Bank of Dongguan International Limited
(formerly known as “Guanyin International Limited”)

東莞銀行(國際)有限公司

(前稱為"莞銀國際有限公司")

31 December 2024

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal place of business

Bank of Dongguan International Limited (formerly known as "Guanyin International Limited") ("the Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 18-21/F BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong.

Principal activities

On 31 October 2024, the Bank was granted authorisation by the Hong Kong Monetary Authority ("HKMA") to carry on banking business. On 31 December 2024, the Bank was in progress of preparing for the commencement of business. There were no revenue generating operations or any other business activities throughout the year.

Adoption of company name

By a special resolution passed by the sole member on 18 December 2024, the Bank adopted Bank of Dongguan International Limited as its company name with effect from 30 December 2024 (formerly known as "Guanyin International Limited").

Recommended dividend

The directors do not recommend the payment of any dividend for the year.

Share capital

Details of the movements in share capital of the Bank are set out in note 12(b) to the financial statements.

Directors

The directors of the Bank during the year and up to the date of this report were:

Li Qicong	
Ye Xiaohui	(appointed on 27 February 2025)
Chen Haiyan	(appointed on 27 February 2025)
Wei Xiangping	(appointed on 27 February 2025)
Leung Ming Hym Peter	(appointed on 27 February 2025)
Ma Chan Chi	(appointed on 27 February 2025)
Shi Kang	(appointed on 18 April 2025)

There being no provision in the Bank's articles of association in connection with the retirement of directors, the existing directors continue in office for the following year.

At no time during the year was the Bank, or any of its holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

At no time during the year was the Bank, or any of its holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Bank is currently in force and was in force throughout this year.

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the Bank, or any of its holding company or fellow subsidiaries was a party, and in which directors of the Bank had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment.

By order of the board

Li Qicong

Director

23 April 2025

KPMG

Independent auditor's report to the member of Bank of Dongguan International Limited (formerly known as "Guanyin International Limited")

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Bank of Dongguan International Limited ("the Bank") set out on pages 6 to 29, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024 and of its financial performance and its 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 Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank 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.

Information other than the financial statements and auditor's report thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Independent auditor's report to the member of Bank of Dongguan International Limited (formerly known as "Guanyin International Limited") (continued)

(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Bank'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 either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

- 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 Bank's internal control.

KPMG

Independent auditor's report to the member of Bank of Dongguan International Limited (formerly known as "Guanyin International Limited" (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 APR 2025

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*2024* $'000	*2023* $'000
Interest income from bank balance		4	-
Interest expense arising from lease contracts	7(b)	(877)	(1,168)
Net foreign exchange gain		1,389	596
Operating expenses	3	(69,994)	(59,211)
Loss before taxation		(69,478)	(59,783)
Income tax	4(a)	-	-
Loss and total comprehensive income for the year		(69,478)	(59,783)

The notes on pages 11 to 29 form part of these financial statements.

Statement of financial position at 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*2024* $'000	*2023* $'000
Assets			
Cash and cash equivalents	6	767,558	-
Other assets	8	59,038	54,198
Property and equipment	7	52,322	73,400
Total assets		878,918	127,598
Liabilities			
Amount due to the ultimate holding company	10	1,744	168,269
Other payables and accruals	9	10,082	8,244
Lease liabilities	11	33,359	47,874
Total liabilities		45,185	224,387
NET ASSETS/(LIABILITIES)		833,733	(96,789)

Statement of financial position at 31 December 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	*2024* $'000	*2023* $'000
CAPITAL AND RESERVES			
Share capital	12	1,000,000	-
Accumulated losses		(166,267)	(96,789)
TOTAL EQUITY		833,733	(96,789)

Approved and authorised for issue by the board of directors on 23 April 2025

Li Qicong) Directors

Wei Xiangping)

The notes on pages 11 to 29 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	*Share capital* $'000	*Accumulated losses* $'000	*Total* $'000
Balance at 31 December 2022 and 1 January 2023		-	(37,006)	(37,006)
Issuance of ordinary share	12(b)	-	-	-
Loss and total comprehensive income for the year		-	(59,783)	(59,783)
Balance at 31 December 2023 and 1 January 2024		-	(96,789)	(96,789)
Issuance of ordinary share	12(b)	1,000,000	-	1,000,000
Loss and total comprehensive income for the year		-	(69,478)	(69,478)
Balance at 31 December 2024		1,000,000	(166,267)	833,733

