

Report of the Directors and Audited Financial Statements

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

For the year ended 31 December 2024

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VIETNAM FINANCE COMPANY LIMITED

越南財務有限公司

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activities of Vietnam Finance Company Limited (the "Company") comprise money remittance, credit, trade finance, deposit taking, placement and debt securities investment. There were no significant changes in the nature of the Company's principal activities during the year.

Results and appropriateness

The Company's profit for the year ended 31 December 2024 and the Company's financial position as at that date are set out in the financial statements on pages 6 to 38.

An interim dividend of HK\$1.578707 (2023: HK\$0.918033) per ordinary share totaling HK\$1,657,642 (2023: HK\$963,935) was paid on 16 May 2024. The directors do not recommend the payment of final dividend (2023: Nil) in respect of year.

Shares capital

Details of the Company's share capital during the year are set out in note 15(a) to the financial statement. There were no movements in the Company's share capital during the year.

Directors

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Mr. Nguyen Ngoc Ban

Ms. Phung Nguyen Hai Yen

Ms. Truong Dieu Linh

(resigned on 23 October 2024)

Ms. Nguyen Thu Ha

Ms. Nguyen Lien Ha

(appointed on 23 October 2024)

In accordance with article 9 of the Company's Articles of Association, all directors retire and, being eligible, offer themselves for re-election.

Directors' interests

At no time during the year was the Company, or its holding company 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 or the Company's holding company or fellow subsidiaries was a party during the year.

Business review

No business review is presented for the year ended 31 December 2024 as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance since it is a wholly-owned subsidiary of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

REPORT OF THE DIRECTORS (continued)

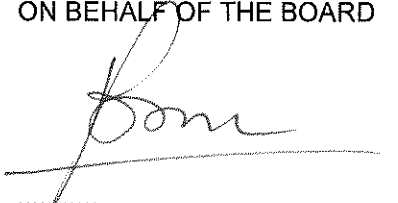
Compliance with the Banking (Disclosure) Rules

The Hong Kong Monetary Authority has granted exemption to the Company from the application of the provisions specified in section 3(1)(a), (b), (c), (d), 3(2)(a) and (b) of the Banking (Disclosure) Rules (Cap. 155M) with the effect from its letter dated 12 May 2017.

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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Nguyen Ngoc Ban
Chief Executive & Director

Hong Kong

25 APR 2025

Independent auditor's report
To the members of Vietnam Finance Company Limited
越南財務有限公司
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Vietnam Finance Company Limited (the "Company") set out on pages 6 to 38, 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") 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.

Independent auditor's report (continued)
To the members of Vietnam Finance Company Limited
越南財務有限公司
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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.

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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

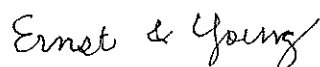
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

Independent auditor's report (continued)
To the members of Vietnam Finance Company Limited
越南財務有限公司
(Incorporated in Hong Kong with limited liability)

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

- 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

25 APR 2025

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
Revenue		2,647,292	2,826,125
Interest income		<u>27,989,065</u>	<u>24,869,642</u>
	4	30,636,357	27,695,767
Interest expense	5	<u>(19,663,592)</u>	<u>(17,922,595)</u>
		10,972,765	9,773,172
Exchange differences		(410,840)	14,406
Staff costs	6	(4,054,820)	(3,962,492)
Depreciation and amortisation on property, plant and equipment	12	(763,237)	(766,966)
Operating expenses	6(b)	(3,370,516)	(3,114,882)
Reversal of/(provision for) impairment losses on loan and advances to customers	10	<u>2,975</u>	<u>(7,719)</u>
		<u>(8,596,438)</u>	<u>(7,837,653)</u>
PROFIT BEFORE TAX	6	2,376,327	1,935,519
Tax expense	8	<u>(402,665)</u>	<u>(264,576)</u>
PROFIT FOR THE YEAR		<u>1,973,662</u>	<u>1,670,943</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Loss on revaluation of ownership interests in land and building held for own use	12	(2,920,298)	(1,413,860)
Income tax effect	14	<u>481,849</u>	<u>233,287</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(464,787)</u>	<u>490,370</u>

