CLSA GLOBAL MARKETS PTE. LTD.
(Incorporated in Singapore. Registration Number: 200912282N)

FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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(Incorporated in Singapore)

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For the financial year ended 31 December 2023

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2023

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the financial statements as set out on pages 8 to 58 are drawn up so as to give a true and fair view of the financial position of CLSA Global Markets Pte. Ltd. (the "Company") as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Alexander Eugene Didenkowski
Chung Keat Eric Tan
Jianqiang Xu
Liang Shi
Fooi Hin Lim
Rohit Bhattacharjee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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 shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

Pursuant to a Directors' resolution in writing dated 25 October 2023, KPMG LLP were appointed as the auditors of the Company.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the directors

Fooi Hin Lim Director	Chung Keat Eric Tan Director

31 May 2024

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Independent auditors' report

Members of the Company
CLSA Global Markets Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CLSA Global Markets Pte. Ltd. ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 58.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Valuation of equity linked notes At 31 December 2023, the Company has equity linked notes of US$422,416,000 carried at fair value which are classified as Level 2. We focused on the valuation of the equity linked notes, as the magnitude is material, being 23% of the Company's total liabilities. The valuation of the equity linked notes is derived based on the prices of the underlying securities and marked to market daily.	We performed control testing on a sampling basis over the trade confirmations process which includes the accuracy of the trade details of the equity linked notes. For the year-end valuation, our specialists determined independent prices for the equity linked notes. We compared these to a range of acceptable values. Overall, the valuation of the equity linked notes was assessed to be reasonable.

Emphasis of matter - comparative information

We draw attention to Note 28 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2022 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The financial statements of CLSA Global Markets Pte. Ltd. as at and for the year ended 31 December 2022, excluding the adjustments described in Note 28 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 May 2023.

As part of our audit of the financial statements as at and for the year ended 31 December 2023, we audited the adjustments described in Note 28 that were applied to restate the comparative information presented as at and for the year ended 31 December 2022. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2022, other than with respect to the adjustments described in Note 28 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 28 are appropriate and have been properly applied.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

- Conclude on the appropriateness of management's 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 auditors' 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 auditors' 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Gerard Toh Wen-Wei.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 May 2024

CLSA GLOBAL MARKETS PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2023

	Note	**2023 US$'000**	2022 US$'000 Restated*
Revenue	4	**16,984**	31,221
Other income	5	**37,921**	15,081
Other losses - net	6	**(168)**	(5,606)
Expenses			
- Brokerage commission expenses		**(5,767)**	(6,886)
- Rebates and introduction fees		**(5,592)**	(3,518)
- Employee benefits	7	**(5,453)**	(3,735)
- Office premises		**(26)**	(9)
- Information services and communication		**(566)**	(387)
- Settlement charges		**(1,659)**	(1,498)
- Service fee expense to related corporations		**(7,384)**	(6,201)
- Finance expenses	8	**(10,404)**	(2,711)
- Other operating expenses	9	**(1,116)**	(1,108)
- Reversal of impairment loss		**1**	1
		(37,966)	(26,052)
Profit before income tax		**16,771**	14,644
Income tax expense	10	**(681)**	(1,424)
Profit for the year		**16,090**	13,220
Other comprehensive income			
Item that are or may be reclassified subsequently to profit or loss:			
Debt instrument at fair value through other comprehensive income – net change in fair value		**6**	–
Related tax		**(1)**	–
Other comprehensive income for the year, net of tax		**5**	–
Total comprehensive income for the year		**16,095**	13,220

* Refer to Note 28

The accompanying notes form an integral part of these financial statements.

CLSA GLOBAL MARKETS PTE. LTD.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	**2023 US$'000**	2022 US$'000
ASSETS			
Non-current assets			
Deferred income tax assets	21	**14**	101
Plant and equipment	11	**778**	38
		792	139
Current assets			
Cash and cash equivalents	17	**209,811**	299,175
Financial assets at fair value through profit or loss	12	**305,537**	475,893
Financial assets at fair value through other comprehensive income	13	**10,294**	–
Derivative financial instruments	14	**113,458**	128,377
Amounts due from clients and brokers	15	**714,953**	286,778
Other debtors, deposits and prepaid expenses	16	**24,800**	6,838
Cash collateral placed on securities borrowed	20	**643,326**	380,000
		2,022,179	1,577,061
Total assets		**2,022,971**	1,577,200
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to equity holder of the Company			
Share capital	18	**170,510**	170,510
Other reserve		**5**	–
Retained earnings		**37,639**	21,549
Total equity		**208,154**	192,059
LIABILITIES			
Non-current liabilities			
Other payables and accruals	19	**490**	331
Deferred tax liabilities	21	**1**	–
		491	331
Current liabilities			
Financial liabilities at fair value through profit or loss	12	**422,416**	732,816
Derivative financial instruments	14	**141,500**	146,940
Amounts due to clients and brokers	15	**1,225,320**	498,269
Other payables and accruals	19	**22,989**	4,196
Income tax payable	10	**2,101**	2,589
		1,814,326	1,384,810
Total liabilities		**1,814,817**	1,385,141
Total equity and liabilities		**2,022,971**	1,577,200
Clients' trust accounts			
Bank balances		**27,961**	132,274
Less: Amount held in trust		**(27,961)**	(132,274)
		–	–

