Report of the Directors and Audited Financial Statements

KDB ASIA LIMITED
產銀亞洲金融有限公司

31 December 2024

KDB ASIA LIMITED

CONTENTS

KDB ASIA LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2024. The report of the directors, the audited financial statements and the unaudited supplementary financial information are collectively referred to as the Annual Report.

Principal activities
The principal activities of the Company have not changed during the year and consisted of deposit taking, loan syndication, underwriting, investment and the provision of financial services.

Results and dividends
The Company's profit for the year ended 31 December 2024 and the Company's financial position at that date are set out in the financial statements on pages 5 to 73.

The directors recommend the payment of a final dividend of US$2.08 cents per ordinary share totaling US$5,000,000 in respect of the year.

Share capital
There were no movements in the Company’s share capital during the year.

Reserves
Details of movements in the Company's reserves during the year are set out in note 21 to the financial statements and in the statement of changes in equity.

Directors
The directors of the Company during the year and up to the date of this report include:

Mr. LEE Young Jae	
Mr. CHOI Chi Young	
Mr. KANG Ahn Ho	
Mr. KIM Young Shik	
Mr. KIM Sam Shik	(Appointed on 23 May 2024)
Mr. KIM Sun Wook	(Appointed on 1 November 2024)
Mr. PARK Sunkyu	(Appointed on 3 February 2025)
Mr. EOM Hyo Woon	(Resigned on 31 January 2024)
Mr. KIM Sun Woo	(Resigned on 23 May 2024)
Mr. CHOI Byung Ug	(Resigned on 1 November 2024)
Mr. KIM Yoo Seoung	(Resigned on 13 January 2025)

In accordance with article 103 of the Company's articles of association, all of the existing directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company's holding companies or fellow subsidiaries was a party during the year.

Permitted indemnity provision
During the year ended 31 December 2024, a qualifying third-party indemnity provision provided by the Company for the benefit of all the directors of the Company was in force.

Events after the reporting period

Details of the Company's significant events after the reporting period are set out in note 27 to the financial statements.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

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KANG Ahn Ho
Alternate Chief Executive

Hong Kong
23 April 2025

Independent auditor's report
To the members of KDB Asia Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of KDB Asia Limited (the "Company") set out on pages 5 to 73, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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 Company 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 the information included in the report of the directors.

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.

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 HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is 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 Company'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 Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of KDB Asia Limited
(Incorporated in Hong Kong with limited liability)

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. Our 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 board of 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.

Ernst & Young

Certified Public Accountants
Hong Kong
23 April 2025

KDB ASIA LIMITED

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 US$	2023 US$
Interest income	3(a)	184,894,636	154,105,357
Interest expense	3(b)	(142,942,377)	(124,154,167)
Net interest income		41,952,259	29,951,190
Fee and commission income	3(c)	12,862,330	11,154,372
Fee and commission expense	3(c)	(753,537)	(1,017,602)
Net fee and commission income		12,108,793	10,136,770
Net gains from financial assets held at fair value through profit or loss	3(d)	50,384,572	16,338,073
Net hedging losses	3(e)	(2,023,420)	(1,337,198)
Net other operating (losses)/gains	3(f)	(23,513,716)	12,144,399
Operating income		78,908,488	67,233,234
Operating expenses	3(g)	(12,402,012)	(11,072,892)
Reversal of credit loss allowances/(credit loss expenses), net	5	5,703,689	(1,524,054)
Net gains from sale of financial assets at fair value through other comprehensive income	3(h)	1,735,898	1,003,125
PROFIT BEFORE TAX		73,946,063	55,639,413
Income tax expense	6	(10,326,150)	(7,559,261)
PROFIT FOR THE YEAR		63,619,913	48,080,152

KDB ASIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 US$	2023 US$
PROFIT FOR THE YEAR		63,619,913	48,080,152
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods:			
Financial assets at fair value through other comprehensive income:			
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	7	3,924,982	5,695,621
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods:			
Re-measurement losses on defined benefit scheme	7	(35,817)	(20,042)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		67,509,078	53,755,731

KDB ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 US$	2023 US$
ASSETS			
Cash and balances with banks and other financial institutions	8	3,370,349	10,288,836
Placements with banks and other financial institutions	8	115,971,269	99,764,063
Financial assets at fair value through profit or loss	9	180,227,961	158,317,716
Loans and advances	10	1,914,209,417	1,851,385,179
Financial assets at fair value through other comprehensive income	11	572,514,041	564,223,778
Financial assets at amortised cost	12	414,397,540	369,827,500
Property and equipment	13	1,080,217	1,129,960
Right-of-use assets	14	1,489,198	2,783,698
Interest receivable and other assets	15	43,203,683	53,476,954
TOTAL ASSETS		3,246,463,675	3,111,197,684
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions		1,624,609,996	1,743,137,585
Deposits from customers	17	-	1,089,214
Financial liabilities at fair value through profit or loss	18	564,898	14,285,037
Certificates of deposit issued		970,666,578	769,707,245
Lease liabilities	14	1,492,498	2,785,060
Tax payable		4,658,437	736,482
Interest payable and other liabilities	19	23,431,785	27,091,462
Deferred tax liabilities	16	1,385,743	220,937
TOTAL LIABILITIES		2,626,809,935	2,559,053,022
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	240,000,000	240,000,000
Reserves	21	379,653,740	312,144,662
TOTAL EQUITY		619,653,740	552,144,662
TOTAL EQUITY AND LIABILITIES		3,246,463,675	3,111,197,684

KANG Ahn Ho
Director

PARK Sunkyu
Director

KDB ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Note	Share capital US$	Financial assets at fair value through other comprehensive income revaluation reserve US$	Retained profits US$	Total US$
1 January 2023		240,000,000	(11,634,843)	270,023,774	498,388,931
Profit for the year	21	-	-	48,080,152	48,080,152
Other comprehensive income for the year:					
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	21	-	5,695,621	-	5,695,621
Reclassification	21		(4,314)	4,314	-
Re-measurement losses on defined benefit scheme	21	-	-	(20,042)	(20,042)
Total comprehensive income for the year		-	5,691,307	48,064,424	53,755,731
At 31 December 2023 and 1 January 2024		240,000,000	(5,943,536)	318,088,198	552,144,662
Profit for the year	21	-	-	63,619,913	63,619,913
Other comprehensive income for the year:					
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	21	-	3,924,982	-	3,924,982
Re-measurement losses on defined benefit scheme	21	-	-	(35,817)	(35,817)
Total comprehensive income for the year		-	3,924,982	63,584,096	67,509,078
At 31 December 2024		240,000,000	(2,018,554)	381,672,294	619,653,740

KDB ASIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 US$	2023 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		73,946,063	55,639,413
Adjustments for:			
Amortised interest expense		(3,894,109)	(1,319,259)
Amortised net fair value gain on financial assets at fair value through other comprehensive income upon hedge ineffectiveness		-	(168,301)
Depreciation of property and equipment	3(g)	176,624	180,645
Depreciation of right-of-use assets	14(a)	2,092,132	2,083,229
Interest expenses on lease liabilities	3(b)	46,959	37,230
(Reversal of credit loss allowances)/credit loss expenses, net	5	(5,703,689)	1,524,054
Net losses/(gains) on termination of leases	14(c)	762	(2,541)
Net hedging losses	3(e)	2,023,420	1,337,198
Net gains from sale of financial assets at fair value through other comprehensive income	3(h)	(1,735,898)	(1,003,125)
		66,952,264	58,308,543
INCREASE IN OPERATING ASSETS:			
Decrease in placements with banks and other financial institutions with original maturity more than three months		-	10,000,000
Decrease in trade bills		-	2,493,735
Increase in financial assets at fair value through profit or loss		(18,942,055)	(16,141,545)
Increase in financial assets at amortised cost		(44,697,029)	(370,000,000)
(Increase)/decrease in gross loans and advances		(56,675,690)	247,237,155
Decrease/(increase) in interest receivable and other assets		10,260,954	(8,873,955)
		(110,053,820)	(135,284,610)
INCREASE IN OPERATING LIABILITIES:			
Decrease in deposits from banks and other financial institutions		(118,527,589)	(8,534,899)
(Decrease)/increase in deposits from customers		(1,089,214)	27,627
(Decrease)/increase in financial liabilities at fair value through profit or loss		(14,449,198)	14,278,023
Increase in certificates of deposit issued		200,959,333	178,445,876
(Decrease)/increase in interest payable and other liabilities		(3,895,345)	2,423,199
		62,997,987	186,639,826
Hong Kong profits tax paid		(5,983,553)	(8,593,329)
Net cash flows from operating activities		13,912,878	101,070,430

	Notes	2024 US$	2023 US$
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property and equipment	13	(126,881)	(18,239)
Proceeds from disposal of financial assets at fair value through other comprehensive income		339,083,596	55,918,445
Purchases of financial assets at fair value through other comprehensive income		(342,300,000)	(197,647,923)
Dividend received		865,571	1,031,466
Net cash flows used in investing activities		(2,477,714)	(140,716,251)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Principal portion of lease payments	14(b)	(2,146,445)	(2,109,001)
Cash flows used in financing activities		(2,146,445)	(2,109,001)
Net increase/(decrease) in cash and cash equivalents		9,288,719	(41,754,822)
Cash and cash equivalents at 1 January		110,052,899	151,807,721
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	119,341,618	110,052,899
Operational cash flows from interest and dividends:			
Interest received		188,483,851	155,368,226
Interest paid		140,006,205	119,574,154
Dividend received		865,571	1,031,466

1. CORPORATE INFORMATION

KDB Asia Limited (the "Company") is a limited company incorporated and domiciled in Hong Kong and is a restricted licence bank under the Hong Kong Banking Ordinance. Its registered office is Suites 2005-2008, 20th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

During the year, the principal activities of the Company consisted of deposit taking, loan syndication, underwriting, investment and the provision of financial services.

The holding company is Korea Development Bank, which is incorporated in the Republic of Korea.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for financial assets designated at fair value through profit or loss, and financial assets designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest dollar except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRS Accounting Standards, which are applicable to the Company for the first time in the current year's financial statements.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Company has not early applied any of the new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the accounting year ended 31 December 2024 in these financial statements. Among these new and revised HKFRS Accounting Standards, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual/reporting periods beginning on or after 1 January 2027

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. The Company is currently considering the application of HKFRS 19 in the financial statements.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7(and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9 and HKAS 7. Details of the amendments that are expected to be applicable to the Company are as follows:

- *HKFRS 7 Financial Instruments*: *Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Company's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Company measures its financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss, debt investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company 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 Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

-	Land and buildings	remaining term of the lease
-	Leasehold improvements	5 years
-	Furniture, fittings and office equipment	5 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Leases

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

Company as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets

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

- Land and building	remaining term of the lease
- Motor vehicles	remaining term of the lease

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
Financial assets at fair value through other comprehensive income (debt instruments)
The Company measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

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

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

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

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

Impairment of financial assets
The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the external credit ratings of the debt investments. In addition, the Company considers that there has been a significant increase in credit risk when credit rating of the respective debt investment falls below B-.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

For contract assets that contain a significant financing component and lease receivables, the Company chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include deposits and balances of banks and other financial institutions, deposits from customers, financial liabilities at fair value through profit or loss, certificates of deposit issued, interest payable and other liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Company's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Repurchase and reverse repurchase transactions

Securities sold subject to a simultaneous agreement to repurchase these securities at a certain later date at a fixed price (repurchase agreements) are retained in the financial statements and measured in accordance with their original measurement principles. The proceeds of the sale are reported as liabilities and are carried at amortised cost.

Securities purchased under agreements to resell (reverse repurchase agreements) are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised as interest income or interest expense respectively, over the life of each agreement using the EIR method.

Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Company formally documents the hedge relationship to which the Company wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Fair value hedges

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging instrument is recognised in the statement of profit or loss in net hedging income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognised in the statement of profit or loss in net hedging income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, demand deposits and placements with banks and other financial institutions with original maturity of three months or less, and held for the purpose of meeting short term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and placements with banks and other financial institutions with original maturity of three months or less.

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

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

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different 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.

Recognition of income and expense

Revenue, which is also the Company's turnover, is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest and similar income and expenses

For all financial instruments measured at amortised cost, interest bearing financial assets classified as financial instruments designated at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as interest income or expense.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Recognition of income and expense (continued)

Interest and similar income and expenses (continued)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

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

(i) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include loan commitment fees, financial advisory fees on funds and other advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

(ii) Fee income earned from services where performance obligations are satisfied at a point in time

Fees earned for the provision of services at a point in time. These fees include fees and commissions arising from negotiating or participating in the negotiation of a transaction, such as arrangement, participation or underwriting fees and others. The Company has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Foreign currency transactions recorded by the entities in the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of the advance consideration.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

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

Provision for ECLs on loans and advances, financial assets at fair value through other comprehensive income and other assets

The Company reviews its credit impaired loans and advances at the end of each reporting period to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Other than the credit impaired loans, the Company uses a provision matrix to calculate ECLs for loans and advances, financial assets at fair value through other comprehensive income and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. Further details are contained in note 8, 10, 11, 12, 15 and 23 to the financial statements.

3. PROFIT BEFORE TAX

The Company's profit before tax is arrived after taking account of:

(a) Interest income

	2024 US$	2023 US$
Placements with banks and other financial institutions	5,829,152	5,372,018
Loans and advances	132,678,447	125,896,343
Financial assets at fair value through other comprehensive income	20,087,668	13,180,601
Financial assets at amortised cost	26,140,312	9,602,579
Others	159,057	53,816
	184,894,636	154,105,357

(b) Interest expense

	2024 US$	2023 US$
Deposits and balances of banks and other financial institutions	99,565,209	96,611,696
Certificate of deposit issued	42,957,840	27,399,582
Lease liabilities	46,959	37,230
Others	372,369	105,659
	142,942,377	124,154,167

3. PROFIT BEFORE TAX (continued)

(c) Net fee and commission income

	2024 US$	2023 US$
Fee and commission income		
- Financial advisory	1,557,038	1,453,831
- Loan Syndication fees	7,293,286	6,599,823
- Underwriting fees	3,706,705	2,779,977
- Others	305,301	320,741
	12,862,330	11,154,372
Fee and commission expense	(753,537)	(1,017,602)
	12,108,793	10,136,770

(d) Net gains from financial assets held at fair value through profit or loss

	2024 US$	2023 US$
Net gains/(losses) from trading securities	28,622,187	(4,836,546)
Net gains from investments in funds	16,100,120	13,817,653
Net interest income on derivatives	5,662,265	7,356,966
	50,384,572	16,338,073

(e) Net hedging losses

	2024 US$	2023 US$
Fair value hedges		
- Net (losses)/gains on hedged items attributable to the hedged risk	(2,175,729)	4,396,947
- Net gains/(losses) on hedging instruments	152,309	(5,734,145)
	(2,023,420)	(1,337,198)

3. PROFIT BEFORE TAX (continued)

(f) Net other operating (losses)/gains

	2024 US$	2023 US$
Net (losses)/gains from dealing in foreign currencies	(24,378,761)	11,029,709
Dividend income from unlisted financial assets at fair value through profit or loss	865,571	1,031,466
Others	(526)	83,224
	(23,513,716)	12,144,399

(g) Operating expenses

	2024 US$	2023 US$
Staff costs (excluding directors' remuneration (note 4))		
- Salaries, wages and other benefits	6,532,107	6,159,312
- Retirement benefits	105,993	84,211
	6,638,100	6,243,523
Premises and equipment expenses		
- Depreciation of property and equipment	176,624	180,645
- Depreciation of right-of-use assets	1,423,884	1,420,981
- Rent	338,675	358,254
- Rates	65,501	63,771
	2,004,684	2,023,651
Auditor's remuneration	92,120	86,260
Others	3,667,108	2,719,458
	3,759,228	2,805,718
	12,402,012	11,072,892

Included in the staff costs above are depreciation of right-of-use assets in respect of staff quarters of US$668,248 (2023: US$662,248), operating lease charges in respect of staff quarters of US$10,682 (2023: US$6,644), retirement scheme contribution of US$105,993 (2023: US$84,211) and government subsidies granted for the Job Creation under the Anti-epidemic Fund of the Hong Kong Government which aims to retain employment and combat COVID-19 epidemic of US$3,122 (2023: US$43,031) for the year ended 31 December 2024.

Included in the above operating expenses are depreciation of right-of-use assets in respect of office premises of US$1,394,492 (2023: US$1,390,801), operating lease charges of US$18,586 (2023: US$17,324) for rental of properties and US$330,771 (2023: US$347,574) for rental of equipment.

3. PROFIT BEFORE TAX (continued)

(h) Net gains from sale of financial assets at fair value through other comprehensive income

	2024 US$	2023 US$
Net revaluation gains transferred from reserves	443,904	10,119
Net realised gains arising in current year	1,291,994	993,006
	1,735,898	1,003,125

4. DIRECTORS' REMUNERATION

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

	2024 US$	2023 US$
Fees	103,077	103,077
Other emoluments:		
- Short-term employee benefits	833,247	821,546
	936,324	924,623

Directors of the Company are considered to be key management personnel.

5. REVERSAL OF CREDIT LOSS ALLOWANCES/(CREDIT LOSS EXPENSES), NET

The following table shows the changes in ECL on financial instruments for the year charged/(credited) in the statement of profit or loss.

	2024			
	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
Charge for/(reversal) of credit loss allowances:				
- Cash and cash equivalents	(53,360)	-	-	(53,360)
- Loans and advances	193,330	-	(6,341,878)	(6,148,548)
- Financial assets at fair value through other comprehensive income	159,062	-	-	159,062
- Financial assets at amortised cost	126,989	-	-	126,989
- Interest receivable and other assets	12,317	-	-	12,317
- Other commitments	200,870	-	-	200,870
- Trade-related contingencies	(1,019)	-	-	(1,019)
	638,189	-	(6,341,878)	(5,703,689)

	2023			
	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
Charge for/(reversal) of credit loss allowances:				
- Cash and cash equivalents	53,056	-	-	53,056
- Trade bills	(2,063)	-	-	(2,063)
- Loans and advances	436,129	(2,297,878)	3,065,069	1,203,320
- Financial assets at fair value through other comprehensive income	132,066	-	-	132,066
- Financial assets at amortised cost	172,500	-	-	172,500
- Interest receivable and other assets	15,338	(6,406)	-	8,932
- Other commitments	(41,582)	-	-	(41,582)
- Trade-related contingencies	(2,175)	-	-	(2,175)
	763,269	(2,304,284)	3,065,069	1,524,054

Under HKFRS 9, ECL is assessed using an approach which classifies financial assets into three stages, each of which is associated with an ECL calculation that is reflective of the assessed credit risk profile in each instance.

6. INCOME TAX EXPENSE

Under the two-tiered regime, Hong Kong profits tax has been provided at the rate of 8.25% (2023: 8.25%) on estimated assessable profits of first HK$2 millions (2023: HK$2 millions) arising in Hong Kong during the year. The remainder of the assessable profits is to be taxed at 16.5% (2023: 16.5%).

	2024 US$	2023 US$
Provision for the year	9,794,047	6,735,634
Under-provision in prior years	111,461	26,269
Deferred tax (note 16)	420,642	797,358
Tax expense for the year	10,326,150	7,559,261

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2024 US$	2023 US$
Profit before tax	73,946,063	55,639,413
Tax at the statutory tax rate of 8.25%	21,154	21,154
Tax at the statutory tax rate of 16.5%	12,158,793	9,138,195
Expenses not deductible for tax	159,849	143,672
Income not subject to tax	(2,392,241)	(1,773,352)
Under-provision in prior years	111,461	26,269
Others	267,134	3,323
Tax expense at the effective rate of 14.0% (2023: 13.6%)	10,326,150	7,559,261

7. OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2024			2023		
	Before-tax amount US$	Tax effect US$ (note 16)	Net-of-tax amount US$	Before-tax amount US$	Tax effect US$ (note 16)	Net-of-tax amount US$
Financial assets at fair value through other comprehensive income:						
Net movement in financial assets at fair value through other comprehensive income revaluation reserve	4,669,146	(744,164)	3,924,982	6,789,321	(1,093,700)	5,695,621
Re-measurement losses on defined benefit scheme	(35,817)	-	(35,817)	(20,042)	-	(20,042)
Other comprehensive income	4,633,329	(744,164)	3,889,165	6,769,279	(1,093,700)	5,675,579

(b) Reclassification adjustments relating to components of other comprehensive income

	2024 US$	2023 US$
Financial assets at fair value through other comprehensive income, net of tax:		
Changes in fair value recognised during the year	4,209,583	5,573,674
Reclassification adjustments for gains and losses included in profit or loss		
- Gains on disposal	(443,904)	(10,119)
- Net movement in credit loss allowances of financial assets at fair value through other comprehensive income	159,303	132,066
Net movement in financial assets at fair value through other comprehensive income revaluation reserve during the year recognised in other comprehensive ` income	3,924,982	5,695,621

8. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents less credit loss allowances

	2024 US$	2023 US$
Cash and balances with banks and other financial institutions	3,370,349	10,288,836
Placements with banks and other financial institutions	116,000,000	99,846,154
Less: Credit loss allowances	(28,731)	(82,091)
Cash and bank balances and placements	119,341,618	110,052,899
Less: Placements with banks and other financial institutions with original maturity more than three months	-	-
Cash and cash equivalents	119,341,618	110,052,899

(b) Movement in credit loss allowances on cash and cash equivalents

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2024	82,091	-	-	82,091
New assets originated	28,731	-	-	28,731
Assets derecognised or repaid during the year (other than write-offs)	(82,091)	-	-	(82,091)
At 31 December 2024	28,731	-	-	28,731
At 1 January 2023	29,035	-	-	29,035
New assets originated	82,091	-	-	82,091
Assets derecognised or repaid during the year (other than write-offs)	(29,035)	-	-	(29,035)
At 31 December 2023	82,091	-	-	82,091

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 US$	2023 US$
Unlisted investments in funds, at fair value	162,643,051	154,630,170
Positive fair values of derivatives (note 22(b))	17,584,910	3,687,546
	180,227,961	158,317,716

10. LOANS AND ADVANCES

(a) Loans and advances less credit loss allowances

	2024 US$	2023 US$
Gross loans and advances to:		
- Banks (note 10(b))	102,462,715	108,334,836
- Customers (note 10(b))	1,816,612,903	1,763,825,092
	1,919,075,618	1,872,159,928
Less: Credit loss allowances on non-credit impaired loans and advances to		
- Banks (note 10(b))	(48,320)	(57,432)
- Customers (note 10(b))	(4,817,881)	(4,615,439)
	(4,866,201)	(4,672,871)
Less: Credit loss allowances on credit impaired loans and advances to		
- Customers	-	(16,101,878)
	-	(16,101,878)
Net loans and advances to:		
- Banks	102,414,395	108,277,404
- Customers	1,811,795,022	1,743,107,775
	1,914,209,417	1,851,385,179

Note 24(a)(vii) contains information about the collaterals against loans and advances held by the Company.

