

Report of the Directors and Audited Financial Statements

KEB HANA GLOBAL FINANCE LIMITED  
換銀韓亞環球財務有限公司

31 December 2025

KEB HANA GLOBAL FINANCE LIMITED  
換銀韓亞環球財務有限公司

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KEB HANA GLOBAL FINANCE LIMITED

換銀韓亞環球財務有限公司

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of KEB Hana Global Finance Limited (the "Company") for the year ended 31 December 2025.

Principal activities

The Company is a deposit-taking company registered under the Banking Ordinance in Hong Kong and a registered institution under the Securities and Futures Ordinance. It engages in the business of lending, deposit-taking, dealing in securities and brokerage business. There were no significant changes in the nature of the Company's principal activities during the year.

Business review

No business review is presented as the Company has been able to claim an exemption under section 388(3)(b) of the Hong Kong Companies Ordinance (Cap. 622) since it is a wholly-owned subsidiary of KEB Hana Bank, a limited company incorporated in the Republic of Korea.

Recommended dividend

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

Share capital

Details of the Company's share capital are set out in note 17 to the financial statements. There was no movement in the share capital of the Company during the year.

Directors

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

Mr. Han Donghyun	
Mr. Park Youngmin	
Mr. Ro Kwang Kuk	(resigned on 3 April 2025)
Mr. Kim Hyungsoo	
Mr. Seo Joong Gun	(resigned on 20 March 2026)
Mr. Suh Hyongsoo	(appointed on 22 April 2025)
Mr. Kim Young Jun	(appointed on 20 March 2026)

There being no provision in the Company's Article of Association in connection with the retirement of directors, all existing directors continue in office for the following year.

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 directors of the Company 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 transaction, arrangement or contract of significance to which the Company, or any of its holding companies or fellow subsidiaries was a party, and in which the directors of the Company had a material interest subsisted at the end of the year or at any time during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Permitted indemnity provisions

At no time during the year and up to the date of this report, there was, or is, any permitted indemnity provisions being in force for the benefit of any of the directors of the Company or any associate company.

KEB HANA GLOBAL FINANCE LIMITED  
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REPORT OF THE DIRECTORS

Auditors

During the year, Deloitte Touche Tohmatsu resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising.

A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming general meeting.

ON BEHALF OF THE BOARD



.....  
Park Youngmin  
Director

Hong Kong  
23 April 2026



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

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**Independent auditor's report**  
**To the sole member of KEB Hana Global Finance Limited**  
換銀韓亞環球財務有限公司  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the financial statements of KEB Hana Global Finance Limited (the "Company") set out on pages 6 to 38, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other 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 2025, 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.

**Independent auditor's report** (continued)  
**To the sole member of KEB Hana Global Finance Limited**  
換銀韓亞環球財務有限公司  
(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 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.

**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.

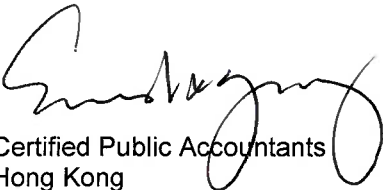
**Independent auditor's report (continued)**  
**To the sole member of KEB Hana Global Finance Limited**  
換銀韓亞環球財務有限公司  
(Incorporated in Hong Kong with limited liability)

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

- 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.

The engagement partner on the audit resulting in this independent auditor's report is SIU, Chun Yue (practising certificate number: P08590).



Certified Public Accountants  
Hong Kong  
23 April 2026

KEB HANA GLOBAL FINANCE LIMITED  
 換銀韓亞環球財務有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 US\$	2024 US\$
Interest income	7	15,352,226	14,877,633
Interest expenses	7	<u>(8,450,030)</u>	<u>(7,921,461)</u>
Net interest income		6,902,196	6,956,172
Fee income	8	<u>3,759,526</u>	<u>3,538,346</u>
Staff costs	9	10,661,722	10,494,518
Other operating expenses		(1,700,093)	(1,668,142)
Reversal of/(charge for) impairment allowance on debt investments at fair value through other comprehensive income ("FVOCI"), net	13	109	(2,550)
Reversal of impairment allowances on loans and advances to customers, net	12	<u>111,243</u>	<u>378,022</u>
PROFIT BEFORE TAX	10	7,344,043	7,301,345
Income tax expense	11	<u>(1,144,793)</u>	<u>(1,156,023)</u>
PROFIT FOR THE YEAR		<u>6,199,250</u>	<u>6,145,322</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at FVOCI:			
- Changes in fair value		114,262	44,699
- Reclassification adjustments for changes included in profit or loss:			
- impairment losses		<u>(109)</u>	<u>2,550</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>114,153</u>	<u>47,249</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>6,313,403</u>	<u>6,192,571</u>