The notes on pages 11 to 29 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
Loss before taxation		(69,478)	(59,783)
Adjustments for non-cash items:			
Interest income		(4)	-
Net foreign exchange gain		(1,389)	(596)
Depreciation of property and equipment	3(b)	21,071	20,224
Interest expense arising from lease contracts	7(b)	877	1,168
Operating cash flows before movements in working capital		(48,923)	(38,987)
Decrease in other assets		(4,840)	(2,044)
Increase in other payables		1,838	4,033
(Decrease)/increase in amount due to the ultimate holding company		(166,525)	36,998
Cash used in operations		(218,450)	-
Interest received		4	-
Net cash used in operating activities		(218,446)	-
Financing activities			
Proceed from paid up of issued share capital	12(b)	1,000,000	-
Lease rental paid		(15,385)	
Net cash generated from financing activities		984,615	-
Net increase in cash equivalents		766,169	-
Cash and Cash equivalents at 1 January		-	-
Effects of exchange rate changes on cash and cash equivalents		1,389	
Cash and Cash equivalents at 31 December	6	767,558	-

The notes on pages 11 to 29 form part of these financial statements

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Activities

Bank of Dongguan International Limited (formerly known as "Guanyin International Limited") (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 18-21/F BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong.

On 31 October 2024, the Bank was granted authorisation by the Hong Kong Monetary Authority ("HKMA") to carry on banking business. On 30 December 2024, the Bank adopted Bank of Dongguan International Limited as its name after the necessary procedures with the Hong Kong Companies Registry. On 31 December 2024, the Bank was in progress of preparing for the commencement of business. There were no revenue generating operations or any other business activities throughout the year.

2 Material accounting policies

The material accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Bank. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Bank for the current or prior accounting periods reflected in these financial statements.

(b) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Bank.

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of the developments have had a material effect on how the Bank's results and financial position for the current or prior periods have been prepared or presented. The Bank has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Property and equipment

Property and equipment, including right-of-use assets arising from leases of underlying property and equipment (see note 2(e)), are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current year are as follows:

- Equipment and machinery	5 years
- Others	5 years
- Right-of-use assets	Shorter of useful lives and lease terms

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

At each reporting date, the Bank reviews the carrying amounts of property and equipment to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2 Material accounting policies (continued)

(d) *Property and equipment (continued)*

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(e) *Leased assets*

At inception of a contract, the Bank assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component and non-lease component, the Bank has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Bank recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Bank enters into a lease in respect of a low-value item, the Bank decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

2 Material accounting policies (continued)

(e) Leased assets (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(d)).

Refundable rental deposits are accounted for separately from the right-of use assets in accordance with the accounting policy applicable to receivables (see notes 2(f)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(f) Receivables

A receivable is recognised when the Bank has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost.

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the trade receivables.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of receivables through a loss allowance account.

The gross carrying amount of a receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2 Material accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents only comprise cash at bank and on hand, which is held for meeting short-term cash commitments. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(f).

(h) Other payables and accruals

Other payables and accruals are initially recognised at fair value. Subsequent to initial recognition, other payables and accruals are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at gross amounts.

(i) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The Bank's net obligation in respect of the Long Service Payment under the Hong Kong Employment Ordinance, which is the Bank's only defined benefit plan, is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Bank's Mandatory Provident Fund contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Remeasurements arising from actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plan are recognised in profit or loss.

2 Material accounting policies (continued)

(j) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

The Bank recognises deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset if, and only if:

(a) the Bank has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the Bank; or

    (ii) the Bank and other taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax is not recognised for those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

2 Material accounting policies (continued)

(k) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(l) Translation of foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss.

2 Material accounting policies (continued)

(m) Related parties

(a) A person, or a close member of that person's family, is related to the Bank if that person:

(i) has control or joint control over the Bank;

(ii) has significant influence over the Bank; or

(iii) is a member of the key management personnel of the Bank or the Bank's parent.

(b) An entity is related to the Bank if any of the following conditions applies:

(i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 Bank or an entity related to the Bank.

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the Bank's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Operating expenses

	2024	*2023*
	$'000	$'000
(a) Staff costs		
Salaries, wages and other benefits	37,846	31,038
Contributions to defined contribution retirement plan	1,813	2,006
	39,659	33,044
(b) Other items		
Depreciation charge (note 7(a))		
- right-of-use assets	14,171	14,161
- leasehold improvement	4,835	4,432
- electronic equipment	2,065	1,631
	21,071	20,224
Other operating expense	6,505	3,152
Building management fee and rates	2,679	2,711
Auditors' remuneration	80	80
	9,264	5,943

4 Income tax in the statement of profit or loss and other comprehensive income

(a) *Income tax:*

No provision for Hong Kong profits tax has been made in the financial statements as the Bank has no estimated assessable profits for the year.

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Bank's parent group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on 1 January 2024.