10. LOANS AND ADVANCES (continued)

(b) Movement in credit loss allowances on loans and advances

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2024	4,672,871	-	16,101,878	20,774,749
New loans/financing originated	2,257,926	-	-	2,257,926
Loans/financing derecognised or repaid during the year (other than write-offs)	(2,039,043)	-	(6,341,878)	(8,380,921)
Movements due to changes in credit risk	(25,553)	-	-	(25,553)
Write-offs	-	-	(9,760,000)	(9,760,000)
At 31 December 2024	4,866,201	-	-	4,866,201
Attributable to:				
Loans and advances to banks (note 10(a))	48,320	-	-	48,320
Loans and advances to customers (note 10(a))	4,817,881	-	-	4,817,881
	4,866,201	-	-	4,866,201
Deducted from:				
Loans and advances to banks (note 10(a))	102,462,715	-	-	102,462,715
Loans and advances to customers (note 10(a))	1,816,612,903	-	-	1,816,612,903
	1,919,075,618	-	-	1,919,075,618

10. LOANS AND ADVANCES (continued)

(b) Movement in credit loss allowances on loans and advances (continued)

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2023	4,236,742	2,297,878	13,036,809	19,571,429
New loans/financing originated	2,203,049	-	-	2,203,049
Loans/financing derecognised or repaid during the year (other than write-offs)	(2,421,219)	-	(3,276,809)	(5,698,028)
Transfer between stages – transfer to lifetime expected credit loss credit impaired (Stage 3)	-	(2,297,878)	2,297,878	-
Movements due to changes in credit risk	654,299	-	4,044,000	4,698,299
At 31 December 2023	4,672,871	-	16,101,878	20,774,749
Attributable to:				
Loans and advances to banks (note 10(a))	57,432	-	-	57,432
Loans and advances to customers (note 10(a))	4,615,439	-	16,101,878	20,717,317
	4,672,871	-	16,101,878	20,774,749
Deducted from:				
Loans and advances to banks (note 10(a))	108,334,836	-	-	108,334,836
Loans and advances to customers (note 10(a))	1,747,723,214	-	16,101,878	1,763,825,092
	1,856,058,050	-	16,101,878	1,872,159,928

(c) Impaired loans and advances

	2024 US$	2023 US$
Gross impaired loans and advances	-	16,101,878
Credit loss allowances		
- Credit impaired	-	(16,101,878)
	-	-
Gross impaired loans and advances as a percentage of total gross loans and advances	-	0.86%

Credit impaired loans and advances are unsecured.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Financial assets at fair value through other comprehensive income

	2024 US$	2023 US$
Debt securities	572,514,037	564,223,774
Equity securities	4	4
	572,514,041	564,223,778
Issued by:		
Sovereigns	123,720,410	123,854,930
Public sector entities	70,799,611	94,939,769
Banks and other financial institutions	167,794,035	188,380,090
Corporate entities	210,199,985	157,048,989
	572,514,041	564,223,778

(b) Movement in credit loss allowances on financial assets at fair value through other comprehensive income charged to statement of profit or loss

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2024	342,109		-	342,109
New assets originated	253,211	-	-	253,211
Assets derecognised or repaid during the year (other than write-offs)	(117,151)	-	-	(117,151)
Movements due to changes in credit risk	23,002	-	-	23,002
At 31 December 2024	501,171	-	-	501,171
At 1 January 2023	210,043		-	210,043
New assets originated	143,085	-	-	143,085
Assets derecognised or repaid during the year (other than write-offs)	(70,915)	-	-	(70,915)
Movements due to changes in credit risk	59,896	-	-	59,896
At 31 December 2023	342,109	-	-	342,109

12. FINANCIAL ASSETS AT AMORTISED COST

(a) Financial assets at amortised cost less credit loss allowances

	2024 US$	2023 US$
Debt securities	414,697,029	370,000,000
Less: Credit loss allowances	(299,489)	(172,500)
	414,397,540	369,827,500
Issued by:		
Banks and other financial institutions	339,772,760	339,859,600
Corporate entities	74,624,780	29,967,900
	414,397,540	369,827,500

(b) Movement in credit loss allowances on financial assets at amortised cost charged to statement of profit or loss

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2024	172,500	-	-	172,500
Net assets originated	60,043	-	-	60,043
Movements due to changes in credit risk	66,946	-	-	66,946
At 31 December 2024	299,489	-	-	299,489
At 1 January 2023	-	-	-	-
Net assets originated	172,500	-	-	172,500
At 31 December 2023	172,500	-	-	172,500

13. PROPERTY AND EQUIPMENT

	Land and buildings US$	Leasehold improvements US$	Furniture, fittings and office equipment US$	Total US$
2024				
Cost:				
At 1 January 2024	1,022,708	488,770	1,145,030	2,656,508
Additions	-	-	126,881	126,881
At 31 December 2024	1,022,708	488,770	1,271,911	2,783,389
Accumulated depreciation:				
At 1 January 2024	510,054	162,709	853,785	1,526,548
Charge for the year	16,534	65,843	94,247	176,624
At 31 December 2024	526,588	228,552	948,032	1,703,172
Net carrying amount:				
At 31 December 2024	496,120	260,218	323,879	1,080,217
2023				
Cost:				
At 1 January 2023	1,022,708	488,770	1,168,256	2,679,734
Additions	-	-	18,239	18,239
Disposal	-	-	(41,465)	(41,465)
At 31 December 2023	1,022,708	488,770	1,145,030	2,656,508
Accumulated depreciation:				
At 1 January 2023	493,520	96,866	796,982	1,387,368
Charge for the year	16,534	65,843	98,268	180,645
Written off on disposal	-	-	(41,465)	(41,465)
At 31 December 2023	510,054	162,709	853,785	1,526,548
Net carrying amount:				
At 31 December 2023	512,654	326,061	291,245	1,129,960

The Company's leasehold land and buildings are all situated in Hong Kong and are held under long term lease.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	Land and buildings US$	Motor vehicles US$	Total US$
2024			
Cost:			
At 1 January 2024	6,078,228	131,051	6,209,279
Additions	637,976	83,212	721,188
Changes arising from lease modification	(5,336)	-	(5,336)
Disposal	(885,630)	(131,051)	(1,016,681)
At 31 December 2024	5,825,238	83,212	5,908,450
Accumulated depreciation:			
At 1 January 2024	3,316,276	109,305	3,425,581
Charge for the year	2,062,740	29,392	2,092,132
Changes arising from lease modification	(184,275)	-	(184,275)
Written off on disposal	(797,699)	(116,487)	(914,186)
At 31 December 2024	4,397,042	22,210	4,419,252
Net carrying amount:			
At 31 December 2024	1,428,196	61,002	1,489,198
2023			
Cost:			
At 1 January 2023	5,642,482	176,214	5,818,696
Additions	575,223	-	575,223
Disposal	(139,477)	(45,163)	(184,640)
At 31 December 2023	6,078,228	131,051	6,209,279
Accumulated depreciation:			
At 1 January 2023	1,363,438	124,288	1,487,726
Charge for the year	2,053,049	30,180	2,083,229
Written off on disposal	(100,211)	(45,163)	(145,374)
At 31 December 2023	3,316,276	109,305	3,425,581
Net carrying amount:			
At 31 December 2023	2,761,952	21,746	2,783,698

The Company leases certain of its office, staff quarters and motor vehicles used in its operations. Leases for these assets are negotiated for terms ranging from one to five years (2023: one to five years).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities

Movement of carrying amounts of lease liabilities

	2024 US$	2023 US$
At 1 January	2,785,060	4,323,415
Additions	726,708	575,223
Accretion of interest	46,959	37,230
Payments	(2,146,445)	(2,109,001)
Changes arising from lease modification	181,949	-
Disposals	(101,733)	(41,807)
At 31 December	1,492,498	2,785,060

The maturity analysis of lease liabilities is disclosed in note 24(c) to the financial statements.

(c) Amounts recognised in statement of profit or loss

	2024 US$	2023 US$
Depreciation expense of right-of-use assets	2,092,132	2,083,229
Interest expense on lease liabilities	46,959	37,230
Operating lease charges on short-term leases	349,357	364,898
Net losses/(gains) on termination of leases	762	(2,541)
Total amount recognised in statement of profit or loss	2,489,210	2,482,816

The Company had total cash outflows of US$2,146,445 (2023: US$2,109,001) in 2024. The Company also had non-cash additions of right-of-use assets and lease liabilities of US$721,188 and US$726,708 (2023: US$575,223 and US$575,223) in 2024 respectively.

15. INTEREST RECEIVABLE AND OTHER ASSETS

(a) Interest receivable and other assets less credit loss allowances

	2024 US$	2023 US$
Interest receivable	19,150,533	16,747,452
Margin deposit	8,892,443	6,540,789
Other assets	15,209,777	30,225,466
Less: Credit loss allowances	(49,070)	(36,753)
	43,203,683	53,476,954

Margin deposit represented cash held with brokers and Qualifying Central Counterpart as collateral to secure the open future contracts and interest rate contracts undertaken by the Company respectively.

(b) Movement in credit loss allowances on interest receivables and other assets

	12-month ECL (Stage 1) US$	Lifetime ECL not credit impaired (Stage 2) US$	Lifetime ECL credit impaired (Stage 3) US$	Total US$
At 1 January 2024	36,753	-	-	36,753
New assets originated	18,349	-	-	18,349
Assets derecognised or repaid during the year (other than write-offs)	(15,868)	-	-	(15,868)
Movements due to changes in credit risk	9,836	-	-	9,836
At 31 December 2024	49,070	-	-	49,070
At 1 January 2023	21,415	6,406	-	27,821
New assets originated	21,835	-	-	21,835
Assets derecognised or repaid during the year (other than write-offs)	(12,466)	(6,406)	-	(18,872)
Movements due to changes in credit risk	5,969	-	-	5,969
At 31 December 2023	36,753	-	-	36,753

16. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the statement of financial position and the movements during the year are as follows:

	Credit loss allowances on loans and advances US$	Revaluation of financial assets at fair value through other comprehensive income US$	Unrealised gain on investments in funds US$	Depreciation allowances in excess of the related depreciation US$	Total US$
At 1 January 2024	(840,087)	(1,242,078)	2,173,806	129,296	220,937
(Credited)/charged to statement of profit or loss (note 6)	(188,785)	-	602,470	6,957	420,642
Charged to revaluation reserve (note 7(a))	-	744,164	-	-	744,164
At 31 December 2024	(1,028,872)	(497,914)	2,776,276	136,253	1,385,743
At 1 January 2023	(1,182,241)	(2,335,778)	1,711,417	136,481	(1,670,121)
(Credited)/charged to statement of profit or loss (note 6)	342,154	-	462,389	(7,185)	797,358
Charged to revaluation reserve (note 7(a))	-	1,093,700	-	-	1,093,700
At 31 December 2023	(840,087)	(1,242,078)	2,173,806	129,296	220,937

17. DEPOSITS FROM CUSTOMERS

All of the deposits from customers were time deposit stated at amortised cost.

18. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 US$	2023 US$
Negative fair values of derivatives (note 22(b))	564,898	14,285,037

19. INTEREST PAYABLE AND OTHER LIABILITIES

	2024 US$	2023 US$
Interest payable	21,288,714	18,352,542
Other liabilities	2,143,071	8,738,920
	23,431,785	27,091,462

20. SHARE CAPITAL

	2024 US$	2023 US$
Issued and fully paid:		
240,000,000 (2023: 240,000,000) ordinary shares	240,000,000	240,000,000

21. RESERVES

	Financial assets at fair value through other comprehensive income revaluation reserve US$	Retained profits US$	Total US$
At 1 January 2024	(5,943,536)	318,088,198	312,144,662
Financial assets at fair value through other comprehensive income			
- Change in fair value, net of deferred tax	4,209,583	-	4,209,583
- Transfer to statement of profit or loss on disposal	(443,904)	-	(443,904)
- Transfer of credit loss expenses to statement of profit or loss	159,303	-	159,303
Profit for the year	-	63,619,913	63,619,913
Re-measurement losses on defined benefit scheme	-	(35,817)	(35,817)
At 31 December 2024	(2,018,554)	381,672,294	379,653,740
At 1 January 2023	(11,634,843)	270,023,774	258,388,931
Financial assets at fair value through other comprehensive income			
- Change in fair value, net of deferred tax	5,573,674	-	5,573,674
- Transfer to statement of profit or loss on disposal	(10,119)	-	(10,119)
- Transfer of credit loss expenses to statement of profit or loss	132,066	-	132,066
- Reclassification	(4,314)	4,314	-
Profit for the year	-	48,080,152	48,080,152
Re-measurement losses on defined benefit scheme	-	(20,042)	(20,042)
At 31 December 2023	(5,943,536)	318,088,198	312,144,662

21. RESERVES (continued)

Nature and purpose of reserves

(i) Revaluation reserve on financial assets at fair value through other comprehensive income revaluation reserve

The revaluation reserve on financial assets at fair value through other comprehensive income revaluation reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income revaluation reserve held at the end of the reporting period net of any deferred tax.