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2023

	Share capital US$'000	Other reserve US$'000	Retained earnings US$'000	Total equity US$'000
2023				
Beginning of financial year	**170,510**	**–**	**21,549**	**192,059**
Total comprehensive income for the year				
Profit for the year	**–**	**–**	**16,090**	**16,090**
Net change in fair value of debt investments at FVOCI	**–**	**6**	**–**	**6**
Tax on other comprehensive income	**–**	**(1)**	**–**	**(1)**
Total other comprehensive income	**–**	**5**	**16,090**	**16,095**
End of financial year	**170,510**	**5**	**37,639**	**208,154**
2022				
Beginning of financial year	94,510	–	8,329	102,839
Total comprehensive income for the year				
Profit for the year	–	–	13,220	13,220
Issuance of new shares	76,000	–	–	76,000
End of financial year	170,510	–	21,549	192,059

CLSA GLOBAL MARKETS PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	**2023** **US$'000**	2022 US$'000 Restated*
Cash flows from operating activities			
Profit for the year		**16,090**	13,220
Adjustments for:			
- Interest income		**(34,776)**	(8,295)
- Finance expenses		**10,404**	2,711
- Depreciation		**82**	14
- Reversal of impairment loss		**(1)**	(1)
Tax expense		**681**	1,424
		(7,520)	9,073
Changes in working capital:			
- Financial assets at fair value through profit or loss		**170,355**	186,060
- Financial assets at fair value through other comprehensive income		**(10,288)**	–
- Derivative financial instruments		**9,478**	47,340
- Amounts due from clients and brokers		**(428,177)**	(77,165)
- Other debtors, deposits and prepaid expenses		**(17,958)**	5,204
- Cash collateral placed on securities borrowed		**(263,326)**	(180,000)
- Financial liabilities at fair value through profit or loss		**(310,399)**	(334,522)
- Amounts due to clients and brokers		**727,051**	(81,325)
- Other payables and accruals		**18,952**	27
Cash used in operations		**(111,832)**	(425,308)
Income tax paid	10	**(1,082)**	(97)
Interest received		**34,776**	8,296
Interest paid		**(10,404)**	(2,711)
Net cash used in operating activities		**(88,542)**	(419,820)
Cash flows from investing activity			
Additions to property, plant and equipment	11	**(822)**	(48)
Net cash used in investing activity		**(822)**	(48)
Cash flows from financing activities			
Proceeds from issuance of new shares		**–**	76,000
Net cash generated from financing activities		**–**	76,000
Net decrease in cash and cash equivalents		**(89,364)**	(343,868)
Cash and cash equivalents at the beginning of financial year		**299,175**	643,043
Cash and cash equivalents at the end of financial year	17	**209,811**	299,175

* Refer to Note 28

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 May 2024.

1. Domicile and activities

The Company is a limited liability company incorporated and domiciled in Singapore. The address of its registered office is 80 Raffles Place, #18-01 UOB Plaza, Singapore 048624.

The Company is a holder of the Capital Market Services License issued by the Monetary Authority of Singapore.

The principal activities of the Company are the provision of securities brokerage and related financial services. The Company also provides equity linked securities and equity derivatives products.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") in Singapore. The changes to material accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2. Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

There are no critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 12: Financial assets and liabilities at fair value through profit or loss
- Note 13: Financial assets at fair value through other comprehensive income
- Note 14: Derivative financial instruments
- Note 23.3: Financial Risk Management (Fair value measurement)

2.5 Changes in material accounting policies

New accounting standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2023:

- Amendments to FRS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to FRS 12: International Tax Reform – Pillar Two Model Rules
- Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to FRS 8: Definition of Accounting Estimates

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

<u>Global minimum top-up tax</u>

The Amendments to FRS 12: International Tax Reform – Pillar Two Model Rules provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") and require new disclosures about the Pillar Two tax exposure.

The Company is a subsidiary where its immediate and ultimate holding corporations are tax resident in Hong Kong ("HK") and the People's Republic of China ("PRC") respectively. As at 31 December 2023, HK and PRC have yet to enact legislation to implement global minimum top-up tax.

