio | 15.25% | 15.69% |
| B. Aggregate amount of shareholder's funds | 402,187,557 | 404,976,884 |


The capital adequacy ratio is computed in accordance with the Basel III Capital Accord framework after taken into account for credit risk, market risk and operational risk.

II. OTHER FINANCIAL INFORMATION

| | <u>31 Dec 21</u> | As at <u>30 Jun 21</u> |
|---------------------------------|--------------------------------|----------------------------------|
| Total assets | 5,548,409,858 | 5,504,881,503 |
| Total liabilities | 5,146,222,301 | 5,099,904,619 |
| Total advances | 2,940,449,487 | 2,914,757,611 |
| Total customer deposits | 4,208,804,676 | 4,134,804,421 |
| | For the half year ended | |
| | <u>31 Dec 21</u> | <u>31 Dec 20</u> |
| Profit / (Loss) before taxation | 16,963,242 | 12,343,405 |

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statement of Authorized Institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statements of Bank of Taiwan, Hong Kong Branch for the year ended 31 Dec 2021. We confirmed that the information contained therein complies, in all material respects, with the relevant requirements for financial disclosure by overseas incorporated authorized institutions as set out in the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules", and to the best of my knowledge and belief, it is not false or misleading.



Lu A-Kan
Chief Executive
Bank of Taiwan, Hong Kong Branch

30/03/2022
Date