(ii) Regulatory reserve

As at 31 December 2024, the Company has earmarked US$5,363,554 (2023: US$5,200,727) as regulatory reserve from retained profits. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained profits and in consultation with the HKMA.

(iii) The directors recommend the payment of a final dividend in respect of the year (2023: Nil).

22. DERIVATIVES

The use of derivatives as risk management products sold to customers is an integral part of the Company's business activities. These instruments are also used to manage the Company's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Company are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. For accounting purposes, derivatives are classified as trading financial instruments.

(a) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting period and they do not represent amounts at risk.

	2024 US$	2023 US$
Exchange rate contracts		
Forwards	543,275,329	384,629,247
Interest rate contracts		
Swaps		
- Qualifying for hedge accounting	265,000,000	216,000,000
- Others	57,600,000	77,600,000
	322,600,000	293,600,000
	865,875,329	678,229,247

22. DERIVATIVES (continued)

(a) Notional amount of derivatives (continued)

The transactions are used to hedge the Company's own exposure to market risks as part of its asset and liability management.

(b) Fair values of derivatives

	2024		2023	
	Fair value		Fair value	
	Assets US$	Liabilities US$	Assets US$	Liabilities US$
Exchange rate contracts				
Forwards	15,014,096	564,898	7,014	14,285,037
Interest rate contracts				
Swaps	2,570,814	-	3,680,532	-
	17,584,910	564,898	3,687,546	14,285,037

The Company did not enter into any bilateral netting arrangement during the year and accordingly these amounts are shown on a gross basis.

(c) Fair values of derivatives designated as hedging instruments

The following is a summary of the fair values of derivatives held for hedging purposes by product type entered into by the Company:

	2024			2023		
	Change in fair values used for recognising hedge ineffectiveness US$	Assets US$	Liabilities US$	Change in fair values used for recognising hedge ineffectiveness US$	Assets US$	Liabilities US$
Interest rate contracts						
Swaps	(2,663,824)	1,522,086	(2,010,182)	3,746,198	60,348	-

Fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of certain fixed rate assets due to the movements in market interest rates. At 31 December 2024, the net fair value of liabilities of interest rate swaps was US$488,096 comprising assets of US$1,522,086 and liabilities of US$2,010,182. At 31 December 2023, the net value of interest rate swaps was US$60,348 comprising of assets only.

22. DERIVATIVES (continued)

(d) Remaining life of derivatives designated as hedging instruments

The following table provides an analysis of the notional amounts of derivatives held for hedging purpose of the Company by remaining maturity grouping based on the remaining period to settlement at the end of the reporting period.

	2024 US$	2023 US$
Interest rate contracts		
1 year or less	20,000,000	91,500,000
Over 1 year to 5 years	180,000,000	124,500,000
Over 5 years	65,000,000	-
	265,000,000	216,000,000

(e) Hedge accounting

The amount relating to hedged items are as follows:

	2024			2023		
	Carrying amounts US$	Accumulated amount of fair value hedge adjustment included in the carrying amounts US$	Change in value used for recognising hedge ineffectiveness US$	Carrying amounts US$	Accumulated amount of fair value hedge adjustment included in the carrying amounts US$	Change in value used for recognising hedge ineffectiveness US$
Financial assets at fair value through other comprehensive income						
- Debt instruments	359,497,286	-	(2,663,824)	332,049,294	-	3,746,198

23. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities and commitments to extend credit

	2024 US$	2023 US$
Trade-related contingencies	-	753,544
Other commitments		
- with an original maturity of under one year	47,872,449	8,900,000
- with an original maturity of more than one year	329,821,056	327,171,774
	377,693,505	336,825,318

Contingent liabilities and commitments are credit-related instruments which include commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the customer default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

Credit loss allowances as at 31 December 2024 was US$490,928 (2023: US$291,077).

(b) Capital commitments

Commitments to forward asset purchases, consist of unlisted investments in funds outstanding at the end of the reporting period not provided for in the financial statements were as follows:

	2024 US$	2023 US$
Contracted for	116,686,507	87,765,109

24. FINANCIAL RISK MANAGEMENT

This section presents information about the Company's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments:

- credit risk: loss resulting from customer or counterparty default and arises on credit exposure in all forms, including settlement risk;

- market risk: exposure to market variables such as interest rates, exchange rates and equity markets;

- liquidity and funding risk: risk that the Company is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments; and

- operational risk: risk arising from matters such as non-adherence to systems and procedures or from frauds resulting in financial or reputation loss.

A risk manager is appointed to oversee risk management, set the strategy and policy for each type of principal risk and set the means for ensuring that the strategy and policy are implemented.

The Company has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and limits continually by means of management and information systems. The Company continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. The internal auditors also perform regular audits to ensure compliance with the policies and procedures.

(a) Credit risk management

This category includes credit and counterparty risks from loans and advances, issuer risks from the securities business, counterparty risks from trading activities and country risks. The Company identifies and manages this risk through its (a) target market definitions, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures.

(i) Corporate credit risk

Although the Company caters to some middle market borrowers, the corporate lending is generally concentrated among highly rated customers. In addition to underwriting standards, the principal means of managing credit risk is the credit approval process. The Company has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate customers, the Company refers to the risk grading system of its parent Company that is applied to each counterparty and evaluated on a regular basis. The Company also has limits for exposures to individual borrowers and groups of borrowers, regardless of whether the exposure is in the form of loans or non-funded exposures. The Company also has a review process that ensures the proper level of review and approval depending on the size of the facility and risk grading of the credit.

The Company undertakes ongoing credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Risk Management Committee monitors overall portfolio risk and potential problem loans on a regular basis.

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(ii) Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total exposures. The Company's portfolio of financial instruments is diversified along industry and product sectors.

(iii) Maximum exposure

The maximum exposure to credit risk at the end of the reporting period without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the statement of financial position after deducting any credit loss allowances. A summary of the maximum credit exposures for off-balance sheet items without taking into account the fair value of collateral are as follows:

	2024 US$	2023 US$
Financial guarantees and other credit related contingent liabilities	-	753,544
Loan commitments and other credit related commitments	377,693,505	336,071,774

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(iv) Credit quality of loans and advances

Loans and advances are only made to recognised and creditworthy third parties. At 31 December 2024 and 2023, no loans and advances to banks are impaired. The credit quality of loans and advances can be analysed as follows:

	2024 US$	2023 US$
Gross loans and advances		
- neither past due nor impaired	1,919,075,618	1,856,058,050
- impaired	-	16,101,878
	1,919,075,618	1,872,159,928
Of which		
Gross loans and advances that are neither past due nor impaired		
- Grade 1: Pass	1,919,075,618	1,856,058,050
Gross loans and advances that are impaired		
- Grade 5: Loss	-	16,101,878
	1,919,075,618	1,872,159,928

The Company classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the HKMA.

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(v) Analysis by industry sector

	2024 US$	2023 US$
Loans and advances for use in Hong Kong		
- Property development	-	9,477,034
- Property investment	54,276,303	66,289,442
- Financial concerns	94,266,237	51,755,161
- Wholesale and retail trade	9,698,926	3,564,121
- Manufacturing	97,388,661	153,070,166
- Transport and transport equipment	89,462,604	99,381,652
- Electricity and gas	40,000,000	49,355,958
- Hotel, boarding houses & catering	-	8,033,824
- Others	39,866,272	42,601,213
	424,959,003	483,528,571
Loans and advances for use outside Hong Kong	1,494,116,615	1,388,631,357
Gross loans and advances	1,919,075,618	1,872,159,928

The above analysis of loans and advances by industry sector is based on the categories used in the "Quarterly Analysis of Loans and Advances and Provisions" Return to the HKMA.

(vi) Credit quality of financial assets other than loans and advances

The following table presents an analysis of investment in debt securities, by rating agency designation at the end of the reporting period, based on Standard and Poor's ratings or their equivalent to the respective issues of the securities.

	2024 US$	2023 US$
AAA	123,720,410	123,854,930
AA- to AA+	95,294,661	129,393,669
A- to A+	314,995,651	280,587,275
Lower than A-	38,503,315	30,387,900
	572,514,037	564,223,774

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vii) Collaterals

The financial assets of the Company are generally unsecured in both 2024 and 2023.

(viii) Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial assets US$	Gross amounts of recognised financial liabilities offset in the financial statements US$	Net amounts of financial assets reported in the financial statements US$	Related amounts not set off in the statement of financial position: Financial instruments US$	Related amounts not set off in the statement of financial position: Cash collateral received US$	Net US$
31 December 2024						
Derivative financial instruments (note 9)	17,584,910	-	17,584,910	(564,898)	-	17,020,012
31 December 2023						
Derivative financial instruments (note 9)	3,687,546	-	3,687,546	(7,014)	-	3,680,532

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial liabilities US$	Gross amounts of recognised financial assets offset in the financial statements US$	Net amounts of financial liabilities reported in the financial statements US$	Related amounts not set off in the statement of financial position: Financial instruments US$	Related amounts not set off in the statement of financial position: Cash collateral pledged US$	Net US$
31 December 2024						
Derivative financial instruments (note 18)	564,898	-	564,898	(564,898)	-	-
31 December 2023						
Derivative financial instruments (note 18)	14,285,037	-	14,285,037	(7,014)	-	14,278,023

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Offsetting financial assets and financial liabilities (continued)

The Company further manages its credit exposure by entering into master netting arrangements with counterparties where it is appropriate and feasible to do so. Master netting arrangements do not generally result in an offset of assets and liabilities as transactions are usually accounted for individually on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial asset and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar arrangement will have the option to settle all such amounts on a net basis in the event of default of the other party. The Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously; the financial assets and liabilities are therefore not set off in the statement of financial position.

(b) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments, as well as from statement of financial position or structural positions. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Company's exposure to the volatility inherent in financial instruments.

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(i) Currency risk

The Company's foreign currency positions arise from foreign exchange dealing and commercial banking operations. All foreign currency positions are managed by the global markets department within limits approved by the board.

The following table indicates the concentration of currency risk at the end of the reporting period.

	2024								
United States dollars Equivalents	Korean Won	Hong Kong dollars	Australian dollars	Euros	Japanese Yen	Pound sterling	Renminbi	Singapore dollars	Total
Spot assets	3,475	352,292,535	113,829,113	241,352,635	10,962,458	17,376,912	32,279	44,118	735,893,525
Spot liabilities	-	(418,034,173)	(12,674)	(434,526)	(10,576,742)	-	-	-	(429,058,115)
Forward purchases	-	98,740,566	9,759,242	2,550,504	-	1,316,982	-	-	112,367,294
Forward sales	-	(31,170,571)	(123,206,004)	(242,865,291)	-	(18,676,187)	-	-	(415,918,053)
Net long position	3,475	1,828,357	369,677	603,322	385,716	17,707	32,279	44,118	3,284,651

	2023								
United States dollars Equivalents	Korean Won	Hong Kong dollars	Australian dollars	Euros	Japanese Yen	Pound sterling	Renminbi	Singapore dollars	Total
Spot assets	3,949	469,533,634	92,862,207	222,387,682	12,059,586	20,850,271	2,418,990	-	820,116,319
Spot liabilities	-	(412,697,317)	(2,122,566)	(841,108)	(11,696,493)	-	(2,104,902)	-	(429,462,386)
Forward purchases	-	-	2,050,781	-	-	-	-	-	2,050,781
Forward sales	-	(64,236,831)	(90,995,619)	(221,217,814)	-	(20,408,581)	-	-	(396,858,845)
Net long/(short) position	3,949	(7,400,514)	1,794,803	328,760	363,093	441,690	314,088	-	(4,154,131)

At 31 December 2024, the Company was mainly exposed to currency risk arisen from Australian dollars ("AUD"), Euros ("EUR") and Japanese Yen ("JPY"). (2023: AUD and Pound Sterling "GBP").