2. Basis of preparation (continued)

2.5 Changes in material accounting policies (continued)

New accounting standards and amendments (continued)

Global minimum top-up tax (continued)

The government of Singapore announced in 2024 that the domestic minimum top-up tax will be implemented from business financial years starting on or after 1 January 2025. Since no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2023 in the jurisdiction in which the Company operates, therefore the quantitative impact is not yet estimable.

The Company has applied the temporary mandatory exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two, if any.

Material accounting policy information

The Company adopted Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3. Material accounting policies

3.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company’s activities. Revenue is presented net of Goods and Services Tax.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, and when the specific criteria for each of the Company’s activities are met as follows:

3. Material accounting policies (continued)

3.1 Revenue recognition (continued)

(a) *Brokerage commission from securities trading*

Brokerage commission from the provision of brokerage services, which covers equities, over-the-counter derivatives, equity-linked notes, and equity derivative products traded on different exchanges, is recognised on a trade-date basis. Payment is due within a range of 2 to 5 days from the transaction date, depending on the specific exchange and product.

(b) *Service fee income*

Service fee income related to the arrangement and facilitation of brokerage services is recognised when the corresponding services are rendered. Payment is due upon the completion of the services related to the arrangement and facilitation of brokerage services.

(c) *Trading income*

Trading income is recognised on the trade date when gains and losses arise from changes in the fair value of the financial assets/liabilities at fair value through profit or loss. Payment is due upon realisation of the trade positions.

(d) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method. Payment is due upon the maturity of the financial instruments.

3.2 Plant and equipment

(a) *Measurement*

(i) *Plant and equipment*

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

3. Material accounting policies (continued)

3.2 Plant and equipment (continued)

(b) Depreciation (continued)

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within ‘Other gains - net’.

3.3 Impairment

(a) Financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised costs (‘cash and cash equivalents’, ‘amount due from clients and brokers’, ‘amount due from related corporation’, ‘cash collateral on securities borrowed’ and ‘other debtors and deposits’) and debt investments at fair value through other comprehensive income.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

3. Material accounting policies (continued)

3.3 Impairment (continued)

(a) Financial assets (continued)

(i) Simplified approach

The Company applies the simplified approach to provide for ECLs for all amount due from clients and brokers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. Material accounting policies (continued)

3.3 Impairment (continued)

(a) Financial assets (continued)

(ii) General Approach (continued)

The Company generally considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

As of the year ended 31 December 2023, the Company has not recorded any default in its financial assets.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

(iii) Measurement of ECLs (continued)

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For cash and cash equivalents, other debtors and deposits, cash collaterals on securities borrowed, and the debt investments at fair value through other comprehensive income, the Company has applied a 3 stage impairment approach for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage I” and has its credit risk continuously monitored; and
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage II” but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage III”.

3. Material accounting policies (continued)

3.3 Impairment (continued)

(a) Financial assets (continued)

(iv) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the clients;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the clients will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

As of the year ended 31 December 2023, the Company has not recorded any credit-impaired financial assets.

(v) Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

(vi) Write-off

The gross carrying amount of a financial asset is written off, either partially or in full, when there is no realistic prospect of recovery. This is generally occur when the Company determines that the clients do not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off may still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

As of the year ended 31 December 2023, the Company has not written off any financial assets due to non-recovery.

3. Material accounting policies (continued)

3.3 Impairment (continued)

(b) Non-financial assets

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

3.4 Financial assets

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

3. Material accounting policies (continued)

3.4 Financial assets (continued)

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instruments

Debt instruments of the Company mainly comprise of cash and cash equivalents, financial assets at fair value through other comprehensive income, amounts due from clients and brokers, other debtors and deposits and cash collateral on securities borrowed.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets.

Debt instruments – Financial assets at amortised cost

The Company managed this group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, this group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

3. Material accounting policies (continued)

3.4 Financial assets (continued)

(ii) At subsequent measurement (continued)

Debt instruments – FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- To sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Revenue", except for those equity securities which are not held for trading.

(iii) Derecognition

The Company derecognises a financial asset when:
- The contractual rights to the cash flows from the financial asset expire; or
- It transfers the rights to receive the contractual cash flows in a transaction in which either:
  - Substantially all of the risk and rewards of ownership of the financial asset are transferred; or
  - The Company neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.

3.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. Material accounting policies (continued)

3.6 Financial liabilities

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss, and financial liabilities at amortised cost. The classification depends on the nature of the liability and the purpose for which the liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

(a) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are financial liabilities held for trading and those designated at fair value through profit or loss at inception. Financial liabilities designated as at fair value through profit or loss at inception are those that their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Liabilities in this category are presented as current liabilities as they are either held for trading or are expected to be settled within 12 months after the statement of financial position date.

Financial liabilities at fair value through profit or loss are initially measured and subsequently carried at fair value. Any gains or losses from changes in fair value are recognised in profit or loss.