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF FINANCIAL POSITION

31 December 2024

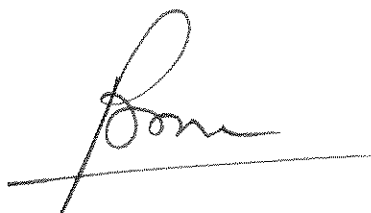
	Notes	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	12	38,482,168	42,063,702
Debt securities	13	<u>77,495,292</u>	<u>-</u>
Total non-current assets		<u>115,977,460</u>	<u>42,063,702</u>
CURRENT ASSETS			
Cash and short-term funds	16	15,646,947	29,008,448
Time deposits with banks	16	135,971,729	215,986,623
Advances to the ultimate holding company	17	200,622,310	267,068,803
Loans and advances to customers	10	4,734,203	4,922,047
Interest receivable	11	5,355,028	8,203,577
Utility and other deposits		48,450	48,450
Prepayments		34,279	32,992
Debt securities	13	<u>299,308,357</u>	<u>-</u>
Total current assets		<u>661,721,303</u>	<u>525,270,940</u>
CURRENT LIABILITIES			
Due to the ultimate holding company	17	624,051,700	409,026,614
Customers deposits		311,870	312,336
Accounts payable and accruals		4,987,239	7,038,065
Tax payables		<u>135,577</u>	<u>138,472</u>
Total current liabilities		<u>629,486,386</u>	<u>416,515,487</u>
NET CURRENT ASSETS		<u>32,234,917</u>	<u>108,755,453</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>148,212,377</u>	<u>150,819,155</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	<u>6,672,789</u>	<u>7,157,138</u>
NET ASSETS		<u>141,539,588</u>	<u>143,662,017</u>

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024 HK\$	2023 HK\$
EQUITY			
Share capital	15	105,000,000	105,000,000
Reserves		<u>36,539,588</u>	<u>38,662,017</u>
TOTAL EQUITY		<u><u>141,539,588</u></u>	<u><u>143,662,017</u></u>



Nguyen Ngoc Ban
Director



Phung Nguyen Hai Yen
Director



Chan Leon
Chief accountant

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Share capital HK\$	Regulatory reserve HK\$	Assets revaluation reserve HK\$	Retained profits HK\$	Total equity HK\$
At 1 January 2023	15(a)	105,000,000	30,792	38,140,855	963,935	144,135,582
Profit for the year		-	-	-	1,670,943	1,670,943
Transfer from retained profits	15(b)	-	13,301	-	(13,301)	-
Other comprehensive income for the year:						
Revaluation loss	12	-	-	(1,413,860)	-	(1,413,860)
Income tax effect	14	-	-	233,287	-	233,287
Interim dividend	9	-	-	-	(963,935)	(963,935)
At 31 December 2023		<u>105,000,000</u>	<u>44,093</u>	<u>36,960,282</u>	<u>1,657,642</u>	<u>143,662,017</u>
At 1 January 2024	15(a)	105,000,000	44,093	36,960,282	1,657,642	143,662,017
Profit for the year		-	-	-	1,973,662	1,973,662
Transfer from retained profits	15(b)	-	590	-	(590)	-
Other comprehensive income for the year:						
Revaluation loss	12	-	-	(2,920,298)	-	(2,920,298)
Income tax effect	14	-	-	481,849	-	481,849
Interim dividend	9	-	-	-	(1,657,642)	(1,657,642)
At 31 December 2024		<u>105,000,000</u>	<u>44,683</u>	<u>34,521,833</u>	<u>1,973,072</u>	<u>141,539,588</u>