Currency risk arisen from balance from loans and advances in AUD. At 31 December 2024, it was estimated that a general change of ten percent appreciation in exchange rate with all other variables remain constant, would have resulted in an increase of US$36,968 (2023: an increase of US$179,480) in the Company's profit before tax.

Currency risk arisen from balance with loans and advances in EUR. At 31 December 2024, it was estimated that a general change of ten percent appreciation in exchange rate with all other variables remain constant, would have resulted in an increase of US$60,332 (2023: an increase of US$32,876) in the Company's profit before tax.

Currency risk arisen from balance with loans and advances in JPY. At 31 December 2024, it was estimated that a general change of ten percent appreciation in exchange rate with all other variables remain constant, would have resulted in an increase of US$38,572 (2023: an increase of US$36,309) in the Company's profit before tax.

At 31 December 2023, currency risk also arisen from balance with loans and advances in GBP. It was estimated that a general change of ten percent appreciation in exchange rate with all other variables remain constant, would had resulted in an increase of US$44,169 in the Company’s profit before tax.

The stated changes represent management’s assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Interest rate risk

The Company's interest rate positions arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also related to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. The Company uses interest rate swaps and other derivatives to manage interest rate risk.

The following tables indicates the effective interest rates for the relevant periods and the expected next repricing dates (or maturity dates whichever are earlier) for interest bearing assets and liabilities at the end of the reporting period. Actual repricing dates may differ from the contractual dates owing to prepayments and the exercise of options. An analysis of the contractual maturity of notional amounts of interest rate swaps is shown in note 22 to the financial statements.

	2024					
	Total US$	3 months or less (include overdue) US$	Over 3 months to 1 year US$	Over 1 year to 5 years US$	Over 5 years US$	Undefined or non-interest bearing US$
Assets						
Cash and bank balances and placements	119,341,618	115,971,269	-	-	-	3,370,349
Financial assets at fair value through profit or loss	180,227,961	-	-	-	-	180,227,961
Loans and advances	1,914,209,417	1,772,597,599	139,573,876	2,037,942	-	-
Financial assets at fair value through other comprehensive income	572,514,041	44,781,741	57,391,221	363,890,265	106,450,810	4
Financial assets at amortised cost	414,397,540	387,243,006	27,154,534	-	-	-
Interest receivable and other assets	43,203,683	-	-	-	-	43,203,683
	3,243,894,260	2,320,593,615	224,119,631	365,928,207	106,450,810	226,801,997
Liabilities						
Deposits and balances of banks and other financial institutions	1,624,609,996	1,619,609,996	5,000,000	-	-	-
Financial liabilities at fair value through profit or loss	564,898	-	-	-	-	564,898
Certificates of deposit issued	970,666,578	512,908,814	457,757,764	-	-	-
Lease liabilities	1,492,498	-	-	-	-	1,492,498
Interest payables and other liabilities	23,431,785	-	-	-	-	23,431,785
	2,620,765,755	2,132,518,810	462,757,764	-	-	25,489,181
Assets-liabilities gap		**188,074,805**	**(238,638,133)**	**365,928,207**	**106,450,810**	

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

	2023					
	Total US$	3 months or less (include overdue) US$	Over 3 months to 1 year US$	Over 1 year to 5 years US$	Over 5 years US$	Undefined or non-interest bearing US$
Assets						
Cash and bank balances and placements	110,052,899	99,764,063	-	-	-	10,288,836
Financial assets at fair value through profit or loss	158,317,716	-	-	-	-	158,317,716
Loans and advances	1,851,385,179	1,709,703,854	139,236,332	-	2,444,993	-
Financial assets at fair value through other comprehensive income	564,223,778	94,562,500	139,371,540	330,289,734	-	4
Financial assets at amortised cost	369,827,500	339,859,600	29,967,900	-	-	-
Interest receivable and other assets	53,476,954	-	-	-	-	53,476,954
	3,107,284,026	2,243,890,017	308,575,772	330,289,734	2,444,993	222,083,510
Liabilities						
Deposits and balances of banks and other financial institutions	1,743,137,585	1,638,224,676	96,599,123	-	8,313,786	-
Deposits from customers	1,089,214	-	1,089,214	-	-	-
Financial liabilities at fair value through profit or loss	14,285,037	-	-	-	-	14,285,037
Certificates of deposit issued	769,707,245	430,305,157	339,402,088	-	-	-
Lease liabilities	2,785,060	-	-	-	-	2,785,060
Interest payables and other liabilities	27,091,462	-	-	-	-	27,091,462
	2,558,095,603	2,068,529,833	437,090,425	-	8,313,786	44,161,559
Assets-liabilities gap		**175,360,184**	**(128,514,653)**	**330,289,734**	**(5,868,793)**	

The analysis below sets out the impact on future net interest income of a 50 basis points parallel fall or rise in all-in yield curves at the beginning of the year from 1 January 2024 and 12.5 basis points parallel fall or rise in all-in yield curves at the beginning of each quarter during the 12 month period from 1 January 2024.

Assuming no management actions and all other variables held constant, such a series of incremental parallel rises/falls in all-in yield curves would increase/decrease planned net interest income for the year ended 31 December 2024 by US$4,002,554 (2023: US$2,710,005) for 50 basis points movement at the beginning of the year and increase/decrease by US$2,501,596 (2023: US$1,693,753) for 12.5 basis points movement at the beginning of each quarter respectively. These figures incorporate the impact of any option features in the underlying exposures and takes into account the change in pricing of retail products relative to change in market interest rates.

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) Equity price risk

The Company is exposed to equity price risk from investments in equity securities and funds, which are classified as financial assets at fair value at other comprehensive income and fair value through profit or loss respectively held for long-term strategic purposes. The sensitivity analysis below is determined based on 1% changes in the price of the investments.

	2024		2023	
	Change in equity price		Change in equity price	
	+1%	-1%	+1%	-1%
	US$	US$	US$	US$
Profit for the year	1,626,431	(1,626,431)	1,546,302	(1,546,302)

(c) Liquidity risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Company's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

Liquidity is managed on a daily basis by the global markets department under the direction of the Risk Management Committee. The global markets department is responsible for ensuring that the Company has adequate liquidity for all operations; ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment risk in case of a maturity gap; and monitoring local and international markets for the adequacy of funding and liquidity.

The Company manages liquidity risk by holding sufficient liquid assets (e.g. cash and short-term funds and securities) of appropriate quality to ensure that short-term funding requirements are covered within prudent limits. Adequate facilities can be obtained from its holding company to provide liquidity to meet unexpected and material cash outflows in the ordinary course of business.

24. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the end of the reporting period to the contractual maturity date. Financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss are regarded as undated as they are managed on a fair value basis.

	2024							
	Repayable on demand US$	Within 1 month US$	Over 1 month but within 3 months US$	Over 3 months but within 1 year US$	Over 1 year but within 5 years US$	Over 5 years US$	Undated US$	Total US$
Assets								
Cash and bank balances and placements	3,370,349	115,971,269	-	-	-	-	-	119,341,618
Financial assets at fair value through profit or loss	-	-	-	-	-	-	180,227,961	180,227,961
Loans and advances	-	122,054,716	57,917,611	254,262,977	1,139,953,126	340,020,987	-	1,914,209,417
Financial assets at fair value through other comprehensive income	-	9,986,500	9,985,699	57,391,221	388,699,807	106,450,810	4	572,514,041
Financial assets at amortised costs	-	-	-	-	374,745,845	39,651,695	-	414,397,540
Interest receivable and other assets	-	10,205,489	6,582,403	2,313,572	-	-	24,102,219	43,203,683
	3,370,349	258,217,974	74,485,713	313,967,770	1,903,398,778	486,123,492	204,330,184	3,243,894,260
Liabilities								
Deposits and balances of banks and other financial institutions	-	480,000,000	260,897,436	803,712,560	80,000,000	-	-	1,624,609,996
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	564,898	564,898
Certificates of deposit issued	-	114,937,937	347,974,533	507,754,108	-	-	-	970,666,578
Lease liabilities	-	172,676	346,423	708,263	265,136	-	-	1,492,498
Interest payable and other liabilities	-	8,276,398	8,988,147	4,024,169	-	-	2,143,071	23,431,785
	-	603,387,011	618,206,539	1,316,199,100	80,265,136	-	2,707,969	2,620,765,755
Net assets/(liabilities) gap	**3,370,349**	**(345,169,037)**	**(543,720,826)**	**(1,002,231,330)**	**1,823,133,642**	**486,123,492**		

24. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

Analysis of assets and liabilities by remaining maturity (continued)

	2023							
	Repayable on demand US$	Within 1 month US$	Over 1 month but within 3 months US$	Over 3 months but within 1 year US$	Over 1 year but within 5 years US$	Over 5 years US$	Undated US$	Total US$
Assets								
Cash and bank balances and placements	10,288,836	99,764,063	-	-	-	-	-	110,052,899
Financial assets at fair value through profit or loss	-	-	-	-	-	-	158,317,716	158,317,716
Loans and advances	-	154,653,769	28,773,085	229,210,207	1,248,324,040	190,424,078	-	1,851,385,179
Financial assets at fair value through other comprehensive income	-	34,928,700	59,633,800	139,371,540	330,289,734	-	4	564,223,778
Financial assets at amortised costs	-	-	-	-	339,859,600	29,967,900	-	369,827,500
Interest receivable and other assets	-	8,143,114	6,455,181	2,112,403	-	-	36,766,256	53,476,954
	10,288,836	297,489,646	94,862,066	370,694,150	1,918,473,374	220,391,978	195,083,976	3,107,284,026
Liabilities								
Deposits and balances of banks and other financial institutions	-	90,000,000	348,333,333	954,804,252	300,000,000	50,000,000	-	1,743,137,585
Deposits from customers	-	-	-	1,089,214	-	-	-	1,089,214
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	14,285,037	14,285,037
Certificates of deposit issued	-	127,449,744	224,047,111	418,210,390	-	-	-	769,707,245
Lease liabilities	-	179,789	333,544	1,363,661	908,066	-	-	2,785,060
Interest payable and other liabilities	-	6,904,116	8,950,542	2,497,884	-	-	8,738,920	27,091,462
	-	224,533,649	581,664,530	1,377,965,401	300,908,066	50,000,000	23,023,957	2,558,095,603
Net assets/(liabilities) gap	**10,288,836**	**72,955,997**	**(486,802,464)**	**(1,007,271,251)**	**1,617,565,308**	**170,391,978**		

24. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

Analysis of assets and liabilities by remaining maturity (continued)

The following tables give the undiscounted cash-flow projection of the Company's financial liabilities including interest payable and undrawn commitments at the end of the reporting period based on the dates of their contractual payment obligations. Interest payable in respect of term financial liabilities are reported based on contractual interest payment date. Financial liabilities repayable on demand including interest accrued up to the end of the reporting period are reported under the column "repayable on demand".