(b) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost include amounts due to clients and brokers, other payables and accruals and cash collateral on securities lent.

Financial liabilities at amortised cost are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the liabilities using the effective interest method.

3.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value.

3. Material accounting policies (continued)

3.8 Amounts due to clients and brokers, and other payables and accruals

Amounts due to clients and brokers, and other payables and accruals represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Amounts due to clients and brokers, and other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.9 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

3.10 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded, over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets and financial liabilities are the current closing prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments. The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3.11 Securities borrowing and lending

Securities borrowing and lending transactions are usually collateralised by cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash placed and received as collateral is recorded with a corresponding asset and liability respectively.

3. Material accounting policies (continued)

3.12 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

3. Material accounting policies (continued)

3.14 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Bonus plans*

The Company recognises a liability and an expense for bonuses. The Company recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Deferred bonus expense has been recognised for the period of service the staff rendered in the current year over the vesting period of each committed bonus pool. The deferred cash discretionary bonus is subject to various vesting conditions and claw-back periods.

(b) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the statement of financial position date.

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(c) *Defined contribution plans*

Defined contribution plans are post-employment benefit plan under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

3.15 Currency translation

The financial statements are presented in United States Dollars which is the functional currency of the Company.

Transactions in a currency other than the United States Dollars (“foreign currency”) are translated into the United States Dollars using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss.

3. Material accounting policies (continued)

3.15 Currency translation (continued)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All foreign exchange gains and losses impacting profit or loss are presented within ‘Other (losses)/ gains - net’.

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.17 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as “Other income”.

Government grants relating to assets are deducted against the carrying amount of the assets.

3.18 Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of FRS 115; and

(b) the amount of expected loss allowance computed using impairment methodology under FRS 109.

3.19 Trust accounts

Trust accounts maintained by the Company to hold client monies are treated as off statement of financial position items.

3.20 Restatement of comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. Revenue

	2023	2022
	US$'000	US$'000
		Restated*
Brokerage commission from securities trading	**16,036**	17,300
Service fee income from related corporations - trade	**1,096**	1,168
Fair value (losses) / gains from financial assets/liabilities at fair value through profit or loss - net	**(148)**	12,753
	16,984	31,221

* Refer to Note 28

5. Other income

	2023	2022
	US$'000	US$'000
		Restated*
Interest income from bank deposits	**5,372**	1,530
Interest income from cash collateral placed on securities borrowed from related corporations	**29,404**	6,765
Reimbursement on capital gains tax - net	**648**	3,995
Other operating income	**48**	119
Residual profit split from related corporations	**2,449**	2,672
	37,921	15,081

* Refer to Note 28

6. Other losses - net

	2023	2022
	US$'000	US$'000
Other fair value losses - net	**(22)**	(42)
Net currency translation losses	**(146)**	(5,564)
	(168)	(5,606)

7. Employee benefits

	2023	2022
	US$'000	US$'000
Salaries, allowances and bonus	**4,925**	3,359
Post-employment benefits	**285**	133
Other short-term benefits	**243**	243
	5,453	3,735

8. Finance expenses

	2023	2022
	US$'000	US$'000
Interest expense on:		
- Bank overdrafts	**48**	99
- Collaterals received for equity swaps sold	**10,012**	2,187
- Borrowings from related corporations	**4**	4
Guarantee fee from related corporations	**340**	421
	10,404	2,711

9. Other operating expenses

	2023	2022
	US$'000	US$'000
Travel and entertainment	**122**	81
Depreciation (Note 11)	**82**	14
Professional fee	**395**	253
Bank charges	**91**	198
Goods and services tax	**363**	512
Others	**63**	50
	1,116	1,108

10. Income taxes

(a) Income tax expense

Tax recognised in profit or loss

	2023 US$'000	2022 US$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**2,103**	2,589
- Deferred income tax (Note 21)	**87**	(17)
	2,190	2,572
Under/(over) provision of prior financial years		
- Current income tax	**(1,509)**	(1,148)
- Deferred income tax (Note 21)	**–**	–
	681	1,424

Tax recognised in OCI

For the year ended

	2023 Before tax $'000	2023 Tax expense $'000	2023 Net of tax $'000	2022 Before tax $'000	2022 Tax expense $'000	2022 Net of tax $'000
Items that will not be reclassified to profit or loss						
Debt instrument at fair value through other comprehensive income – net change in fair value	**6**	**(1)**	**5**	**–**	**–**	**–**

The tax on the Company's profit/loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

10. **Income taxes** (continued)

(a) Income tax expense (continued)

Reconciliation of effective tax rate

	2023 **US$'000**	2022 US$'000
Profit before income tax	**16,771**	14,644
Tax calculated at tax rate of 17% (2022: 17%)	**2,851**	2,490
Effects of:		
- income not subject to tax	**(674)**	(12)
- expenses not deductible for tax purposes	**13**	94
- Over provision of tax in respect of prior years	**(1,509)**	(1,148)
Tax charged	**681**	1,424

Included in the over-provision of tax is USD1,120,000 with respect to utilisation of loss from related corporation under group relief.