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$	2023 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,376,327	1,935,519
Adjustments for:			
Depreciation and amortisation expense on property, plant and equipment	12	763,237	766,966
(Reversal of)/provision for impairment losses on loan and advances to customers	10	(2,975)	7,719
Interest income	4	(27,989,065)	(24,869,642)
Interest expenses	5	<u>19,663,592</u>	<u>17,922,595</u>
Operating cash flows before changes in working capital		(5,188,884)	(4,236,843)
Changes in working capital:			
Decrease/(increase) in loans and advances to customers		190,819	(1,681,584)
Decrease in advance to the ultimate holding company		66,446,493	20,815,707
Increase in prepayments		(1,287)	(8,032)
Increase in amount due to the ultimate holding company		215,025,086	43,797,588
(Decrease)/increase in customers deposits		(466)	339
(Decrease)/increase in accounts payables and accruals		(142,863)	181,000
Interest received		30,837,613	20,566,359
Interest paid		<u>(21,571,554)</u>	<u>(14,131,165)</u>
Cash generated from operations		285,594,957	65,303,369
Hong Kong profits tax paid		<u>(408,060)</u>	<u>(248,630)</u>
Net cash generated from operating activities		<u>285,186,897</u>	<u>65,054,739</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment	12	(102,001)	-
Purchase of debt securities		<u>(376,803,649)</u>	<u>-</u>
Net cash used in investing activity		<u>(376,905,650)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	9	<u>(1,657,642)</u>	<u>(963,935)</u>
Net cash used in financing activities		<u>(1,657,642)</u>	<u>(963,935)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(93,376,395)	64,090,804
Cash and cash equivalents at beginning of year		<u>244,995,071</u>	<u>180,904,267</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>151,618,676</u></u>	<u><u>244,995,071</u></u>

VIETNAM FINANCE COMPANY LIMITED
越南財務有限公司

STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Note	2024 HK\$	2023 HK\$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and short-term funds	16	15,646,947	29,008,448
Time deposits with banks with original maturity within three months	16	<u>135,971,729</u>	<u>215,986,623</u>
		<u>151,618,676</u>	<u>244,995,071</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE INFORMATION

Vietnam Finance Company Limited (the "Company") is a financial institution incorporated in Hong Kong. Its registered office is located at 16/F, Golden Star Building, 20 Lockhart Road, Wanchai, Hong Kong. The principal activities of the Company are the operation of a financial institution which includes money remittance, credit, trade finance, deposit taking, placement and debt securities investment.

The ultimate and immediate holding company is Joint Stock Commercial Bank for Foreign Trade of Vietnam ("JSCB"), a company incorporated in the Socialist Republic of Vietnam. JSCB provides financial statements available to public use.

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for ownership interests in land and building held for own use classified in Property, plant and equipment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$").

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")

The nature and the impact of the new and revised HKFRSs that are applicable to the Company are described below:

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Company has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Company.

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.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs, 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 HKFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING 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 HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs 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 HKFRSs. 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 HKFRSs. 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 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING 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, HKFRS 10 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Company measures its ownership interests in land and building held for own use 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. If such an indication exists, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash generating units.

An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the statement of profit or loss in the year in which it arises.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at historical cost or valuation less accumulated depreciation and any impairment loss (of which leasehold improvements, furniture, fixtures and equipment are stated at cost whilst ownership interests in land and building held for own use are stated at valuation).

The cost of an asset 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 the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss in the statement of comprehensive income 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, plant 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.

Land and buildings, classified as right-of-use assets and owned assets, are measured at fair value less subsequent accumulated depreciation and any impairment losses.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus or deficit is dealt with as movement in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit or loss in the statement of comprehensive income. Any subsequent revaluation surplus is credited to the profit or loss in the statement of comprehensive income to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

An item of property, plant and equipment including any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss on derecognition of the asset, calculated on the difference between the net disposal proceeds and the carrying amount of the item, is included in the profit or loss in the statement of comprehensive income in the period the item is derecognised.

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

Land and building	Over the shorter of terms of the relevant leases or useful lives
Furniture, fixtures and equipment	15% straight line basis
Leasehold improvements	15% straight line basis

The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the statement of profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component are measured at the transaction price determined under HKFRS 15. All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Company commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

Debt instruments are measured at fair value through other comprehensive income if the assets' contractual cash flows represent solely payments of principal and interest and the assets are held for collection of contractual cash flows and for selling the financial assets. Such financial assets are subsequently measured at fair value with any gains or losses from changes in fair value recognised in other comprehensive income, except for impairment losses and reversal, foreign exchange gains and losses and interest calculated using the effective interest rate method which are recognised in the statement of profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the statement of profit or loss when the financial asset is derecognised.

Debt instruments that do not meet the criteria for amortised cost or as financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. Interest income for these financial assets is included in finance income.

(b) Impairment

The Company applies the expected credit loss model on all the financial assets that are subject to impairment, financial guarantee contracts, lease receivables under HKFRS 16. For trade receivables and contract assets without a significant financing component, the Company applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses ("ECL") are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where 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.