KEB HANA GLOBAL FINANCE LIMITED  
 換銀韓亞環球財務有限公司

STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 US\$	2024 US\$
<b>ASSETS</b>			
Bank balances with the Parent Bank	20	811,339	1,713,234
Bank balances with other financial institutions		402,051	997,044
Loans and advances to customers	12	291,487,241	232,067,228
Debt investments at fair value through other comprehensive income	13	16,461,812	16,080,832
Property and equipment	14	6,570	77,807
Right-of-use assets	14	1,123,343	1,168,076
Intangible assets	15	254,963	254,963
Deferred tax assets	11	100,835	110,589
Prepayments and other receivables		<u>227,730</u>	<u>203,357</u>
<b>TOTAL ASSETS</b>		<u><b>310,875,884</b></u>	<u><b>252,673,130</b></u>
<b>LIABILITIES</b>			
Loans due to the Parent Bank	20	215,351,017	159,174,731
Loan due to other financial institutions		2,021,250	6,053,013
Lease liabilities	14	1,145,282	1,176,828
Provision for reinstatement costs	16	128,399	127,314
Accruals and other payables		129,713	161,507
Tax payable		<u>6,688</u>	<u>199,605</u>
<b>TOTAL LIABILITIES</b>		<u><b>218,782,349</b></u>	<u><b>166,892,998</b></u>
<b>EQUITY</b>			
Share capital	17	50,000,000	50,000,000
Reserves		<u>42,093,535</u>	<u>35,780,132</u>
<b>TOTAL EQUITY</b>		<u><b>92,093,535</b></u>	<u><b>85,780,132</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>310,875,884</b></u>	<u><b>252,673,130</b></u>



.....  
 Park Youngmin  
 Director



.....  
 Kim Hyungsoo  
 Director

KEB HANA GLOBAL FINANCE LIMITED  
 換銀韓亞環球財務有限公司

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Share capital US\$ (note 17)	Fair value reserve US\$ (note 18)	Regulatory reserve US\$ (note 18)	Retained profits US\$	Total US\$
At 1 January 2024	50,000,000	(18,554)	671,994	28,934,121	79,587,561
Profit for the year	-	-	-	6,145,322	6,145,322
Other comprehensive income for the year	-	47,249	-	-	47,249
Transfer from retained profits	-	-	237,340	(237,340)	-
At 31 December 2024 and 1 January 2025	50,000,000	28,695	909,334	34,842,103	85,780,132
Profit for the year	-	-	-	6,199,250	6,199,250
Other comprehensive income for the year	-	114,153	-	-	114,153
Transfer from retained profits	-	-	453,775	(453,775)	-
At 31 December 2025	<u>50,000,000</u>	<u>142,848</u>	<u>1,363,109</u>	<u>40,587,578</u>	<u>92,093,535</u>

KEB HANA GLOBAL FINANCE LIMITED  
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STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 US\$	2024 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		7,344,043	7,301,345
Adjustments for:			
Depreciation	14	703,255	726,053
Interest expenses on lease liabilities	14	45,342	37,828
Interest expenses on provision for reinstatement costs	16	1,085	2,587
Impairment losses on debt investments at FVOCI, net	13	(109)	2,550
Impairment losses on loans and advances to customers, net	12	(111,243)	(378,022)
Recovery of amount previously written off	12	-	400,739
Gain on termination of lease contract		(611)	(1,011)
Operating cash flows before changes in working capital		7,981,762	8,092,069
Changes in working capital:			
Loans and advances to customers		(59,308,770)	(49,640,254)
Debt investments at FVOCI		(266,718)	(6,412,867)
Prepayments and other receivables		(24,373)	19,087
Loans due to the Parent Bank		56,176,286	45,313,906
Loan due to other financial institutions		(4,031,763)	6,053,013
Accruals and other payables		(31,794)	(21,927)
Cash generated from operating activities		494,630	3,403,027
Hong Kong profits tax paid		(1,327,956)	(1,423,742)
Net cash flows (used in)/generated from operating activities		(833,326)	1,979,285
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property and equipment	14	-	(1,020)
Net cash flows used in investing activity		-	(1,020)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Principal portion of lease payments	14	(618,220)	(648,313)
Interest element on lease liabilities	14	(45,342)	(37,828)
Net cash flows used in financing activity		(663,562)	(686,141)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of year		2,710,278	1,418,154
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		1,213,390	2,710,278
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances with the Parent Bank	20	811,339	1,713,234
Bank balances with other financial institutions		402,051	997,044
Cash and cash equivalents as stated in the statement of cash flows		1,213,390	2,710,278

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE INFORMATION

KEB Hana Global Finance Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its registered office and principal place of business is located at Unit 6203A, Level 62, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is a deposit-taking company registered under the Banking Ordinance in Hong Kong and a registered institution under the Securities and Futures Ordinance. It engages in the business of lending, deposit-taking, dealing in securities and brokerage business.

The Company's immediate holding company is KEB Hana Bank (the "Parent Bank"), a limited company incorporated in the Republic of Korea, and the ultimate holding company is Hana Financial Group Inc., and produces financial statements available for public use.

2.1 STATEMENT OF COMPLIANCE

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.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under historical cost convention, except for debt investments at FVOCI which have been measured at fair value. These financial statements are presented in US dollars ("US\$"), which is also the functional currency of the Company.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Company had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Company's presentation currency were exchangeable, the amendments did not have any impact on the Company's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Company has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to HKFRS10 and HKAS28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Company is described below.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES

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 be that 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.

Fees income (including arrangement fee on loans, arrangement fee on debt securities and brokerage income) are accounted for when the performance obligation is satisfied at a point in time when the customer has received the service from the Company, generally when the trades are executed.

*Other income*

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.

Property and equipment and depreciation

Items of property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a 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:

*Owned assets*

Leasehold improvements	Over the unexpired term of the lease
Reinstatement cost	Over the unexpired term of the lease
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

*Right-of-use assets*

Office premises and staff quarters	Over the unexpired term of the lease
Motor vehicles	Over the unexpired term of the lease

The gain or loss on disposal of items of property 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, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets with finite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on non-financial assets below) and are amortised on the straight-line basis over their useful lives. They are tested for impairment annually either individually or at the cash-generating unit level. The amortisation period and amortisation method are reviewed annually.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss in the period when the asset is derecognised.