(a) Movements in current income tax liabilities

	2023 **US$'000**	2022 US$'000
Beginning of financial year	**2,589**	1,245
Tax paid	**(1,082)**	(97)
Tax expense	**2,103**	2,589
Over provision of tax in respect of prior years	**(1,509)**	(1,148)
End of financial year	**2,101**	2,589

11. Plant and equipment

Computer hardware and software

	2023 **US$'000**	2022 US$'000
Cost		
Beginning of financial year	**206**	158
Additions	**822**	48
End of financial year	**1,028**	206
Accumulated depreciation		
Beginning of financial year	**168**	154
Depreciation charge	**82**	14
End of financial year	**250**	168
Net book value		
End of financial year	**778**	38

12. Financial assets and liabilities at fair value through profit or loss

	As at 31 December 2023		As at 31 December 2022	
	Assets US$'000	**Liabilities US$'000**	Assets US$'000	Liabilities US$'000
Classified as fair value on initial recognition				
Listed equities	**305,537**	**–**	475,893	–
Equity linked notes	**–**	**422,416**	–	732,816
	305,537	**422,416**	475,893	732,816

As at 31 December 2023, US$63,347,000 (2022: US$66,992,000) of the equity linked notes issued by the Company are listed on the Bermuda Stock Exchange.

13. Financial assets at fair value through other comprehensive income

	As at 31 December 2023	
	Assets US$'000	**Liabilities US$'000**
Debt investment	**10,294**	–
During the year, the following amounts were recognised in other comprehensive income:		
Debt instrument at FVOCI – net change in fair value	**6**	–
Related tax	**(1)**	–
	5	–

14. Derivative financial instruments

	Contract/ notional amount US$'000	Fair value Asset US$'000	Fair value Liability US$'000
2023			
Currency forwards	**8,083**	**72**	**16**
Equity swaps	**5,366,765**	**110,911**	**140,373**
Equity options	**16,185**	**975**	**975**
Equity futures	**74,979**	**1,500**	**136**
		113,458	**141,500**
2022			
Currency forwards	444	5	6
Equity swaps	1,043,057	90,652	109,214
Equity options	116,567	37,720	37,720
		128,377	146,940

15. Amounts due from and due to clients and brokers

Amounts due from and due to clients and brokers arise from the ordinary course of business of dealing in securities.

Amounts due from clients include cash collaterals placed with third party clients amounting to US$465,000 (2022: US$383,000), which relate to over-the-counter equity swap transactions.

Amounts due to clients include cash collaterals received from third party clients amounting to US$516,246,000 (2022: US$200,118,000), which relate to over-the-counter equity swap transactions.

Amounts due from and due to related corporations acting as brokers, including collaterals placed and received, are disclosed in Note 25(a).

16. Other debtors, deposits and prepaid expenses

	2023 US$'000	2022 US$'000
Other receivables - gross	**24,196**	6,387
Expected credit loss allowance	**(39)**	(40)
Other receivables - net	**24,157**	6,347
Prepaid expenses	**247**	82
Refundable deposit	**136**	94
Trading deposit	**260**	315
	24,800	6,838

17. Cash and cash equivalents

	2023	2022
	US$'000	US$'000
Cash at bank	**209,811**	299,175

18. Share capital

The Company's share capital comprises 170,510,000 (2022: 170,510,000) fully paid-up ordinary shares with no par value, amounting to a total of US$170,510,000 (2022: US$170,510,000) which is equivalent to S$231,935,000 (2022: S$231,935,000).

19. Other payables and accruals

	2023	2022
	US$'000	US$'000
Current		
Accruals for operating expenses	**1,779**	1,502
Provision for deferred bonus	**318**	235
Provision for staff leave entitlement	**17**	27
Other payables	**20,875**	2,432
	22,989	4,196
Non-current		
Provision for deferred bonus	**490**	331
	490	331
Total other payables and accruals	**23,479**	4,527

At the statement of financial position date, the Company has unrecognised deferred bonus of US$578,000 (2022: US$371,000) payable to employees subject to various vesting and claw-back conditions.

20. Cash collateral on securities borrowed

As at 31 December 2023, US$643,326,000 (2022: US$380,000,000) is placed with CSI Capital Management Ltd for borrowing of equity securities of total market value amounting to US$658,741,000 (2022: US$394,799,000).

21. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income taxes are recognised for bonus provision, unutilised leaves provision, provision for doubtful debts, and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Tax depreciation	**–**	–	**(132)**	(5)
Provision	**146**	106	**–**	–
Financial asset at FVOCI	**–**	–	**(1)**	–
Total	**146**	106	**(133)**	(5)
Set off of tax	**(132)**	(5)	**132**	5
Net deferred tax (assets)/liabilities	**14**	101	**(1)**	–

The movement in deferred income tax balances are as follows:

	Tax depreciation	Provisions	Financial asset at FVOCI	Total
	US$'000	US$'000	US$'000	US$'000
2022				
Balance as at 1 January	(1)	85	–	84
Charged to profit or loss (Note 10)	(4)	21	–	17
Balance as at 31 December	(5)	106	–	101
2023				
Balance as at 1 January	(5)	106	–	101
Charged to profit or loss (Note 10)	(127)	40	–	(87)
Charged to OCI (Note 10)	–	–	(1)	(1)
Balance as at 31 December	(132)	146	(1)	13

22. Contingencies

The Company and other related corporations within the Group has a cash pooling arrangement with a bank under which the Company and other related corporations within the Group shall be jointly and severally liable for all indebtedness and liabilities incurred in respect of any net overdraft created under the Facility.

At the date of the financial position, the bank balance of the Company in the cash pool arrangement is US$90,698,000 (2022: US$207,385,000). There is no net overdraft as at the statement of financial position date.

23. Financial risk management

23.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company follows the overall risk management programme of CLSA B.V. and its subsidiaries (the "Group") which focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is monitored overall by the Group's Risk Management Committee ("RC") which comprises the Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Group Head of FICC, Group Head of EQD, Group Head of Institutional Equities, Chief Legal and Compliance Officer, Head of Treasury and CITICS Chief Risk Officer. Financial risk is managed by the risk management department, which identifies, evaluates and reports financial risks. Risk management is also in close co-operation with the Group's operating units and other group committees and issues guidelines for overall financial risk management and risk exposure limits.

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates.

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar, which is the Company's functional currency. Foreign exchange risk arises from recognised assets and liabilities which are not denominated in the United States Dollar.

The management sets guidelines on the level of net exposure by currency. Treasury personnel in the Group's Finance Department are responsible for monitoring and managing the net position exposure in each foreign currency on a daily basis by (a) using forward foreign exchange contracts and (b) converting excess amounts of foreign currencies into the United States Dollar.

23. **Financial risk management** (continued)

23.1 **Financial risk factors** (continued)

(a) Market risk (continued)

(i) *Foreign exchange risk* (continued)

The table below summarises the Company's significant net foreign currency exchange exposures including outstanding forward foreign exchange contracts to hedge these exposures at statement of financial position date. The Company has assessed all gross foreign currency exposures during the year and the currencies which the Company has the most significant exposures are disclosed.

	AUD US$'000	CHF US$'000	CNY US$'000	DKK US$'000	EUR US$'000	GBP US$'000	HKD US$'000	INR US$'000	JPY US$'000	SGD US$'000	TRY US$'000
2023											
Financial assets											
Amounts due from client and brokers	8,823	61,224	–	171	23,277	32,757	282,700	28,790	157,323	323	1,758
Other debtors and deposits	–	–	1,191	–	–	41	43	24,108	–	167	–
Cash collateral on securities borrowed	–	–	7,201	–	–	–	21,126	–	–	–	–
Cash and cash equivalents	6,490	1	12,798	1	337	294	18,972	900	14	1,629	63
	15,313	61,225	21,190	172	23,614	33,092	322,841	53,798	157,337	2,119	1,821
Financial liabilities											
Amounts due to clients and brokers	15,035	61,224	13,886	171	23,276	32757	304,069	127	157,299	323	1,758
Other payables and accruals	2	–	–	–	4	–	284	–	–	647	-
	15,037	61,224	13,886	171	23,280	32757	304,353	127	157,299	970	1,758
Currency exposure position - net	276	1	7,304	1	334	335	18,488	53,671	38	1,149	63
Forward exchange contracts - notional	–	–	(7)	–	–	–	–	(8,076)	–	–	–
Net exposure	**276**	**1**	**7,297**	**1**	**334**	**335**	**18,488**	**45,595**	**38**	**1,149**	**63**

23. **Financial risk management** (continued)

23.1 **Financial risk factors** (continued)

(a) Market risk (continued)

(i) *Foreign exchange risk* (continued)