In 2024 the Hong Kong SAR Government amended the Inland Revenue Ordinance to introduce a domestic minimum top up tax which will take effect from the year ended 31 December 2025. The Bank has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

As of the date of this report, the parent group is still in progress in conducting a comprehensive assessment of the potential impacts from domestic minimum top up tax in Hong Kong to its financial statements, it is possible that the Bank may be subject to additional Pillar Two income taxes in future years.

(b) *Reconciliation between income tax in profit or loss and accounting profit at applicable tax rates:*

	2024 $'000	*2023* $'000
Loss before taxation	(69,478)	(59,783)
Notional tax on loss before taxation	(11,464)	(9,864)
Tax effect of non-taxable revenue	(1)	-
Tax effect of unused tax losses not recognised	11,465	9,864
Actual income tax in profit or loss	-	-

(c) *Deferred tax assets unrecognised*

The Bank has not recognised deferred tax assets in respect of cumulative tax losses of HK$164,687,000 (2023: HK$100,812,000) as there is uncertainty on the timing upon which the losses can be utilised. The tax losses do not expire under current tax legislation.

5 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024 $'000	*2023* $'000
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	-	-

There was no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities that need to be disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

6 Cash and cash equivalents

	2024 $'000	*2023* $'000
Cash at banks	767,558	-

7 Property and equipment

(a) *Reconciliation of carrying amount:*

	Right-of-use assets $'000	*Electronic equipment* $'000	*Leasehold improvement* $'000	*Total* $'000
Cost:				
At 1 January 2024	70,261	10,756	24,175	105,192
Others	(7)	-	-	(7)
At 31 December 2024	70,254	10,756	24,175	105,185
Accumulated depreciation:				
At 1 January 2024	(25,718)	(1,642)	(4,432)	(31,792)
Charge for the year (note 3(b))	(14,171)	(2,065)	(4,835)	(21,071)
At 31 December 2024	(39,889)	(3,707)	(9,267)	(52,863)
Net book value:				
At 31 December 2024	30,365	7,049	14,908	52,322

	Right-of-use assets $'000	*Electronic equipment* $'000	*Leasehold improvement* $'000	*Total* $'000
Cost:				
At 1 January 2023	69,339	151	-	69,490
Additions	922	10,605	24,175	35,702
At 31 December 2023	70,261	10,756	24,175	105,192
Accumulated depreciation:				
At 1 January 2023	(11,557)	(11)	-	(11,568)
Charge for the year (note 3(b))	(14,161)	(1,631)	(4,432)	(20,224)
At 31 December 2023	(25,718)	(1,642)	(4,432)	(31,792)
Net book value:				
At 31 December 2023	44,543	9,114	19,743	73,400

7 Property and equipment (continued)

(b) Right-of-use assets:

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024	*2023*
	$'000	$'000
Properties leased for own use, carried at depreciated cost	30,295	44,417
Equipment, carried at depreciated cost	70	126
	30,365	44,543

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024	*2023*
	$'000	$'000
Depreciation charge of right-of-use assets by class of underlying asset (note 3(b)):		
Properties leased for own use	14,115	14,119
Equipment	56	42
	14,171	14,161
Interest on lease liabilities	877	1,168

During the year, there was no addition of right-of-use assets (2023: HK$922,000). Detail of maturity of lease liabilities is set out in note 11.

8 Other assets

	2024	*2023*
	$'000	$'000
Rental and utility deposits	6,173	6,173
Computer software in progress	22,177	19,015
Other equipment in progress	30,688	29,010
	59,038	54,198

9 Other payables and accruals

	2024 $'000	*2023* $'000
Bonus payable	9,568	7,833
Other payables	514	411
	10,082	8,244

10 Amount due to the ultimate holding company

Amount due to the ultimate holding company is repayable on demand.

11 Lease liabilities

The following table shows the remaining contractual maturities of the Bank's lease liabilities at the end of the current year and prior reporting period:

	2024		*2023*	
	Present value of the minimum lease payments $'000	*Total minimum lease payments* $'000	*Present value of the minimum lease payments* $'000	*Total minimum lease payments* $'000
Within 1 year	14,853	15,414	14,543	15,413
After 1 year but within 2 years	15,837	16,070	14,825	15,385
After 2 years but within 5 years	2,669	2,676	18,506	18,747
After 5 years	-	-	-	-
	18,506	18,746	33,331	34,132
	33,359	34,160	47,874	49,545
Less: total future interest expenses		801		1,671
Present value of lease liabilities		33,359		47,874

12 Share capital

(a) *Components of the Bank's capital*

The opening and closing balances of each component of the Bank's equity and a reconciliation between these amounts are set out in the statement of changes in equity.

(b) *Issued share capital*

	2024 No. of shares	2024 $'000	2023 No. of shares	2023 $'000
Ordinary shares, issued:				
At 1 January	1,000,000,000	-	1,000,000,000	-
Ordinary shares paid	-	1,000,000	-	-
At 31 December	1,000,000,000	1,000,000	1,000,000,000	-

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Bank do not have a par value.