Financial assets

*Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVPL"), except that at the initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

In addition, the Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

The Company classifies its financial assets at amortised cost. The classification depends on the business model and the contractual cash flow characteristics of the financial assets, or the election of fair value option. Management determines the classification at initial recognition.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

*Classification and subsequent measurement of financial assets* (continued)

Financial assets at amortised cost

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at amortised cost.

These financial assets are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method. Impairment allowances are recognised in profit or loss with corresponding adjustment to an allowance account which reduces the carrying amounts of these assets. If the amount of impairment allowances decreases in subsequent periods, the impairment loss is reversed through profit or loss.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

*Impairment of financial assets*

At initial recognition, impairment allowance is required for expected credit loss (“ECL”) resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (“12-month ECL”).

In the event of a significant increase in credit risk, impairment allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument (“life-time ECL”).

The application of the ECL model will result in three stages of financial assets:

- A financial asset is classified under Stage 1 if it was not credit-impaired upon origination and there has not been a significant increase in its credit risk since inception. Recognition for 12-month ECL is required.
- A financial asset is classified under Stage 2 if it was not credit-impaired upon origination but has since suffered a significant increase in credit risk. Recognition for life-time ECL is required.
- A financial asset which has been credit-impaired with objective evidence of default is classified under Stage 3 and is assessed for life-time ECL.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Measurement of ECL

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets as at the reporting date with the risk of a default occurring on the financial assets as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

*Definition of default*

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above, the Company considers that 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 lagging default criterion is more appropriate.

*Write-off policy*

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Company measures its FVOCI 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.

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

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Impairment of non-financial assets

The Company assesses at the end of each reporting period on where an indication of impairment exists, whether there is an indication that an 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).

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of 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 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.

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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Leases

*The Company as a Lessee*

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 a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

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 the statement of profit or loss.

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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

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 profit or loss.

Employee benefits

*Retirement benefit costs*

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 in the statement of profit or loss as and when the contributions fall due.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in note 2.5 to the financial statements, the directors are required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 11 to the financial statements.

Impairment allowances

The impairment provisions for loans and advances to customers are based on assumptions about expected credit losses. The Company uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is past due as well as the Company's historical credit loss experience and forward-looking information which uses the scenario of Hana Financial Group Inc's stress test based on macroeconomic variables at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss. Further details of the loans and advances to customers are given in note 12 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern, as well as to maintain a strong capital base to comply with the capital requirements under the Banking (Capital) Rules of the Banking Ordinance. The Company's overall strategy is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Company consists of equity, comprising issued capital plus retained profits, fair value reserves of financial assets at FVOCI and regulatory reserves. The Board of Directors of the Company reviews the capital structure by considering the capital adequacy position, the cost of capital and the risk associated with the capital.

The Company has adopted a policy of maintaining a strong capital base to:

- comply with the capital requirements under the Banking (Capital) Rules of the Banking Ordinance; and
- support the Company's stability and business growth so as to provide reasonable returns for shareholders.

Capital adequacy ratio is computed as a ratio of total regulatory capital to the risk-weighted assets.

Capital adequacy position and the use of regulatory capital are monitored closely by the Company's management, employing techniques based on the Banking (Capital) Rules.

The Company has complied with the capital requirements during the current and prior years, and has maintained a capital of above the minimum required ratio set by the Hong Kong Monetary Authority as at the end of the reporting periods.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 according to the Company's financial management policies and practices described below:

*Foreign currency risk*

The Company takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors set limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

At 31 December 2025, approximately 95% of the financial assets (2024: 94%) and 92% of the financial liabilities (2024: 90%) of the Company are denominated in the functional currency of the Company. Accordingly, the Company's exposure to currency risk is minimal and hence no sensitivity analysis has been presented on foreign currency risk.

*Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on both types of interest rate risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movement arise. Fair values of the debt investments at FVOCI may change as a result of the fluctuation in market interest rates. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Interest rate risk (continued)*

The table below summarises the Company's exposure to interest rate risk. Included in the table are the Company's financial assets and financial liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturing dates.