	AUD US$'000	CHF US$'000	CNY US$'000	DKK US$'000	EUR US$'000	GBP US$'000	INR US$'000	JPY US$'000	SGD US$'000	TRY US$'000
2022										
Financial assets										
Amounts due from client and brokers	2,106	4,973	–	144	3,928	259	773	10,343	1,332	1,006
Other debtors and deposits	–	–	86	1	1,133	–	–	–	92	–
Cash collateral on securities borrowed	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	3,899	3	4,228	–	334	279	939	633	447	103
	6,005	4,976	4,314	145	5,395	538	1,712	10,976	1,871	1,109
Financial liabilities										
Amounts due to clients and brokers	3,919	4,973	3,629	144	3,929	259	803	10,341	1,332	1,006
Other payables and accruals	–	–	–	–	–	–	–	–	463	–
	3,919	4,973	3,629	144	3,929	259	803	10,341	1,795	1,006
Currency exposure position - net	2,086	3	685	1	1,466	279	909	635	76	103
Forward exchange contracts - notional	–	–	–	–	–	–	(331)	–	–	–
Net exposure	**2,086**	**3**	**685**	**1**	**1,466**	**279**	**578**	**635**	**76**	**103**

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below indicates a sensitivity analysis of exchange rate changes of the currencies to which the Company had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rate against United States Dollars, with all other variables held constant, on profit after tax.

	Assumed change in exchange rates	Increase/(Decrease) **2023** Profit after tax US$'000
AUD against USD	5.0%	
- Strengthened		11
- Weakened		(11)
CHF against USD	5.0%	
- Strengthened		–
- Weakened		–
CNY against USD	5.0%	
- Strengthened		303
- Weakened		(303)
DKK against USD	5.0%	
- Strengthened		–
- Weakened		–
EUR against USD	5.0%	
- Strengthened		14
- Weakened		(14)
GBP against USD	5.0%	
- Strengthened		14
- Weakened		(14)
HKD against USD	5.0%	
- Strengthened		767
- Weakened		(767)
INR against USD	5.0%	
- Strengthened		1,892
- Weakened		(1,892)
JPY against USD	5.0%	
- Strengthened		2
- Weakened		(2)
SGD against USD	5.0%	
- Strengthened		48
- Weakened		(48)
TRY against USD	5.0%	
- Strengthened		3
- Weakened		(3)

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) *Foreign exchange risk* (continued)

	Assumed change in exchange rates	Increase/(Decrease) 2022 Profit after tax US$'000
AUD against USD	7.0%	
- Strengthened		121
- Weakened		(121)
CHF against USD	7.0%	
- Strengthened		–
- Weakened		–
CNY against USD	7.0%	
- Strengthened		40
- Weakened		(40)
DKK against USD	7.0%	
- Strengthened		–
- Weakened		–
EUR against USD	7.0%	
- Strengthened		85
- Weakened		(85)
GBP against USD	7.0%	
- Strengthened		16
- Weakened		(16)
INR against USD	7.0%	
- Strengthened		34
- Weakened		(34)
JPY against USD	7.0%	
- Strengthened		37
- Weakened		(37)
SGD against USD	7.0%	
- Strengthened		4
- Weakened		(4)
TRY against USD	7.0%	
- Strengthened		6
- Weakened		(6)

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Company is exposed to equity price risk through its investment holdings, which are classified in the statement of financial position as financial assets and liabilities at fair value through profit or loss. Price risk is monitored by the Group's Market Risk Committee and Corporate Risk Management personnel in accordance with the trading limits segmented into country limits and portfolio limits, as approved by the Group's ultimate parent company.

In July 2014, the Company commenced a new Asian Securities Programme ("ASP") business whereby it issues equity linked products (equity linked notes and equity swaps) to its clients and then purchases the underlying securities and equity swaps to hedge the risk when the equity linked products are sold to external clients. The price risk associated with the programme is fully transferred to holders of the equity linked products.

The underlying securities and equity linked notes are reflected as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss respectively (Note 12), financial assets at fair value through other comprehensive income (Note 13) and equity swaps are included as derivative financial instruments (Note 14).

Price risk also arises from the investment in debt securities, which are classified in the statement of financial position as financial assets at fair value through other comprehensive income.

For a 5% increase or decrease in the value of equity securities, assuming all other variables remain constant, the impact on profit or loss of the Company for the financial year ended 31 December 2023 would have been an increase or decrease of US$15,276,000 (2022: US$23,794,000). The associated price risk from these fluctuations would be transferred to the equity linked products.

For a 5% increase or decrease in the value of debt securities, assuming all other variables remain constant, the impact on other comprehensive income of the Company for the financial year ended 31 December 2023 would have been an increase or decrease of US$514,000 (2022: US$Nil).

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Company is also exposed to price risk arising from dealing errors incidental to the principal broking activity that lead to the need to take on proprietary positions. Such positions are reported as financial assets at fair value through profit or loss on the statement of financial position, and the associated fair value movement is recognised in profit or loss as “Other fair value gains / (losses) - net” (Note 6). These positions will be immediately covered once identified.