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities include amount due to ultimate holding company, customer deposits and accounts payable and accruals. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are distinguished, i.e., when the obligation is discharged or cancelled, or expired.

Off balance sheet of financial position instruments

Off balance sheet of financial position financial instruments referred to commitments in the form of undrawn loan facilities that have been granted to borrowers but remain unutilised as at year end.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value 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 and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

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.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from other source

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs are expensed in the statement of profit or loss in the year in which they are incurred, except to the extent that they are capitalised as the costs directly attributable to the financing of the construction of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Salaries, annual bonuses and other staff costs are accrued in the period in which the associated services are rendered by employees of the company. Where payment or settlement is deferred, and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the end of the reporting period.

The Company operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as and when the contributions fall due.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

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.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty

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.

Measurement of the expected credit loss allowance

The measurement of ECL under HKFRS 9 across all categories of financial assets to which ECL measurements requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These judgements and estimates are driven by a number of factors, changes in which can result in different levels of allowances. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Fair value of ownership interests in land and building held for own use

Ownership interests in land and building held for own use are carried in the statement of financial position at their fair value. The fair value is based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favorable or unfavorable changes to these assumptions would result in changes in the fair value of the Company's ownership interests in land and building held for own use

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. REVENUE

The principal activities of the Company are disclosed in note 1. Revenue is analysed as follows:

	2024 HK\$	2023 HK\$
<i>Revenue from contracts with customers</i>		
Bank charges income	2,631,282	2,808,306
Cable charges income	1,400	1,600
Handling charges income	14,610	16,219
	<u>2,647,292</u>	<u>2,826,125</u>

All revenue from contracts with customers is recognised at a point in time.

	2024 HK\$	2023 HK\$
<i>Revenue from other sources</i>		
Interest income:		
Time deposits with banks	12,427,256	10,725,470
Loans and advances	8,722,487	14,144,172
Debt securities	6,839,322	-
	<u>27,989,065</u>	<u>24,869,642</u>
Total revenue	<u>30,636,357</u>	<u>27,695,767</u>

5. INTEREST EXPENSE

	2024 HK\$	2023 HK\$
Due to the ultimate holding company	19,663,276	17,922,279
Customers deposits	316	316
	<u>19,663,592</u>	<u>17,922,595</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	Note	2024 HK\$	2023 HK\$
(a) Staff costs:			
Salaries and allowances		3,664,844	3,589,701
Pension scheme contributions		<u>389,976</u>	<u>372,791</u>
		<u>4,054,820</u>	<u>3,962,492</u>
(b) Other items:			
Auditor's remuneration		400,000	399,700
Bank charges		577,946	501,831
Rent related expenses		292,170	265,288
Depreciation and amortisation on property, plant and equipment*	12	763,237	766,966
Membership and registration fee		205,423	202,755
Advertising		370,048	307,967
Business-related activities		<u>359,879</u>	<u>299,605</u>

* The depreciation and amortization on property, plant and equipment is included in "Note 12 Property, plant and equipment". Depreciation includes costs associated with furniture, fixtures, and equipment and building component of ownership interests in land and buildings held for own use. Amortization represents the land component of ownership interests in land and buildings held for own use.

7. BENEFITS AND INTERESTS OF DIRECTORS

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 HK\$	2023 HK\$
Fees	-	-
Other emoluments:		
Salaries, allowances and benefits in kind	956,490	857,169
Pension scheme contributions	<u>112,274</u>	<u>105,176</u>
Total fees and other emoluments	<u>1,068,764</u>	<u>962,345</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8. TAX EXPENSE

Hong Kong profits tax has been provided the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Note	2024 HK\$	2023 HK\$
Current tax			
Provision for the year		<u>405,165</u>	<u>279,250</u>
Deferred tax			
Reversal of temporary differences	14	<u>(2,500)</u>	<u>(14,674)</u>
Income tax charged for the year		<u>402,665</u>	<u>264,576</u>

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

	2024 HK\$	2023 HK\$
Profit before tax	<u>2,376,327</u>	<u>1,935,519</u>
Notional tax on profit before tax, calculated at 16.5% (2023: 16.5%)	392,094	319,361
Tax effect of non-deductible expenses	193,721	128,154
Tax effect of non-taxable income	(12,650)	(17,939)
Tax relief under two-tiered tax rate regime	(165,000)	(165,000)
Overprovision in respect prior years	(2,500)	-
Others	<u>(3,000)</u>	<u>-</u>
Tax expense	<u>402,665</u>	<u>264,576</u>

9. DIVIDENDS

	2024 HK\$	2023 HK\$
Interim – HK\$1.578707 (2023: HK\$0.918033) per ordinary share	<u>1,657,642</u>	<u>963,935</u>

The directors do not recommend the payment of final dividend (2023: Nil) in respect of the year.