	Weighted average effective interest rate %	Up to 3 months US\$	3 -12 months US\$	1-5 years US\$	Non- interest bearing US\$	Total US\$
<b>At 31 December 2025</b>						
<i>Financial assets</i>						
Bank balances with the Parent Bank and other financial institutions	0.01	632,625	-	-	580,765	1,213,390
Loans and advances to customers	5.10	291,487,241	-	-	-	291,487,241
Other receivables	-	-	-	-	175,305	175,305
Debt investments at FVOCI	4.60	260,469	6,029,950	10,171,393	-	16,461,812
		<u>292,380,335</u>	<u>6,029,950</u>	<u>10,171,393</u>	<u>756,070</u>	<u>309,337,748</u>
<i>Financial liabilities</i>						
Deposits from a bank	4.25	-	2,021,250	-	-	2,021,250
Loans due to the Parent Bank	4.05	86,167,042	129,183,975	-	-	215,351,017
Lease liabilities	3.77	167,820	449,803	527,659	-	1,145,282
Provision for reinstatement costs	-	-	-	-	128,399	128,399
Other payables	-	-	-	-	81,795	81,795
		<u>86,334,862</u>	<u>131,655,028</u>	<u>527,659</u>	<u>210,194</u>	<u>218,727,743</u>
Interest sensitivity gap		<u>206,045,473</u>	<u>(125,625,078)</u>	<u>9,643,734</u>	<u>545,876</u>	<u>90,610,005</u>
<b>At 31 December 2024</b>						
<i>Financial assets</i>						
Bank balances with the Parent Bank and other financial institutions	0.01	1,234,913	-	-	1,475,365	2,710,278
Loans and advances to customers	5.90	232,067,228	-	-	-	232,067,228
Other receivables	-	-	-	-	163,284	163,284
Debt investments at FVOCI	3.46	10,062,698	6,018,134	-	-	16,080,832
		<u>243,364,839</u>	<u>6,018,134</u>	<u>-</u>	<u>1,638,649</u>	<u>251,021,622</u>
<i>Financial liabilities</i>						
Deposits from a bank	4.97	6,053,013	-	-	-	6,053,013
Loans due to the Parent Bank	4.90	91,020,166	68,154,565	-	-	159,174,731
Lease liabilities	3.87	146,175	434,993	595,660	-	1,176,828
Provision for reinstatement costs	2.05	-	-	127,314	-	127,314
Other payables	-	-	-	-	125,589	125,589
		<u>97,219,354</u>	<u>68,589,558</u>	<u>722,974</u>	<u>125,589</u>	<u>166,657,475</u>
Interest sensitivity gap		<u>146,145,485</u>	<u>(62,571,424)</u>	<u>(722,974)</u>	<u>1,513,060</u>	<u>84,364,147</u>

At 31 December 2025, if interest rates had been 50 basis point higher/lower and with all other variables held constant, would have increased/decreased the profit before tax by approximately US\$450,321 (2024: US\$414,255). Other components of equity would not be affected by the changes in interest rates for both years.

The sensitivity analysis above indicates the annualised impact on the Company's interest income and expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis as prior year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk*

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company reviews the respective recognised recoverable amount on an annual basis to ensure that adequate impairment losses are made for irrecoverable amounts. Exposure to credit risk arising from loans and advances to customers is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining guarantees and by creating charges over collateral.

The Company uses a credit performance classification system, similar to that required by the Hong Kong Monetary Authority, to assess the likelihood of default by the customers. At 31 December 2025, a loan is downgraded to Stage 2 amounting US\$12,048,076, other loans and advances are classified as Stage 1 (2024: all loans and advances are classified as Stage 1), with none past due or impaired.

The credit risk arising from liquid funds (including placements and balances with banks and other financial institutions) is limited because the counterparties have high credit ratings assigned by international credit-rating agencies. At 31 December 2025 and 2024, the expected credit loss of the placements and bank balances is immaterial.

At 31 December 2025, the loans and advances to customers and debt investments were due from 50 counterparties (2024: 39 counterparties). There was no significant concentration of credit risk to any single customer. Furthermore, the majority of bank balances are from 2 counterparties (2024: 2 counterparties), including the Parent Bank.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are carrying amounts for financial assets that are subject to the impairment requirements of HKFRS 9.

	12-months	Lifetime ECL			Total US\$
	ECL	Stage 2	Stage 3	Simplified	
	Stage 1 US\$	US\$	US\$	approach US\$	
<u>At 31 December 2025</u>					
Bank balances with the Parent					
Bank and other financial institutions	1,213,390	-	-	-	1,213,390
Loans and advances to customers	279,462,312	12,024,929	-	-	291,487,241
Other receivables	175,305	-	-	-	175,305
Debt investments at FVOCI	<u>16,461,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,461,812</u>
<u>At 31 December 2024</u>					
Bank balances with the Parent					
Bank and other financial institutions	2,710,278	-	-	-	2,710,278
Loans and advances to customers	232,067,228	-	-	-	232,067,228
Other receivables	163,284	-	-	-	163,284
Debt investments at FVOCI	<u>16,080,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,080,832</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

The geographical analysis, which has been classified by the location of the counterparties, is as follows:

	Hong Kong US\$	Korea US\$	Asia Pacific (excluding Hong Kong and Korea) US\$	North America US\$	Europe US\$	Others US\$	Total US\$
<u>At 31 December 2025</u>							
<i>Financial assets</i>							
Bank balances with the Parent							
Bank and other financial institutions	812,794	-	-	400,596	-	-	1,213,390
Loans and advances to customers	4,944,543	243,771,337	12,215,119	12,433,280	12,835,336	5,287,626	291,487,241
Other receivables	175,305	-	-	-	-	-	175,305
Debt investments at FVOCI	-	10,376,810	-	6,085,002	-	-	16,461,812
	<u>5,932,642</u>	<u>254,148,147</u>	<u>12,215,119</u>	<u>18,918,878</u>	<u>12,835,336</u>	<u>5,287,626</u>	<u>309,337,748</u>
<u>At 31 December 2024</u>							
<i>Financial assets</i>							
Bank balances with the Parent							
Bank and other financial institutions	1,714,716	-	-	995,562	-	-	2,710,278
Loans and advances to customers	15,215,106	163,579,206	3,329,620	29,159,657	14,172,301	6,611,338	232,067,228
Other receivables	163,284	-	-	-	-	-	163,284
Debt investments at FVOCI	-	5,018,460	-	11,062,372	-	-	16,080,832
	<u>17,093,106</u>	<u>168,597,666</u>	<u>3,329,620</u>	<u>41,217,591</u>	<u>14,172,301</u>	<u>6,611,338</u>	<u>251,021,622</u>