	2024					
	Repayable on demand US$	Three months or less but not on demand US$	Three months to one year US$	One year to five years US$	Over five years US$	Total US$
Deposits and balance of banks and other financial institutions	-	761,270,812	824,498,292	82,027,594	-	1,667,796,698
Certificates of deposit issued	-	470,164,914	518,312,894	-	-	988,477,808
Lease liabilities	-	528,406	724,572	270,956	-	1,523,934
Derivative financial instruments	-	529,159,502	3,773,815	9,968,579	703,319	543,605,215
	-	1,761,123,634	1,347,309,573	92,267,129	703,319	3,201,403,655
Commitments:						
Other commitments	494,380,012	-	-	-	-	494,380,012
	494,380,012	-	-	-	-	494,380,012

	2023					
	Repayable on demand US$	Three months or less but not on demand US$	Three months to one year US$	One year to five years US$	Over five years US$	Total US$
Deposits and balance of banks and other financial institutions	-	463,575,119	999,361,876	306,256,390	50,000,000	1,819,193,385
Deposits from customers	-	-	1,104,717	-	-	1,104,717
Certificates of deposit issued	-	357,122,510	426,824,638	-	-	783,947,148
Lease liabilities	-	515,355	1,380,527	914,113	-	2,809,995
Derivative financial instruments	-	364,224,123	37,679,739	6,560,775	-	408,464,637
	-	1,185,437,107	1,466,351,497	313,731,278	50,000,000	3,015,519,882
Commitments:						
Trade-related contingencies	753,544	-	-	-	-	753,544
Other commitments	423,836,883	-	-	-	-	423,836,883
	424,590,427	-	-	-	-	424,590,427

24. FINANCIAL RISK MANAGEMENT (continued)

(d) Operational risk management

Operational risks arise from the Company's daily operation and fiduciary activities. The Company has put in place an internal control process which requires the establishment of policies and procedures for all key business activities. In particular for new products and services development, policies and procedures must be approved before launch. All business units are responsible for identifying, assessing and controlling the risks inherent in their business activities.

The Company's internal audit and compliance department together with the risk manager play an essential role in monitoring the Company's operational risk. The primary focus of internal audit and compliance department is:

- to independently evaluate the adequacy of key internal controls;
- to ensure adherence to the operating guidelines, including regulatory and legal requirements;
- to pro-actively recommend improvements; and
- to report to the Risk Management Committee on a regular basis.

(e) Capital management

The Company's objective for managing capital is to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

The HKMA sets the capital requirements which the Company should monitor on an on-going basis.

In addition to meeting the regulatory requirements, the Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The process of allocating capital to specific operations and activities is undertaken by management and is reviewed regularly by the board of directors.

Consistent with industry practice, the Company monitors its capital structure on the basis of the capital adequacy ratio and there have been no material changes in the Company's policy on the management of capital during the year.

The capital adequacy ratios are computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Company has complied with the capital requirements at each reporting date during the years ended 31 December 2024 and 2023 and is above the minimum required ratio set by the HKMA at 31 December 2024 and 2023.

24. FINANCIAL RISK MANAGEMENT (continued)

(f) Maturity analysis on assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

	2024		
	Within 12 months US$	After 12 months US$	Total US$
Cash and balances with banks and other financial institutions	3,370,349	-	3,370,349
Placements with banks and other financial institutions	115,971,269	-	115,971,269
Financial assets at fair value through profit or loss	18,650,292	161,577,669	180,227,961
Loans and advances	434,235,304	1,479,974,113	1,914,209,417
Financial assets at fair value through other comprehensive income	77,363,424	495,150,617	572,514,041
Financial assets at amortised cost	-	414,397,540	414,397,540
Interest receivable and other assets	43,203,683	-	43,203,683
	692,794,321	2,551,099,939	3,243,894,260
Deposits and balances of banks and other financial institutions	1,544,609,996	80,000,000	1,624,609,996
Financial liabilities at fair value through profit or loss	564,898	-	564,898
Certificates of deposit issued	970,666,578	-	970,666,578
Lease liabilities	1,227,362	265,136	1,492,498
Tax payable	4,658,437	-	4,658,437
Interest payable and other liabilities	23,431,785	-	23,431,785
Deferred tax liabilities	1,385,743	-	1,385,743
	2,546,544,799	80,265,136	2,626,809,935

24. FINANCIAL RISK MANAGEMENT (continued)

(f) Maturity analysis on assets and liabilities (continued)

	2023		
	Within 12 months US$	After 12 months US$	Total US$
Cash and balances with banks and other financial institutions	10,288,836	-	10,288,836
Placements with banks and other financial institutions	99,764,063	-	99,764,063
Financial assets at fair value through profit or loss	322,833	157,994,883	158,317,716
Loans and advances	412,637,061	1,438,748,118	1,851,385,179
Financial assets at fair value through other comprehensive income	233,934,044	330,289,734	564,223,778
Financial assets at amortised cost	-	369,827,500	369,827,500
Interest receivable and other assets	53,476,954	-	53,476,954
	810,423,791	2,296,860,235	3,107,284,026
Deposits and balances of banks and other financial institutions	1,393,137,585	350,000,000	1,743,137,585
Deposits from customers	1,089,214	-	1,089,214
Financial liabilities at fair value through profit or loss	14,285,037	-	14,285,037
Certificates of deposit issued	769,707,245	-	769,707,245
Lease liabilities	1,876,994	908,066	2,785,060
Tax payable	736,482		736,482
Interest payable and other liabilities	27,091,462	-	27,091,462
Deferred tax liabilities	220,937	-	220,937
	2,208,144,956	350,908,066	2,559,053,022

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Estimation of fair values

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. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organised secondary markets for most financial instruments, in particular for loans, deposits and unlisted derivatives, direct market prices are not available and the fair values of such instruments were therefore calculated on the basis of well-established valuation techniques using current market parameters. In particulars, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of the value realisable in a future sale.

Valuation techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realised in an immediate sale of the instruments.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments where a quoted price is not readily available.

(i) the fair value of variable rate loans and receivables and certificates of deposit issued are assumed to be approximated by their carrying amounts and does not reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the provisions/impairment allowances from both the carrying amount and fair value;

(ii) the fair value of unquoted debt securities is estimated by using an appropriate credit spread for the issuer of the period to discount future cash flows;

(iii) the fair value of listed debt securities are based on quoted market prices;

(iv) the fair value of fixed rate loans and certificates of deposit issued carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and provisions/allowances from both the carrying amount and fair value;

(v) the fair value of unquoted equity investments are estimated by pricing agent based on the future discounted cash flow method;

(vi) the fair value of unlisted open-ended investment funds is estimated using the net asset value as reported by the managers of such funds; and

(vii) the fair value of interest rate swaps is estimated either using broker quotes or by discounting future cash flows. Future cash flows are estimated based on management's best estimates of the amount it would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions and the current credit worthiness of the counterparties. The discount rate used is a market rate for a similar instrument at the end of the reporting period. Inputs are based on market related data at the end of the reporting period.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments carried 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.

Fair values of equity and debt securities that are traded in active markets are based on quoted market prices or dealer price quotations.

The Company uses discounted future cash flow models for determining the fair value of interest rate swaps that use only observable market data and require little management judgement and estimation.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised.

2024	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Financial assets at fair value through profit or loss				
- Investments in funds	-	-	162,643,051	162,643,051
- Positive fair value of derivatives	-	17,584,910	-	17,584,910
	-	17,584,910	162,643,051	180,227,961
Financial assets at fair value through other comprehensive income measured at fair value				
- Debt securities	572,514,037	-	-	572,514,037
- Equity securities	-	-	4	4
	572,514,037	-	4	572,514,041
	572,514,037	17,584,910	162,643,055	752,742,002
Liabilities				
Financial liabilities at fair value through profit or loss				
- Negative fair value of derivatives	-	564,898	-	564,898

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments carried at fair value (continued)

2023	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Financial assets at fair value through profit or loss				
- Investments in funds	-	-	154,630,170	154,630,170
- Positive fair value of derivatives	-	3,687,546	-	3,687,546
	-	3,687,546	154,630,170	158,317,716
Financial assets at fair value through other comprehensive income measured at fair value				
- Debt securities	564,223,774	-	-	564,223,774
- Equity securities	-	-	4	4
	564,223,774	-	4	564,223,778
	564,223,774	3,687,546	154,630,174	722,541,494
Liabilities				
Financial liabilities at fair value through profit or loss				
- Negative fair value of derivatives	-	14,285,037	-	14,285,037

During the year, there were no transfers of financial instruments among Level 1, Level 2 and Level 3 of the fair value hierarchy.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments carried at fair value (continued)

(i) Valuation of financial instruments with significant unobservable inputs

The Company's global markets department and principal investment department is responsible for determining the policies and procedures for the fair value measurement of Level 3 financial instruments. At each reporting date, the global market department and principal investment department analyse the movements in the values of Level 3 financial instruments and verify the major inputs applied in the valuation. The valuation is reviewed and approved by the chief executive officer. The valuation process and results are presented to the risk management committee of the Company on a monthly basis.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2024 US$	2023 US$
At 1 January	154,630,174	130,622,244
Purchases	43,874,260	37,860,225
Net unrealised gains recognised in statement of profit or loss during the year	1,526,376	2,829,430
Net unrealised gains/(losses) recognised in other comprehensive income during the year	5,924	(57,198)
Disposals	(37,393,679)	(16,624,527)
At 31 December	162,643,055	154,630,174

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments carried at fair value (continued)

(ii) Effect of changes in significant unobservable inputs to reasonably possible alternatives

The fair value of financial instruments are, in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. For unquoted equity investments, the impact due to changes in fair value is insignificant to the Company. For unlisted open-ended investment funds, the significant unobservable input is the net asset value as reported by the managers of such funds. The following table shows the sensitivity of fair values due to parallel movement of plus or minus 10% of the net asset values as reported by the managers of such funds.

	Effect on statement of profit or loss	
	Favourable US$	Unfavourable US$
2024		
Assets		
Financial assets at fair value through profit or loss		
- Unlisted investments in funds	16,264,305	(16,264,305)
2023		
Assets		
Financial assets at fair value through profit or loss		
- Unlisted investments in funds	15,463,017	(15,463,017)

(c) Financial instruments not carried at fair value

(i) Financial instruments not carried at fair value for which fair value is disclosed.

The fair value of debt securities carried at amortised cost at 31 December 2024 is US$414,900,812. (2023: US$370,210,000).

(ii) Other financial instruments not carried at fair value

Management has assessed the fair values of cash and balances, short term placements with banks and other financial institutions, loans and advances, deposits and certificates of deposit issued are approximate to their carrying amounts.

26. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following material related party transactions.

Transactions with group companies

During the year, the Company entered into transactions with group companies in the ordinary course of its banking business including lending, acceptance and placement of inter-bank deposits, correspondent banking transactions and off-balance sheet transactions. The transactions were priced at the relevant market rates at the time of each transaction. The Company has internal policies to control connected lending.

Transactions and outstanding balances with related parties during and at the end of the reporting period are set out below:

Statement of profit or loss

	Holding company	
	2024	2023
	US$	US$
Interest income	5,633,455	4,334,380
Interest expense	(62,816,284)	(66,103,140)

Statement of financial position

	Holding company	
	2024	2023
	US$	US$
Cash and balances with banks and other financial institutions	1,462	1,667
Financial assets at fair value through profit or loss	2,570,815	3,620,185
Loans and advances	63,794,145	-
Interest receivable and other assets	779,151	402,861
Deposits and balances of banks and other financial institutions	(930,507,432)	(1,151,599,123)
Interest payable and other liabilities	(6,452,281)	(10,618,496)

As at December 2024, credit loss allowance of US$53,096 (2023: Nil) was made in respect of the above financial assets due form related parties.

27. EVENTS AFTER THE REPORTING PERIOD

The proposed final dividend of US$2.08 cents per ordinary share totaling to US$5,000,000 for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2025.