NOTES TO FINANCIAL STATEMENTS

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10. LOANS AND ADVANCES TO CUSTOMERS

	2024 HK\$	2023 HK\$
Loan and advances to customers	4,748,881	4,939,700
Less: Impairment	<u>(14,678)</u>	<u>(17,653)</u>
	<u>4,734,203</u>	<u>4,922,047</u>

Movements in the impairment are as follows:

	2024 HK\$	2023 HK\$
At 1 January	17,653	9,934
(Reversal of)/provision for impairment	<u>(2,975)</u>	<u>7,719</u>
At 31 December	<u>14,678</u>	<u>17,653</u>

The Company's credit policy is set out in note 19.

11. INTEREST RECEIVABLE

	2024 HK\$	2023 HK\$
Interest receivable		
Time deposits with banks	436,740	535,235
Loans and advances	4,401,965	7,668,342
Debt securities	<u>516,323</u>	<u>-</u>
	<u>5,355,028</u>	<u>8,203,577</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

12. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in land and building held for own use HK\$	Leasehold improvements HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost or Valuation:				
At 1 January 2023	44,000,000	785,276	1,637,985	46,423,261
Loss on revaluation	(1,413,860)	-	-	(1,413,860)
Elimination of accumulated depreciation	(9,885)	-	-	(9,885)
Elimination of accumulated amortisation	<u>(676,254)</u>	<u>-</u>	<u>-</u>	<u>(676,254)</u>
At 31 December 2023 and at 1 January 2024	41,900,000	785,276	1,637,985	44,323,261
Additions	-	-	102,001	102,001
Loss on revaluation	(2,920,298)	-	-	(2,920,298)
Elimination of accumulated depreciation	(9,667)	-	-	(9,667)
Elimination of accumulated amortisation	<u>(670,035)</u>	<u>-</u>	<u>-</u>	<u>(670,035)</u>
At 31 December 2024	<u>38,300,000</u>	<u>785,276</u>	<u>1,739,985</u>	<u>40,825,262</u>
Accumulated depreciation:				
At 1 January 2023	-	785,276	1,393,457	2,178,733
Charge for the year depreciation	9,886	-	80,826	90,712
Charge for the year amortisation	<u>676,254</u>	<u>-</u>	<u>-</u>	<u>676,254</u>
	686,140	-	80,826	766,966
Elimination of accumulated depreciation	(9,886)	-	-	(9,886)
Elimination of accumulated amortisation	<u>(676,254)</u>	<u>-</u>	<u>-</u>	<u>(676,254)</u>
	<u>(686,140)</u>	<u>-</u>	<u>-</u>	<u>(686,140)</u>
At 31 December 2023 and at 1 January 2024	-	785,276	1,474,283	2,259,559
Charge for the year depreciation	9,667	-	83,535	93,202
Charge for the year amortisation	<u>670,035</u>	<u>-</u>	<u>-</u>	<u>670,035</u>
	679,702	-	83,535	763,237
Elimination of accumulated depreciation	(9,667)	-	-	(9,667)
Elimination of accumulated amortisation	<u>(670,035)</u>	<u>-</u>	<u>-</u>	<u>(670,035)</u>
	<u>(679,702)</u>	<u>-</u>	<u>-</u>	<u>(679,702)</u>
At 31 December 2024	<u>-</u>	<u>785,276</u>	<u>1,557,818</u>	<u>2,343,094</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Ownership interests in land and building held for own use HK\$	Leasehold improvements HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Net carrying value:				
At 31 December 2024	<u>38,300,000</u>	<u>-</u>	<u>182,168</u>	<u>38,482,168</u>
At 31 December 2023	<u>41,900,000</u>	<u>-</u>	<u>163,702</u>	<u>42,063,702</u>
Analysis of cost or fair value:				
At 31 December 2024				
At cost	-	-	182,168	182,168
At valuation	<u>38,300,000</u>	<u>-</u>	<u>-</u>	<u>38,300,000</u>
	<u>38,300,000</u>	<u>-</u>	<u>182,168</u>	<u>38,482,168</u>
At 31 December 2023				
At cost	-	-	163,702	163,702
At valuation	<u>41,900,000</u>	<u>-</u>	<u>-</u>	<u>41,900,000</u>
	<u>41,900,000</u>	<u>-</u>	<u>163,702</u>	<u>42,063,702</u>