The following table presents an analysis of debt investments at FVOCI, that was neither past due nor impaired, held by the Company by rating agency designation at the end of the reporting periods, based on ratings of Moody's or their equivalent to the respective issuers of the investments:

	2025 US\$	2024 US\$
<u>Listed</u>		
Aaa	6,085,002	11,062,372
Aa2	10,376,810	5,018,460
	<u>16,461,812</u>	<u>16,080,832</u>

For investments in debt securities, credit limits setting on security issuer basis are used for managing credit risk. The investment in debt securities follows the same approval and control processes as applied for loans and advances to customers. On-going monitoring and stop-loss procedures are established. All the debt securities are assigned a high credit rating by credit agencies.

There are no enforceable master netting arrangements in place at the end of the reporting periods. All financial assets and financial liabilities of the Company will be settled on gross basis under all circumstances.

*Liquidity risk*

The Company is exposed to call on its available cash resources from repayment of loans due to the Parent Bank and other financial institution. The Company has mitigated this risk by obtaining the commitment from the Parent Bank to continually provide financial support to the Company to meet its financial obligations.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

The table below analyses the Company's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting periods to the contractual maturity date.

	On demand US\$	Repayable within 1 month US\$	Repayable after 1 month but within 3 months US\$	Repayable after 3 months but within 1 year US\$	Repayable after 1 year but within 5 years US\$	Repayable in more than 5 years US\$	Undated US\$	Total undiscounted cashflows US\$	Total carrying amount US\$
<b>At 31 December 2025</b>									
<i>Financial assets</i>									
Bank balances with the Parent Bank and other financial institutions	580,765	632,625						1,213,390	1,213,390
Loans and advances to customers	-	1,636,423	12,715,933	45,287,813	260,853,894	-	-	320,494,063	291,487,241
Other receivables	-	-	-	13,878	161,427	-	-	175,305	175,305
Debt investments at FVOCI	-	190,625	115,625	6,151,971	10,902,715	-	-	17,360,936	16,461,812
	<u>580,765</u>	<u>2,459,673</u>	<u>12,831,558</u>	<u>51,453,662</u>	<u>271,918,036</u>	<u>-</u>	<u>-</u>	<u>339,243,694</u>	<u>309,337,748</u>
<i>Financial liabilities</i>									
Loans due to the Parent Bank	-	24,759,661	61,836,240	131,373,276	-	-	-	217,969,177	215,351,017
Loans due to other financial institution	-	-	-	2,042,736	-	-	-	2,042,736	2,021,250
Lease liabilities	-	59,394	118,787	472,090	541,974	-	-	1,192,245	1,145,282
Provision for reinstatement costs	-	-	-	-	128,399	-	-	128,399	128,399
Other payables	-	31,295	-	50,500	-	-	-	81,795	81,795
	<u>-</u>	<u>24,850,350</u>	<u>61,955,027</u>	<u>133,938,602</u>	<u>670,373</u>	<u>-</u>	<u>-</u>	<u>221,414,352</u>	<u>218,727,743</u>
Net liquidity gap	<u>580,765</u>	<u>(22,390,677)</u>	<u>(49,123,469)</u>	<u>(82,484,940)</u>	<u>271,247,663</u>	<u>-</u>	<u>-</u>	<u>117,829,342</u>	<u>90,610,005</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

	On demand US\$	Repayable within 1 month US\$	Repayable after 1 month but within 3 months US\$	Repayable after 3 months but within 1 year US\$	Repayable after 1 year but within 5 years US\$	Repayable in more than 5 years US\$	Undated US\$	Total undiscounted cashflows US\$	Total carrying amount US\$
<i>At 31 December 2024</i>									
<i>Financial assets</i>									
Bank balances with the Parent Bank and other financial institutions	1,475,365	1,234,913	-	-	-	-	-	2,710,278	2,710,278
Loans and advances to customers	-	1,242,898	3,520,050	38,429,489	206,034,403	17,000,867	-	266,227,707	232,067,228
Other receivables	-	-	-	12,107	151,177	-	-	163,284	163,284
Debt investments at FVOCI	-	-	10,121,305	6,139,899	-	-	-	16,261,204	16,080,832
	<u>1,475,365</u>	<u>2,477,811</u>	<u>13,641,355</u>	<u>44,581,495</u>	<u>206,185,580</u>	<u>17,000,867</u>	<u>-</u>	<u>285,362,473</u>	<u>251,021,622</u>
<i>Financial liabilities</i>									
Loans due to the Parent Bank	-	23,715,679	67,854,788	69,565,500	-	-	-	161,135,967	159,174,731
Loans due to other financial institution	-	6,072,065	-	-	-	-	-	6,072,065	6,053,013
Lease liabilities	-	52,360	104,721	459,136	611,299	-	-	1,227,516	1,176,828
Provision for reinstatement costs	-	-	-	-	128,399	-	-	128,399	127,314
Other payables	-	69,361	56,228	-	-	-	-	125,589	125,589
	<u>-</u>	<u>29,909,465</u>	<u>68,015,737</u>	<u>70,024,636</u>	<u>739,698</u>	<u>-</u>	<u>-</u>	<u>168,689,536</u>	<u>166,657,475</u>
Net liquidity gap	<u>1,475,365</u>	<u>(27,431,654)</u>	<u>(54,374,382)</u>	<u>(25,443,141)</u>	<u>205,445,882</u>	<u>17,000,867</u>	<u>-</u>	<u>116,672,937</u>	<u>84,364,147</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company. Nevertheless, mismatches might still occur due to the uncertainty in types and terms of transactions. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Company and its exposures to changes in interest rates and exchange rates.