1. CORPORATE GOVERNANCE

(i) The Board

As at 31 December 2024, the Board comprised three executive directors and four non-executive directors. The Board's principal roles include approving and monitoring the Company's strategies, business plan and budget, monitoring compliance with the statutory limits and guidelines, and ensuring the Company's business is conducted with a high degree of integrity. The Board meets at least quarterly.

The Company is in compliance with the guideline in the Supervisory Policy Manual module CG-1 on "Corporate Governance of Locally Incorporated Authorised Institutions" issued by the HKMA.

(ii) Committees

The Company's credit review committee and risk management committee are responsible for monitoring its credit risk and market risk respectively. The executive directors are also members of the credit review committee and risk management committee.

The credit review committee is chaired by the managing director and comprises the senior managers in the various business lines. Its responsibilities include formulating and reviewing credit risk policies and procedures, preparing credit proposals for the ultimate holding company's approval, and managing credit risk.

(iii) Internal audit

The Company's audit committee reviews the Company's internal controls system on a regular basis. The Board is responsible for following up the audit committee's findings and monitoring the progress of the implementation of their recommendations.

2. KEY ELEMENTS OF DISCLOSURE POLICY

The Disclosure Policy of the Company sets out the approach used by the Company to (i) determine the content, appropriateness and frequency of the information it discloses to the general public relating to its state of affairs including its profit and loss and its financial resources (including capital/liquidity resources) and (ii) descriptions of its own risk profile as required by the Banking (Disclosure) Rules.

To comply with the Banking (Disclosure) Rules, all information in relation to the Company’s key elements of disclosure policy will be published under the “Regulatory Disclosures” section on the website:

https://www.kdb.co.kr/CHGMHK99N30.act?GmBrnId=AL&_mnuId=IHIHGM2066&GmMlngTc=en

3. PILLAR 3 DISCLOSURES

To comply with the Banking (Disclosure) Rules, all information in relation to the Company's Pillar 3 disclosures will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

4. CAPITAL ADEQUACY RATIOS

	2024	2023
- Common Equity Tier 1 ("CET1") capital ratio	19.49%	20.16%
- Tier 1 capital ratio	19.49%	20.16%
- Total capital ratio	19.57%	20.54%

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules issued by the HKMA. The capital disclosures at 31 December 2024 were compiled in accordance with the Banking (Capital) Rules for the implementation of the Basel III capital framework.

In accordance with the Banking (Capital) Rules, the Company has adopted the "basic approach" for the calculation of the risk-weighted assets for credit risk, the standardised (market risk) approach to calculate its market risk, and the "basic indicator approach" for the calculation of operational risk. The Company has adopted the "standardised method" for the calculation of CVA capital charge.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's regulatory capital disclosures will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

5. CAPITAL BASE

	2024 US$	2023 US$
CET1 capital instruments	240,000,000	240,000,000
Retained earnings	381,672,294	318,088,198
Disclosed reserves	(2,018,554)	(5,943,536)
CET1 CAPITAL BEFORE DEDUCTIONS	619,653,740	552,144,662
Deduct:		
Defined benefit pension fund assets (net of related deferred tax liability)	-	(7,949)
Regulatory reserve for general banking risks	(5,363,554)	(5,200,727)
CET1 CAPITAL	614,290,186	546,935,986
ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS	-	-
TIER 1 CAPITAL	614,290,186	546,935,986
Regulatory reserve for general banking risks	5,363,554	5,200,727
Collective provisions	5,734,419	5,255,291
Less:		
Insignificant LAC investments in Tier 2 capital instruments issued by and non-capital LAC liabilities of financial sector entities that are not subject to consolidation under a section 3C requirement and not covered by either the 5% or the 10% threshold	(8,681,613)	-
TIER 2 CAPITAL	2,416,360	10,456,018
TOTAL CAPITAL BASE	616,706,546	557,392,004

6. CAPITAL DISCLOSURES

(i) Capital requirements

The capital requirements on each class of exposures calculated under the basic approach at the end of the reporting period can be analysed as follow:

	2024 US$	2023 US$
Classes of exposure:		
- Sovereign	1,751,345	2,343,462
- Public sector entity	5,140,339	2,542,167
- Bank	14,649,899	17,266,174
- Collective Investment Scheme	29,070,756	9,282,375
- Other	157,202,181	153,209,107
Total capital requirements for on-balance sheet exposures	207,814,520	184,643,285
Trade-related contingencies	-	12,057
Forward asset purchases	17,384,298	4,729,234
Other commitments	13,958,801	15,552,690
Exchange rate contracts	493,297	55,482
Interest rate contracts	67,469	99,333
Total capital requirements for off-balance sheet exposures	31,903,865	20,448,796
	239,718,385	205,092,081

The capital requirements above are calculated on the basis of 8% of risk weighted assets and do not reflect the amount of capital held.

	2024 US$	2023 US$
(ii) Capital charge for central counterparties	11,112	6,185

	2024 US$	2023 US$
(iii) Capital charge for credit valuation adjustment		
Derivative financial instruments exposures	479,487	272,564

(iv) Capital charge for operational risk

The capital charge for operational risk calculated at the end of the reporting period is:

	2024 US$	2023 US$
Capital charge for operational risk	10,872,697	10,125,518

6. CAPITAL DISCLOSURE (continued)

(v) Capital charge for market risk

	2024 US$	2023 US$
Interest rate exposures	904,108	1,326,287
Foreign exchange exposures	116,538	259,744
	1,020,646	1,586,031

7. LEVERGAE RATIO

	2024 US$	2023 US$
On-balance sheet exposures	3,228,878,763	3,107,510,138
Less: Regulatory adjustments	-	(7,949)
Total on-balance sheet exposures	3,228,878,763	3,107,502,189
Replacement cost associated with all derivatives contracts	26,749,796	7,476,868
Add-on amounts for potential future exposure associated with all derivative contracts	16,577,020	11,832,329
Total derivative exposures	43,326,816	19,309,197
Exposures with a 20% credit conversion factor	9,574,490	1,930,709
Exposures with a 50% credit conversion factor	223,253,782	207,468,442
Total off-balance sheet exposures	232,828,272	209,399,151
Securities financing transaction exposures	-	-
Total exposures before adjustments for specific and collective provisions	3,505,033,851	3,336,210,537
Less: Collective provisions and specific provisions that are allowed to be excluded from Exposure Measure	(490,928)	(291,077)
Total exposures after adjustments for specific and collective provisions	3,504,542,923	3,335,919,460
Tier 1 capital after deductions	614,290,186	546,935,986
Leverage ratio	17.53%	16.40%

7. LEVERGAE RATIO (continued)

Leverage ratio is calculated in accordance with the completion instruction issued by the HKMA.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's leverage ratio disclosure will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

8. LIQUIDITY MAINTENANCE RATIO

	2024	2023
Average liquidity maintenance ratio for the year	123.24%	124.12%

The Company calculates the average liquidity maintenance ratio of each calendar month by reference to positions of specified days approved by the HKMA pursuant to Rule 48(2) of the Banking (Liquidity) Rules.

The average liquidity maintenance ratio is computed on a solo basis using the arithmetic mean of each calendar month's average liquidity maintenance ratio as reported in the return relating to liquidity position submitted to the HKMA.

To comply with the Banking (Disclosure) Rules, liquidity information disclosure will be published under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

9. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO

CCyB ratio were compiled in accordance with the Banking (Capital) Rules issued by the HKMA. The Company's specific CCyB rate is calculated as the weighted average of the applicable jurisdictional CCyB rates, in respect of the jurisdictions (including Hong Kong) where the Company has private sector credit exposures. The weight to be attributed to a given jurisdiction's applicable CCyB rate is the ratio of the Company's aggregate risk-weighted amounts for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction (where the location of the exposures is determined as far as possible on an ultimate risk basis) to the sum of the Company's aggregate risk-weighted amounts across all jurisdictions in which the Company has private sector credit exposure. For a credit exposure guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

9. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO (continued)

Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures, are shown as follows:

At 31 December 2024

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US$	CCyB ratio	CCyB amount US$
Hong Kong SAR	0.500%	392,051,508		
China	-	379,151,602		
Australia	1.000%	87,802,732		
Bermuda	-	26,143,026		
Canada	-	23,210,580		
Cayman Islands	-	495,463,897		
France	1.000%	50,312,861		
Finland	-	31,405,313		
India	-	30,525,118		
Ireland	1.500%	116,260,442		
Luxembourg	0.500%	194,836,440		
Netherlands	2.000%	35,008,000		
Singapore	-	76,638,856		
South Korea	1.000%	368,186,978		
Spain	-	38,100,784		
Taiwan	-	10,003,191		
Turkey	-	49,838,021		
United Arab Emirates	-	2,069,715		
United Kingdom	2.000%	164,389,801		
United States	-	53,091,529		
Virgin Islands (British)	-	11,506,189		
Total		2,635,996,583	0.521%	13,733,542

9. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO (continued)

At 31 December 2023

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US$	CCyB ratio	CCyB amount US$
Hong Kong SAR	1.000%	412,980,845		
China	-	499,718,580		
Australia	1.000%	123,060,760		
Canada	-	6,543,437		
Cayman Islands	-	369,560,591		
France	0.500%	24,777,391		
Finland	-	33,460,104		
India	-	30,936,653		
Ireland	-	100,290,497		
Kuwait	-	1,207,798		
Luxembourg	0.500%	82,233,118		
Macau SAR	-	19,241,230		
Netherlands	1.000%	10,079,895		
Philippines	-	24,458,191		
Saudi Arabia	-	19,950,592		
Singapore	-	57,602,909		
South Korea	-	188,216,580		
Spain	-	40,551,844		
Taiwan	-	10,005,630		
United Arab Emirates	-	2,505,717		
United Kingdom	2.000%	79,567,461		
United States	-	57,060,044		
Virgin Islands (British)	-	20		
Total		2,194,009,887	0.346%	7,591,274

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's countercyclical capital buffer ratio disclosure will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

10. INTERNATIONAL CLAIMS (BY ULTIMATE NATION)

International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk and by types of counterparties. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, are shown as follows:

			Non-bank private sector		
At 31 December 2024	Banks US$	Official Sector US$	Non-bank financial institutions US$	Non-bank private sector US$	Total US$
Developed countries	**519,368,290**	**124,763,813**	**530,890,334**	**184,707,854**	**1,359,730,291**
- of which Australia	53,676	-	62,657,632	26,066,037	88,777,345
- of which Austria	16,001,951	-	-	-	16,001,951
- of which Belgium	185,010	-	-	-	185,010
- of which Canada	-	-	5,813,559	-	5,813,559
- of which Finland	-	-	-	31,405,313	31,405,313
- of which France	112,046,597	-	-	-	112,046,597
- of which Greece	-	-	10,029,785	-	10,029,785
- of which Ireland	-	-	212,219,525	-	212,219,525
- of which Japan	66,089,540	-	-	-	66,089,540
- of which Luxembourg	10,804	-	59,584,505	-	59,595,309
- of which Netherlands	-	-	-	53,355,299	53,355,299
- of which Norway	-	-	5,212,168	-	5,212,168
- of which Spain	55,986,013	-	-	38,100,784	94,086,797
- of which United Kingdom	267,175,044	-	113,575,074	-	380,750,118
- of which United States	1,819,655	124,763,813	61,798,086	35,780,421	224,161,975
Offshore centres	**21,684,357**	**-**	**236,323,310**	**133,323,923**	**391,331,590**
- of which Cayman Islands	-	-	127,573,898	-	127,573,898
- of which Hong Kong	1,397,268	-	40,642,281	83,906,496	125,946,045
- of which Panama	10,514,842	-	-	-	10,514,842
- of which Singapore	9,772,247	-	68,107,131	49,417,427	127,296,805
Developing Latin America and Caribbean	**-**	**-**	**-**	**14,362,900**	**14,362,900**
- of which Residual Developing Latin America And Caribbean	-	-	-	14,362,900	14,362,900
Developing Africa and Middle East	**10,108,004**	**12,346,947**	**2,069,715**	**-**	**24,524,66**
- of which Qatar	10,108,004	-	-	-	10,108,004
- of which United Arab Emirates	-	12,346,947	2,069,715	-	14,416,662
Developing Asia and Pacific	**363,035,322**	**130,361,570**	**124,504,504**	**542,381,005**	**1,160,282,401**
- of which China	113,318,935	-	30,420,253	249,330,276	393,069,464
- of which India	-	-	8,944,811	-	8,944,811
- of which South Korea	149,675,818	130,361,570	75,136,249	293,050,729	648,224,366
- of which Malaysia	50,008,736	-	-	-	50,008,736
- of which Taiwan	50,031,833	-	10,003,191	-	60,035,024