Land and buildings of the Company were revalued as at 31 December 2024 and 31 December 2023 based on valuations performed by an independent professionally qualified surveyor, Goldrich Planners & Surveyors Ltd. The interests in lands held for own use in Hong Kong are under long term leases. All leasehold lands of the Company were revalued as at 31 December 2024 and 31 December 2023 based on valuations performed by an independent professionally qualified surveyor, Goldrich Planners & Surveyors Ltd.

All land and buildings held for own use were classified under Level 3 in the fair value hierarchy. During the year, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Below is a summary of the valuation technique used and the key input to the valuation of the land and buildings held for own use

	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	
			2024	2023
Land and buildings held for own use	Market Approach	Weight average of the discount on quality of the buildings	5% - 5.5%	5% - 5.75%

The fair values of land and buildings in Hong Kong are determined using market approach by taking reference to the recent sales price of comparable properties on a price per square foot basis.

If these land and buildings had been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK\$38,300,000 (2023: HK\$41,900,000)

Leasehold improvements, furniture, fixtures and equipment are stated at cost less accumulated depreciation and any impairment loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of the Company's interests in the land use rights are analysed as follows:

	2024 HK\$	2023 HK\$
Held in Hong Kong:		
- Leases of 99 years	<u>38,300,000</u>	<u>41,900,000</u>

The Company owns two properties in Hong Kong, which are 16th Golden Star Building used as the Company office, and Flat H, 15/F Mayson Garden Building used as the staff quarter (together as "Properties"). Both Properties are held for its own use.

Reclassification of Ownership interests in land and buildings held for own use

In prior years, the Company separately disclosed the land and building elements of these two properties in the financial statements. The land element was presented as Prepaid land lease payments as lands in Hong Kong are mostly leased from the Government of the Hong Kong Special Administrative Region ("HKSAR Government"). Both Properties are built on land with 99-year lease term. The building element was grouped with Furniture, fixtures and equipment and presented as Property, plant and equipment in the financial statements.

During the year, management decided to group the land and building elements of both Properties into one asset class as Property, plant and equipment as they are under the similar nature and are used for the Company's operation. We have further explained in note 21 to the financial statements

Properties are then presented as "Ownership interests in land and buildings held for own use" and grouped into Property, plant and equipment instead of disclosing as two separate line items (Prepaid land lease payments and Furniture, fixtures and equipment).

13. DEBT SECURITIES

	2024 HK\$	2023 HK\$
Listed debt securities		
Non-current portion	77,495,292	-
Current portion	<u>299,308,357</u>	<u>-</u>
	<u>376,803,649</u>	<u>-</u>

As at 31 December 2024, listed debt securities represent United States ("US") Government treasury bills denominated in United States dollars ("US\$") carrying interest from 4.125% to 4.250% per annum with maturity ranging from 28 November 2025 to 30 November 2029. They are classified and measured at amortised cost. As further explained in note 19, debt securities are subject to impairment requirements of HKFRS 9, the identified impairment losses were immaterial.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. DEFERRED TAX LIABILITIES

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

Deferred tax liabilities

	Accelerated tax depreciation	2024 Revaluation of ownership interests in land and building held for own use	Total HK\$
	HK\$	HK\$	HK\$
At 1 January 2024	41,282	7,118,769	7,160,051
Credited to profit or loss (note 8)	(2,990)	-	(2,990)
Credited to other comprehensive income	-	(481,849)	(481,849)
	<u>38,292</u>	<u>6,636,920</u>	<u>6,675,212</u>
Gross deferred tax liabilities at 31 December 2024	<u>38,292</u>	<u>6,636,920</u>	<u>6,675,212</u>