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 Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

As at 31 December 2023, since the application of banking license with the Hong Kong Monetary Authority was still pending approval, the settlement of such unpaid share capital was considered uncertain and hence the receivable and the corresponding share capital were not recognised. The Bank's ultimate holding company completed the fund transfer to the Bank amounting to HK$1,000,000,000 in respect of the Bank's share capital, which became fully paid, effective from 5 September 2024.

(c) *Capital management*

The Hong Kong Monetary Authority ("HKMA") requires each bank to maintain a ratio of total regulatory capital to the risk-weighted asset (the capital adequacy ratio) at or above the minimum as stipulated in the Banking (Capital) Rules. The capital adequacy ratios are computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Bank has established a capital planning process to assess the adequacy of its capital to support current and future activities and to set the Bank's capital adequacy goals in relation to risk, taking into account its strategic focus and business plan. In developing the capital plan, the Bank considers the regulatory requirements, references to the business strategy, new products and risk appetite of the Bank, takes into account both short-term and medium term capital demand, and additional potential capital actions, so as to ensure stable capital level is maintained. During the year, the Bank has complied with externally imposed capital requirements that the Bank is subject to.

12 Share capital (continued)

(c) Capital management (continued)

In addition to meeting the regulatory requirements, the Bank's primary objectives when managing capital are to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholder, and comply with the capital requirements under the Banking (Capital) Rules of the Hong Kong Banking Ordinance. As the Bank is part of a larger group, the Bank's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Bank defines "capital" as including all components of equity and any loans from other group companies with no fixed terms of repayment, less unaccrued proposed dividends. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Bank as capital.

The Bank's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Bank belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Bank or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the Bank or the requirements of the Hong Kong Companies Ordinance.

13 Financial risk management

Exposure to credit, liquidity and currency risks arises in the normal course of the Bank's business.

The Bank's exposure to these risks and the financial risk management policies and practices used by the Bank to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank's credit risk is considered to be insignificant as at the end of the year.

(b) Liquidity risk

The Bank's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient funding from its operations and from its ultimate holding company as and when required to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Bank's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Bank can be required to pay:

13 Financial risk management (continued)

(b) Liquidity risk (continued)

2024	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount at 31 Dec $'000
Amount due to the ultimate holding company	1,744	-	-	-	1,744	1,744
Other payables and accruals	7,559	1,603	920	-	10,082	10,082
	9,303	1,603	920	-	11,826	11,826

2023	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount at 31 Dec $'000
Amount due to the ultimate holding company	168,269	-	-	-	168,269	168,269
Other payables and accruals	8,244	-	-	-	8,244	8,244
	176,513	-	-	-	176,513	176,513

(c) Currency risk

The Bank's functional currency is Hong Kong dollars. The Bank is exposed to currency risk primarily through assets and liabilities denominated in Renminbi ("RMB").

The Bank ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Bank's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Bank's functional currency of Hong Kong dollars. For presentation purposes, the amounts of the exposure are expressed in Hong Kong dollars.

	2024 RMB $'000	*2023* RMB $'000
Balance with banks	-	-
Amount due to the ultimate holding company	-	39,100
Net exposure to currency risk	-	39,100

13 Financial risk management (continued)

(c) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change on the Bank's profit after tax and equity that would arise if foreign exchange rates to which the Bank has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		*2023*	
	Increase/ (decrease) in foreign exchange rates	*Effect on profit after tax and equity* $'000	*Increase/ (decrease) in foreign exchange rates*	*Effect on profit after tax and equity* $'000
RMB	10%	-	10%	(3,910)
	(10%)	-	(10%)	3,910

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Bank to foreign currency risk at the end of the reporting period.

14 Material related party transactions

(a) Transactions with key management personnel

The directors are considered as the Bank's key management, and the remuneration and any loan and guarantee given on behalf of directors of the Bank are disclosed in note 5.

(b) Transactions with other related parties

During the year, the Bank entered into the following material related party transactions:

	2024 $'000	*2023* $'000
Operating expenses advanced by the ultimate holding company	47,085	34,954

The capital and operating expenses incurred during the year were arranged and advanced by the ultimate holding company on behalf of the Bank. After the completion of the capital injection, the Bank repaid a substantial portion of the amount due to the ultimate holding company.

15 Immediate and ultimate controlling party

Aa at 31 December 2024, the directors consider the immediate parent and ultimate controlling party of the Bank to be Bank of Dongguan Co., Limited., which is incorporated in People's Republic of China. Bank of Dongguan Co., Limited produces financial statements available for public use.

16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Bank.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – *Volume 11*	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Bank is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.