There are negative net liquidity gaps shown at the end of the reporting periods including “repayable within 1 month”, “repayable after 1 month but within 3 months” and “repayable after 3 months but within 1 year”. This is largely caused by the loans due to the Parent Bank. As the Parent Bank has committed to continually provide financial support to meet the Company’s financial obligations, this loan is expected to be rolled over. Liquidity risk is therefore considered to be minimal.

6. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*Financial instruments carried at fair value*

	<u>Fair value measurement categorised into</u>			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
<u>At 31 December 2025</u>				
Financial assets				
Debt investments at FVOCI	-	16,461,812	-	16,461,812
	<u>-</u>	<u>16,461,812</u>	<u>-</u>	<u>16,461,812</u>
<u>At 31 December 2024</u>				
Financial assets				
Debt investments at FVOCI	-	16,080,832	-	16,080,832
	<u>-</u>	<u>16,080,832</u>	<u>-</u>	<u>16,080,832</u>

During the current and prior years, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of debt investments is determined using broker quotes of the underlying investments.

*Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Company’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

7. INTEREST INCOME AND INTEREST EXPENSES

	Note	2025 US\$	2024 US\$
Interest income arising from			
- Bank balances with the Parent Bank	20	28	25
- Loans and advances to customers		14,631,179	14,242,009
- Debt investments at FVOCI		721,019	635,599
		<u>15,352,226</u>	<u>14,877,633</u>
Interest expenses arising from:			
- Loans due to the Parent Bank	20	8,250,271	7,828,033
- Loans due to other financial institution		153,332	53,013
- Lease liabilities		45,342	37,828
- Provision for reinstatement costs		1,085	2,587
		<u>8,450,030</u>	<u>7,921,461</u>

8. FEE INCOME

	2025 US\$	2024 US\$
<i>Revenue from contracts with customers, recognised at a point in time</i>		
Arrangement fee on loans	697,160	1,428,819
Brokerage income	3,003,681	2,034,364
Others	58,685	75,163
	<u>3,759,526</u>	<u>3,538,346</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. STAFF COSTS

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

	2025 US\$	2024 US\$
<u>Employees' remuneration</u>		
Salaries and allowances	1,300,968	1,297,111
Pension scheme contributions	46,362	37,946
<u>Directors' remuneration</u>		
Fees	51,314	51,277
Other emoluments:		
- Salaries, bonuses and benefit in kind	301,449	281,808
- Pension scheme contributions	-	-
	<u>1,700,093</u>	<u>1,668,142</u>

10. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Note	2025 US\$	2024 US\$
Depreciation of property and equipment	14	71,237	74,661
Depreciation of right-of-use assets	14	632,018	651,392
Interest expense on lease liabilities	14	45,342	37,828
Lease payments not included in the measurement of lease liabilities	14	94,214	89,239
Auditor's remuneration		103,174	117,778
Exchange differences, net		<u>(4,281)</u>	<u>10,524</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits at taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

	2025 US\$	2024 US\$
Current tax - Hong Kong profits tax		
Provision for the year	1,151,475	1,166,506
(Over)/under provision in respect of prior years	<u>(16,436)</u>	<u>2,054</u>
	<u>1,135,039</u>	<u>1,168,560</u>
Deferred tax		
Origination and reversal of temporary differences	<u>9,754</u>	<u>(12,537)</u>
	<u>1,144,793</u>	<u>1,156,023</u>

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

	2025 US\$	2024 US\$
Profit before tax	<u>7,344,043</u>	<u>7,301,345</u>
Tax at statutory income tax rate of 16.5% (2024: 16.5%)	1,211,767	1,204,722
(Over)/under provision in prior year	(16,436)	2,054
Tax effect of expenses not deductible for tax purpose	70,922	42,949
Tax effect of income not taxable for tax purpose	(99,060)	(72,267)
Income tax at concessionary rate	(21,203)	(21,252)
Others	<u>(1,197)</u>	<u>(183)</u>
Income tax expense	<u>1,144,793</u>	<u>1,156,023</u>

Pillar Two income taxes

The Company is within the scope of the Pillar Two model rules. The Company has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Company is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong. The Company will account for the Pillar Two income taxes as current tax when incurred.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. INCOME TAX (continued)

Deferred tax assets recognised

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

	Depreciation allowance in excess of related depreciation US\$	Impairment allowance US\$	Total US\$
At 1 January 2024	32,073	65,979	98,052
Recognised in profit or loss	<u>8,789</u>	<u>3,748</u>	<u>12,537</u>
At 31 December 2024 and 1 January 2025	40,862	69,727	110,589
Recognised in profit or loss	<u>8,601</u>	<u>(18,355)</u>	<u>(9,754)</u>
At 31 December 2025	<u><u>49,463</u></u>	<u><u>51,372</u></u>	<u><u>100,835</u></u>