10. INTERNATIONAL CLAIMS (BY ULTIMATE NATION) (continued)

			Non-bank private sector		
At 31 December 2023	Banks US$	Official Sector US$	Non-bank financial institutions US$	Non-bank private sector US$	Total US$
Developed countries	**458,442,240**	**124,427,917**	**341,840,526**	**154,460,673**	**1,079,171,356**
- of which Australia	17,442,613	-	78,657,930	36,783,051	132,883,594
- of which Belgium	1,889,843	-	-	-	1,889,843
- of which Canada	-	-	5,480,486	-	5,480,486
- of which Finland	-	-	-	33,460,104	33,460,104
- of which France	109,748,247	-	1,859,009	-	111,607,256
- of which Ireland	-	-	100,290,497	-	100,290,497
- of which Japan	67,673,478	-	-	-	67,673,478
- of which Luxembourg	18,246	-	52,638,910	-	52,657,156
- of which Netherlands	-	-	-	10,079,895	10,079,895
- of which Spain	40,073,197	-	-	40,551,844	80,625,041
- of which United Kingdom	219,363,216	-	78,709,373	-	298,072,589
- of which United States	2,233,400	124,427,917	24,204,321	33,585,779	184,451,417
Offshore centres	**33,333,991**	**-**	**297,508,579**	**79,040,439**	**409,883,009**
- of which Cayman Islands	-	-	181,663,315	-	181,663,315
- of which Hong Kong	753,178	-	55,509,901	45,326,376	101,589,455
- of which Panama	10,647,471	-	-	-	10,647,471
- of which Singapore	21,933,342	-	60,335,363	33,714,063	115,982,768
Developing Latin America and Caribbean	**-**	**-**	**-**	**15,126,431**	**15,126,431**
- of which Residual Developing Latin America And Caribbean	-	-	-	15,126,431	15,126,431
Developing Africa and Middle East	**27,882,037**	**12,362,534**	**3,713,515**	**19,950,592**	**63,908,678**
- of which Kuwait	-	-	1,207,798	-	1,207,798
- of which Qatar	27,882,037	-	-	-	27,882,037
- of which Saudi Arabia	-	-	-	19,950,592	19,950,592
- of which United Arab Emirates	-	12,362,534	2,505,717	-	14,868,251
Developing Asia and Pacific	**365,030,379**	**158,885,445**	**40,773,409**	**617,831,583**	**1,182,520,816**
- of which China	148,680,402	-	11,545,733	415,126,416	575,352,551
- of which India	-	-	9,252,442	-	9,252,442
- of which South Korea	145,172,581	158,885,445	9,969,604	178,246,976	492,274,606
- of which Malaysia	25,123,937	-	-	-	25,123,937
- of which Philippines	-	-	-	24,458,191	24,458,191
- of which Taiwan	46,053,459	-	10,005,630	-	56,059,089

11. LOANS AND ADVANCES - BY GEOGRAPHICAL AREAS

	Gross loans and advances US$	Impaired loans (individually determined) US$	Specific provisions US$	General provisions US$
2024				
Hong Kong	408,632,046	-	-	(1,286,840)
Korea	366,690,390	-	-	(328,874)
Ireland	210,999,705	-	-	(373,209)
China	178,171,912	-	-	(627,684)
Others	754,581,565	-	-	(2,249,594)
	1,919,075,618	-	-	(4,866,201)
2023				
Hong Kong	588,194,944	-	-	(1,634,179)
Korea	252,710,482	-	-	(366,715)
Ireland	1,855,519	-	-	(115,065)
China	240,633,432	16,101,878	(16,101,878)	5,512,882
Others	788,765,551	-	-	(8,069,794)
	1,872,159,928	16,101,878	(16,101,178)	(4,672,871)

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

12. FURTHER ANALYSIS ON LOANS AND ADVANCES ANALYSED BY INDUSTRY SECTOR

Loans and advances analysed by the coverage of collateral, overdue amount and the provisions is as follows. The economic sector analysis is based on the categories and definitions used by the HKMA.

	Gross loans and advances US$ (note 10(b))	Percentage of collateral securing loans and advances US$	Specific provisions US$	General provisions US$	(Reversal of credit loss allowances)/ credit loss expenses charged to income statement during the year US$
2024					
Industrial, commercial and financial					
- Property development	-	-	-	-	(38,266)
- Property investment	54,276,303	-	-	167,280	(22,871)
- Financial concerns	94,266,237	-	-	163,788	100,053
- Wholesale and retail trade	9,698,926	-	-	20,966	19,922
- Manufacturing	97,388,661	-	-	280,047	(212,278)
- Transport and transport equipment	89,462,604	-	-	193,577	31,959
- Electricity and gas	40,000,000	-	-	345,160	143,760
- Hotel, boarding houses & catering	-	-	-	-	(32,534)
- Others	39,866,272	-	-	86,280	(21,808)
Loans and advances for use in Hong Kong	424,959,003	-	-	1,257,098	(32,063)
Loans and advances for use outside Hong Kong	1,494,116,615	-	-	3,609,103	(6,116,485)
	1,919,075,618	-	-	4,866,201	
Reversal of credit loss expenses from statement of profit or loss during the year (note 5)					(6,148,548)
2023					
Industrial, commercial and financial					
- Property development	9,477,034	-	-	38,266	(11,734)
- Property investment	66,289,442	-	-	190,151	17,504
- Financial concerns	51,755,161	-	-	63,735	18,685
- Wholesale and retail trade	3,564,121	-	-	1,044	(53,837)
- Manufacturing	153,070,166	-	-	492,325	25,038
- Transport and transport equipment	99,381,652	-	-	161,618	102,713
- Recreational activities	-	-	-	-	(6,492)
- Electricity and gas	49,355,958	-	-	201,400	96,930
- Hotel, boarding houses & catering	8,033,824	-	-	32,534	32,534
- Others	42,601,213	-	-	108,088	(15,827)
Loans and advances for use in Hong Kong	483,528,571	-	-	1,289,161	205,514
Trade finance	-	-	-	-	(108)
Loans and advances for use outside Hong Kong	1,388,631,357	-	16,101,878	3,383,710	997,914
	1,872,159,928	-	16,101,878	4,672,871	
Credit loss expenses from statement of profit or loss during the year (note 5)					1,203,320

13. OVERDUE AND RESCHEDULED ASSETS

(i) Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end.

	2024 US$	2023 US$
Gross loans and advances to customers which have been overdue with respect to principal for period of		
- 6 months or less but over 3 months	-	6,341,878
- over 1 year	-	9,760,000
	-	16,101,878

(ii) Rescheduled loans and advances

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Company.

There were no rescheduled loans and advances at 31 December 2024 and 2023.

(iii) There were no other assets which have been overdue for more than 3 months at 31 December 2024 and 2023.

(iv) There are no repossessed assets held in both 2024 and 2023.

14. NON-BANK MAINLAND CHINA EXPOSURES

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the type of direct exposures with reference to the Completion Instruction for the HKMA return of non-bank Mainland exposures.

	Items in HKMA return	On-balance sheet exposure US$	Off-balance sheet exposure US$	Total exposure US$
2024				
Central government, central government-owned entities and their subsidiaries and joint ventures	1	134,513,707	48,990,000	183,503,707
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	98,940,745	10,000,000	108,940,745
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	118,089,031	6,000,000	124,089,031
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	9,365,107	-	9,365,107
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	26,454,219	12,680,769	39,134,988
Other counterparties where the exposures are considered by the Reporting institution to be non-bank Mainland China exposures	7	94,082,161	42,714,958	136,797,119
Total	8	481,444,970	120,385,727	601,830,697
Total assets after provisions	9	3,250,338,126		
On-balance sheet exposures as percentage of total assets	10	14.81%		
2023				
Central government, central government-owned entities and their subsidiaries and joint ventures	1	79,973,028	-	79,973,028
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	101,017,790	-	101,017,790
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	224,521,459	26,400,000	250,921,459
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	11,024,663	-	11,024,663
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	113,927,392	46,654,545	160,581,937
Other counterparties where the exposures are considered by the Reporting institution to be non-bank Mainland China exposures	7	116,047,882	33,175,835	149,223,717
Total	8	646,512,214	106,230,380	752,742,594
Total assets after provisions	9	3,119,153,943		
On-balance sheet exposures as percentage of total assets	10	20.73%		

No specific provision (2023: US$16,101,878) was made in respect of the above exposures for the year of 2024.

15. CURRENCY RISK

The following table indicates the concentration of currency risk at the end of the reporting period defined by the Banking (Disclosure) Rules.

	2024						
Expressed in million of HKD	United Stated Dollars	Pound Sterling	Japanese Yen	Euros	Renminbi	Australian Dollars	Total
Spot assets	19,560	136	86	1,882	-	888	22,552
Spot liabilities	(22,066)	-	(83)	(3)	-	-	(22,152)
Forward purchases	5,878	10	-	20	-	76	5,984
Forward sales	(3,397)	(146)	-	(1,894)	-	(961)	(6,398)
Net long/(short) position	(25)	-	3	5	-	3	(14)

	2023						
Expressed in million of HKD	United Stated Dollars	Pound Sterling	Japanese Yen	Euros	Renminbi	Australian Dollars	Total
Spot assets	18,085	162	94	1,735	19	725	20,820
Spot liabilities	(21,021)	-	(91)	(7)	(17)	(17)	(21,153)
Forward purchases	5,274	-	-	-	-	16	5,290
Forward sales	(2,306)	(159)	-	(1,725)	-	(710)	(4,900)
Net long/(short) position	32	3	3	3	2	14	57

16. SEGMENTAL INFORMATION

(i) By class of business

All the principal operations of the Company are primarily located in Hong Kong.

The Company's activities comprise two classes of business. Commercial banking activities include the acceptance of deposits, the advance of loans, the investment holding, the supply of foreign exchange and trade financing to commercial, industrial and institutional customers and international banking. Securities business activities include underwriting/trading of securities.

Operating income before operating expenses and provisions:

	2024 US$	2023 US$
Commercial banking	42,399,074	34,701,755
Securities business	36,509,414	32,531,479
	78,908,488	67,233,234

Operating assets:

	2024 US$	2023 US$
Commercial banking	2,465,179,351	2,347,205,400
Securities business	781,284,324	763,992,284
	3,246,463,675	3,111,197,684

16. SEGMENTAL INFORMATION (continued)

(ii) Fee and commission income - by product line:

	2024 US$	2023 US$
Agency fees	288,000	244,000
Financial advisory	1,557,038	1,453,831
Letters of credit fees	3,165	7,628
Loan syndication fees	7,293,286	6,599,823
Underwriting fees	3,706,705	2,779,977
Others	14,136	69,113
	12,862,330	11,154,372

17. REMUNERATION POLICY

The remuneration policy and systems of the Company are strictly governed by the Remuneration policy and guidelines of our parent company; Korea Development Bank; for its employees engaged in the business and operations in Hong Kong.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's remuneration disclosure will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en