Deferred tax assets

	Provision	2024 Tax loss	Total HK\$
	HK\$	HK\$	HK\$
At 1 January 2024	2,913	-	2,913
Credited to profit or loss (note 8)	(490)	-	(490)
	<u>2,423</u>	<u>-</u>	<u>2,423</u>
Gross deferred tax assets at 31 December 2024	<u>2,423</u>	<u>-</u>	<u>2,423</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities

	Accelerated tax depreciation	2023 Revaluation of ownership interests in land and building held for own use	Total HK\$
	HK\$	HK\$	
At 1 January 2023	54,682	7,352,056	7,406,738
Credited to profit or loss (note 8)	(13,400)	-	(13,400)
Credited to other comprehensive income	<u>-</u>	<u>(233,287)</u>	<u>(233,287)</u>
Gross deferred tax liabilities at 31 December 2023	<u>41,282</u>	<u>7,118,769</u>	<u>7,160,051</u>

Deferred tax assets

	Provision HK\$	2023 Tax loss HK\$	Total HK\$
At 1 January 2023	1,639	-	1,639
Credited to profit or loss (note 8)	<u>1,274</u>	<u>-</u>	<u>1,274</u>
Gross deferred tax assets at 31 December 2023	<u>2,913</u>	<u>-</u>	<u>2,913</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2024 HK\$	2023 HK\$
Net deferred tax liabilities	<u>6,672,789</u>	<u>7,157,138</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

15. SHARE CAPITAL AND RESERVES

(a) Share capital

	2024 HK\$	2023 HK\$
Issued and fully paid:		
1,050,000 (2023: 1,050,000) ordinary shares	<u>105,000,000</u>	<u>105,000,000</u>

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.

(b) Statutory surplus reserve fund

The regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes.

(c) Assets revaluation reserve

The assets revaluation reserve comprises all the revaluation gains or losses from leasehold buildings and leasehold lands.

(d) Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

NOTES TO FINANCIAL STATEMENTS

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16. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Cash and short-term funds	15,646,947	29,008,448
Time deposits with banks with original maturity within three months	<u>135,971,729</u>	<u>215,986,623</u>
Total	<u>151,618,676</u>	<u>244,995,071</u>

Cash and short-term funds earn interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company and earn interest at the respective time deposit rates.

17. RELATED PARTY TRANSACTIONS

	Notes	2024 HK\$	2023 HK\$
Due to the ultimate holding company	a	624,051,700	409,026,614
Advances to the ultimate holding company	b	200,622,310	267,068,803
Deposit with the ultimate holding company	c	<u>1,555,764</u>	<u>1,561,866</u>

Notes:

- (a) Represents the amount of deposit from the ultimate holding company, which is unsecured, bears interest rate at 0% - 5.33% (2023: 0% - 5.90%) and repayable on demand. The interest paid in respect of these deposits for the year amounted to HK\$19,663,276 (2023: HK\$17,922,279). The accrued interest payable in respect of these deposits amounted to HK\$4,489,228 (2023: HK\$6,397,167) which has been included in accounts payable and accruals.
- (b) During the year, the Company has acted as a reimbursement bank to provide trade finance to letter of credit negotiating bank or beneficiary bank, under the authenticated instruction from its ultimate holding company. The amount due from ultimate holding company is secured, bears interest rate at 4.74% - 6.15% (2023: 5.57% - 6.34%) and repayable on demand. The interest income in respect of the trade finance for the year amounted to HK\$8,477,973 (2023: HK\$13,903,811), of which HK\$4,376,679 (2023: HK\$7,642,237) has been accrued and included in interest receivable as at 31 December 2024.
- (c) During the year, the Company has placed a deposit to its ultimate holding company which was carried out in the normal course of business. At the end of the reporting period, it amounted to HK\$1,555,764 (2023: HK\$1,561,866). This deposit bears no (2023: no) interest.

NOTES TO FINANCIAL STATEMENTS

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18. LOAN COMMITMENTS

	2024 HK\$	2023 HK\$
Undrawn loan facilities	<u>3,225,833</u>	<u>3,034,196</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments are cash and short-term funds, time deposits with banks, advances to the ultimate holding company, loans and advances to customers, debt securities, interest receivable, amount due to the ultimate holding company, customers deposits, accounts payable and accruals. The main purpose of these financial instruments is to raise finance for the Company's operations, which arise directly from its operations.