12. LOANS AND ADVANCES TO CUSTOMERS

	2025 US\$	2024 US\$
Loans and advances to customers	291,798,585	232,489,815
Less: Impairment losses		
- Stage 1	(288,197)	(422,587)
- Stage 2	<u>(23,147)</u>	<u>-</u>
	<u><u>291,487,241</u></u>	<u><u>232,067,228</u></u>

The gross loans and advances to customers classified at different stages are analysed as follows:

	2025 US\$	2024 US\$
Gross loans and advances to customers		
- Stage 1	279,750,509	232,489,815
- Stage 2	<u>12,048,076</u>	<u>-</u>
	<u><u>291,798,585</u></u>	<u><u>232,489,815</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

12. LOANS AND ADVANCES TO CUSTOMERS (continued)

An analysis of changes in the gross carrying amounts and the corresponding loss allowances is as follows:

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<b>Gross amount</b>				
At 1 January 2024	168,447,404	14,402,157	-	182,849,561
New assets originated	127,129,624	-	-	127,129,624
Assets repaid	<u>(63,087,213)</u>	<u>(14,402,157)</u>	<u>-</u>	<u>(77,489,370)</u>
At 31 December 2024 and 1 January 2025	232,489,815	-	-	232,489,815
Transfer to Stage 2	(12,174,808)	12,174,808	-	-
New assets originated	129,961,254	-	-	129,961,254
Assets repaid	<u>(70,525,752)</u>	<u>(126,732)</u>	<u>-</u>	<u>(70,652,484)</u>
At 31 December 2025	<u>279,750,509</u>	<u>12,048,076</u>	<u>-</u>	<u>291,798,585</u>
<b>Loss allowance</b>				
At 1 January 2024	380,849	19,021	-	399,870
New assets originated	160,263	-	-	160,263
Assets repaid	(136,920)	(19,021)	-	(155,941)
Net re-measurement of loss allowance	<u>18,395</u>	<u>-</u>	<u>-</u>	<u>18,395</u>
At 31 December 2024 and 1 January 2025	422,587	-	-	422,587
Transfer to Stage 2	(17,532)	17,532	-	-
New assets originated	90,232	-	-	90,232
Assets repaid	(220,815)	-	-	(220,815)
Net re-measurement of loss allowance	<u>13,725</u>	<u>5,615</u>	<u>-</u>	<u>19,340</u>
At 31 December 2025	<u>288,197</u>	<u>23,147</u>	<u>-</u>	<u>311,344</u>

During the year ended 31 December 2024, the Company has recovered amounts of US\$400,739 previously written off in prior years.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 US\$	2024 US\$
Debt investments at FVOCI listed outside Hong Kong	<u>16,461,812</u>	<u>16,080,832</u>
Analysis by type of issuers as follows:		
- Banks	10,376,810	5,018,460
- Government	<u>6,085,002</u>	<u>11,062,372</u>
	<u>16,461,812</u>	<u>16,080,832</u>

The movements of the debt investments at FVOCI are as follows:

	2025 US\$	2024 US\$
At beginning of year	16,080,832	9,623,266
Redemption	(16,000,000)	(4,700,000)
New investments purchased	16,089,322	10,919,140
Amortisation	177,396	193,727
Net changes in fair value	<u>114,262</u>	<u>44,699</u>
At end of year	<u>16,461,812</u>	<u>16,080,832</u>

During the year ended 31 December 2025, the gross gain in respect of the Company's debt investments at FVOCI recognised in other comprehensive income amounted to US\$114,262 (2024: US\$44,699), of which no amount was reclassified from other comprehensive income to profit or loss (2024: Nil).

The Company applies the general approach to provide for expected credit losses prescribed by HKFRS 9. Movements in the loss allowance for debt investments at FVOCI are as follows:

	2025 US\$	2024 US\$
<u>Stage 1</u>		
At beginning of year	5,753	3,203
Impairment losses, net	<u>(109)</u>	<u>2,550</u>
At end of year	<u>5,644</u>	<u>5,753</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-use assets			Owned assets			
	Office premises and staff quarters US\$	Motor vehicle US\$	Total US\$	Leasehold improvements US\$	Furniture and fixtures US\$	Office equipment US\$	Total US\$
<u>Cost</u>							
At 1 January 2024	1,487,295	40,475	1,527,770	406,623	86,871	310,769	804,263
Additions	1,316,605	-	1,316,605	-	-	1,020	1,020
Termination of lease contracts/disposals	(1,070,307)	(40,475)	(1,110,782)	-	-	(3,874)	(3,874)
At 31 December 2024 and 1 January 2025	1,733,593	-	1,733,593	406,623	86,871	307,915	801,409
Additions	604,534	78,258	682,792	-	-	-	-
Termination of lease contracts/disposals	(450,398)	-	(450,398)	-	-	-	-
At 31 December 2025	<u>1,887,729</u>	<u>78,258</u>	<u>1,965,987</u>	<u>406,623</u>	<u>86,871</u>	<u>307,915</u>	<u>801,409</u>
<u>Accumulated depreciation</u>							
At 1 January 2024	959,661	30,056	989,717	272,853	86,871	293,091	652,815
Provided for the year	640,944	10,448	651,392	68,019	-	6,642	74,661
Written back on termination of lease contracts/disposals	(1,035,088)	(40,504)	(1,075,592)	-	-	(3,874)	(3,874)
At 31 December 2024 and 1 January 2025	565,517	-	565,517	340,872	86,871	295,859	723,602
Provided for the year	617,682	14,336	632,018	65,751	-	5,486	71,237
Written back on termination of lease contracts/disposals	(354,891)	-	(354,891)	-	-	-	-
At 31 December 2025	<u>828,308</u>	<u>14,336</u>	<u>842,644</u>	<u>406,623</u>	<u>86,871</u>	<u>301,345</u>	<u>794,839</u>
<u>Net book value</u>							
At 31 December 2024	<u>1,168,076</u>	<u>-</u>	<u>1,168,076</u>	<u>65,751</u>	<u>-</u>	<u>12,056</u>	<u>77,807</u>
At 31 December 2025	<u>1,059,421</u>	<u>63,922</u>	<u>1,123,343</u>	<u>-</u>	<u>-</u>	<u>6,570</u>	<u>6,570</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

The Company's right of use of office premises and staff quarters represents future lease payments for office premise and staff residences. The office premise is held for own use and the staff residences are held for home staff housing. The office premise is held on a medium-term lease expiring on 31 May 2027 and the staff residences are held on medium-term leases expiring from 1 April 2026 to 4 September 2028.

The Company leases its office used in its operations. Lease for this asset is negotiated for terms of two years with no extension option and all the lease payments are fixed.

Maturity profile of lease liabilities

	2025 US\$	2024 US\$
Within one year	650,271	616,217
After one year but within five years	<u>541,974</u>	<u>611,299</u>
Lease liabilities (undiscounted)	1,192,245	1,227,516
Discount amount	<u>(46,963)</u>	<u>(50,688)</u>
Lease liabilities (discounted)	<u><u>1,145,282</u></u>	<u><u>1,176,828</u></u>

The fair value was determined by discounting the expected future cash flows at prevailing interest rates. The weighted average incremental borrowing rate applied to the lease liabilities recognised at 31 December 2025 was 3.77% (2024: 3.87%) per annum.

Movements of carrying amounts of lease liabilities

	2025 US\$	2024 US\$
At beginning of year	1,176,828	544,737
Additions	682,792	1,316,605
Amortisation	45,342	37,828
Payments	(663,562)	(686,141)
Termination of lease contracts	<u>(96,118)</u>	<u>(36,201)</u>
At end of year	<u><u>1,145,282</u></u>	<u><u>1,176,828</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY AND EQUIPMENT AND LEASES (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

	2025 US\$	2024 US\$
Depreciation charges of right-of-use assets	632,018	651,392
Interest expense on lease liabilities	45,342	37,828
Expense relating to short-term leases (included in staff costs)	6,384	5,911
Expense relating to leases of low-value assets (included in other operating expenses)	<u>87,830</u>	<u>83,328</u>
	<u><u>771,574</u></u>	<u><u>778,459</u></u>

During the year ended 31 December 2025, the Company had total cash outflows for leases of US\$663,562 (2024: US\$686,141). The Company also had non-cash additions of right-of-use assets and lease liabilities of US\$682,792 (2024: US\$1,316,605).

15. INTANGIBLE ASSETS

Intangible assets represent club debentures carried at cost less any subsequent accumulated impairment losses and are amortised on the straight-line basis over their useful lives. For the purpose of impairment testing on club debentures, the recoverable amount has been determined based on its fair value less costs to sell, which is estimated based on prices quoted in the secondary market.

16. PROVISION FOR REINSTATEMENT COSTS

	2025 US\$	2024 US\$
At beginning of year	127,314	124,727
Amortisation	<u>1,085</u>	<u>2,587</u>
At end of year	<u><u>128,399</u></u>	<u><u>127,314</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SHARE CAPITAL

	2025		2024	
	Number of shares	US\$	Number of shares	US\$
Ordinary shares, issued and fully paid:				
At the beginning and end of year	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. NATURE AND PURPOSE OF RESERVES

Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of debt investments at fair value through other comprehensive income until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

Regulatory reserve

The regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes and is distributable to owners of the Company subject to consultation with the Hong Kong Monetary Authority. Changes in the amount are made directly through retained profits.

19. LOANS TO DIRECTORS

The Company did not make any loans to directors during the year ended 31 December 2025 and 2024, which are required to be disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 20. RELATED PARTY TRANSACTIONS

During the year, the Company entered transactions with related parties in the ordinary course of its business. In the opinion of the directors, the transactions were conducted on an arm's length basis. Transactions entered into by the Company during the year and balances with related parties as at 31 December 2025 and 2024 were as follows:

Balances with the Parent Bank

	2025 US\$	2024 US\$
Bank balances with the Parent Bank	811,339	1,713,234
Loans due to the Parent Bank (note)	<u>215,351,017</u>	<u>159,174,731</u>

## Note:

Loans due to the Parent Bank are unsecured, and bear interest at the weighted average rate of 4.05% (2024: 4.90%) per annum and will mature in the first half of 2026 (2024: first half of 2025).

Transactions with the Parent Bank

	2025 US\$	2024 US\$
Interest expenses	8,250,271	7,828,033
Interest income	28	25
Brokerage income	147,020	141,809
Sundry commission paid	432	472
Recharge of information system maintenance and license fee	<u>58,461</u>	<u>50,171</u>

Compensation of key management personnel

The remuneration of directors, who are also the key management during the year, has been disclosed in note 9 to the financial statements.

The remuneration of directors and other key management is determined by the performance of individuals and market trends.

## 21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2026.