The Company's exposure to market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Interest rate risk

The interest rate risk exists when the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates.

The Company considers the interest rate risk to be immaterial since most of the financial instruments are in fixed interest rate.

Foreign currency risk

The Company has transactional currency exposures. The Company is exposed to foreign currency risks through certain revenue and expenses that are denominated in US\$. As US\$ is pegged to Hong Kong dollars ("HK\$"), the Company does not expect any significant movements in the US\$/HK\$ exchange rate. The Company's exposure to foreign currency risk in respect of financial instruments denominated in US\$ is considered to be minimal.

Credit risk

The Company's credit risk is primarily attributable to cash and short-term funds, time deposits with banks, advances to the ultimate holding company, loans and advances to customers, debt securities and interest receivable. Such risk arises from the possibility that a customer or counterparty in a transaction may default.

All the Company's cash and short-term funds and time deposits with banks are held in reputable financial institutions, debt securities are issued by the US Government, which management believes all of these are of high credit quality. The directors of the Company consider the credit risk for such is minimal.

At the end of the reporting period, the Company had a concentration of credit risk as 27% (2023: 49%) of the Company's financial asset which is derived from the ultimate holding company.

NOTES TO FINANCIAL STATEMENTS

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19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

There was no history of default from the ultimate holding company and the advances to the ultimate holding company is repayable on demand. Amounts due from group companies are regularly reviewed and settled regularly unless the amounts are specifically intended to be long-term in nature and the directors of the Company consider the credit risk for such is minimal.

The interest receivables are derived from the advances to the ultimate holding company, debt securities and loans and advances to customers. The directors of the Company consider the credit risk for such is minimal.

Loans and advances to customers are subject to the expected credit loss model. While cash and short-term funds, time deposits with banks, interest receivable, debt securities and advances to the ultimate holding company are also subject to the impairment requirements of HKFRS 9, the identified impairment losses were immaterial.

For Loans and advances to customers, the Company assesses the credit quality of the customers, taking into account the financial positions and past experiences. The Company reviews and revises the terms and customer profiles on a continual basis according to the performance of respective portfolios and market practices.

For other assets, the Company considered the credit risk exposure of the Company is insignificant. None of the financial assets of the Company are past due or impaired. The Company has a credit policy in place and the exposure to this risk is monitored on an ongoing basis, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

As at 31 December 2024 and 2023, the Company's credit risk exposure of Loans and advances to customers for which an ECL allowance is recognised are set out as below.

As at 31 December 2024

	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Total HK\$
Loans and advances to customers	<u>4,748,881</u>	<u>-</u>	<u>-</u>	<u>4,748,881</u>

As at 31 December 2023

	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Total HK\$
Loans and advances to customers	<u>4,939,700</u>	<u>-</u>	<u>-</u>	<u>4,939,700</u>

Liquidity risk

The Company has established liquidity and capital policy which is reviewed regularly by the directors. This policy requires the Company to maintain a conservative level of liquid funds on a daily basis to ensure the availability of adequate liquid funds to meet all obligations and ratio requirements.

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31 December 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2024

	On demand HK\$	Up to 3 months HK\$	3 months to 1 year HK\$	Total HK\$
<u>Liabilities</u>				
Due to the ultimate holding company	131,188,700	194,111,000	298,752,000	624,051,700
Customers deposits	-	311,870	-	311,870
Accounts payable and accruals	-	4,673,549	313,690	4,987,239
Total financial liabilities	131,188,700	199,096,419	299,065,690	629,350,809

As at 31 December 2023

	On demand HK\$	Up to 3 months HK\$	3 months to 1 year HK\$	Total HK\$
<u>Liabilities</u>				
Due to the ultimate holding company	186,816,494	114,432,120	107,778,000	409,026,614
Customers deposits	-	312,336	-	312,336
Accounts payable and accruals	-	3,987,182	3,050,883	7,038,065
Total financial liabilities	186,816,494	118,731,638	110,828,883	416,377,015

20. SUBSEQUENT EVENTS

There have been no events after the reporting period that require adjustments to the financial statements.

21. COMPARATIVE AMOUNTS

As further explained in note 12 to the financial statements, the presentation and disclosures of certain items and balances in the financial statements have been revised. Accordingly, certain prior year and opening balances reclassification have been made and certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

25 APR 2025