(iii) Cash flow and fair value interest rate risks

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 fair value of a financial instrument will fluctuate due to changes in market interest rates.

The table below summarises the Company’s exposure to cash flow and fair value interest rate risks, categorised by the earlier of contractual repricing or maturity dates.

	Less than 1 month US$’000
At 31 December 2023	
Financial assets at fair value through other comprehensive income	**10,294**
Cash collateral placed on securities borrowed	**643,326**
Cash and cash equivalents	**202,927**
Net assets	**856,547**
Equity swaps - notional	**104,202**
Net exposure	**960,749**

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

	Less than 1 month US$'000
At 31 December 2022	
Cash collateral placed on securities borrowed	380,000
Cash and cash equivalents	277,380
Net assets	657,380
Equity swaps - notional	36,596
Net exposure	693,976

At statement of financial position date, if interest rates on the above had been 10 basis points higher or lower, with all other variables held constant, the Company's interest income would have been US$961,000 higher or lower for the financial year ended 31 December 2023 (2022: US$694,000).

(b) Credit risk

Credit risk is monitored by the Group's Risk Committee, Corporate Risk Management personnel and the Group's Treasury personnel.

The Company is exposed to credit risk, which is the risk that a counterparty is unable to pay amounts in full when due. It arises primarily from (a) derivative financial instruments, (b) amounts due from clients and brokers, (c) other debtors and deposits, (d) cash collateral placed on securities borrowed, (e) cash at bank, and (f) debt instruments at fair value through other comprehensive income.

The carrying amount of financial assets recorded on the statement of financial position, grossed up for any allowances for losses, and clients' monies held in trust represent the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

23. **Financial risk management** (continued)

23.1 **Financial risk factors** (continued)

(b) Credit risk (continued)

(i) *Maximum exposure to credit risk*

The maximum exposure to credit risk for each class of financial instruments as at the statement of financial position date is as follows:

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount in balance sheet US$'000	Maximum exposure to credit risk US$'000	Carrying amount in balance sheet US$'000	Maximum exposure to credit risk US$'000
Derivative financial instruments	**113,458**	**113,458**	128,377	128,377
Financial assets and liabilities at fair value through profit or loss	**–**	**–**	–	–
Financial assets and liabilities at fair value through other comprehensive income	**10,294**	**10,294**	–	–
Amounts due from clients and brokers	**714,953**	**714,953**	286,778	286,778
Other debtors and deposits	**24,436**	**24,436**	6,669	6,669
Cash collateral on securities borrowed	**643,326**	**643,326**	380,000	380,000
Cash and cash equivalents	**209,811**	**209,811**	299,175	299,175
	1,716,278	**1,716,278**	1,100,999	1,100,999

Derivative financial instruments

Derivative financial instruments include equity swaps, equity options, equity futures and currency forwards. The credit risk arising from the equity swaps is mitigated by cash collaterals received amounting to US$537,155,000 (2022: US$211,075,000). They are neither past due nor impaired.

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

Amounts due from clients and brokers

The Company's exposure to amounts due from clients and brokers is as follows:

	2023	2022
	US$'000	US$'000
Amounts due from		
- Clients	**315,877**	93,465
- Brokers	**399,076**	193,313
	714,953	286,778

Amounts due from clients and brokers are neither past due nor impaired. They are substantially receivables from companies with a good collection track record with the Company.

Due to the nature of the Company's business, the Company has significant amounts of receivables due from clients and brokers as at the statement of financial position date. To mitigate its credit risk exposure to these trade receivables, the Company rigorously selects counterparties and diversifies its clientele. The Company requires the clients/counterparties to meet the Group's established Know-Your-Client requirements and compliance check in order to establish a relationship. These include the clients' financial situations, investment experience, investment objectives relevant to the financial services to be provided by the Company and net worth requirements.

Most transactions with these counterparties are settled on a delivery-versus-payment ("DVP") basis, whereby transactions are settled or paid for upon delivery. The Credit Committee considers such DVP transactions as fully collateralised and sufficient to mitigate the Company's credit risk exposures. With respect to Free-of-Payment transactions, credit due diligence reviews and additional monitoring procedures have been implemented.

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

Amounts due from clients and brokers (continued)

The Company places deposits with brokers and exchanges for business reasons. These brokers are all approved by the Group Credit Committee. The Group Credit Committee approves these counterparties after a formal review for risk and creditworthiness by the Group Corporate Risk Management's ("CRM") credit department. CRM monitors and reports on the exposures on these counterparties via daily exposure reports on the level of deposits across all counterparties, with the report formally reviewed by the Group Credit Committee.

Amounts due from related corporations

Amounts due from related corporations arise mainly from services provided by the Company as a broker (Note 25(a)). They are neither past due nor impaired. The amount of the allowance on amount due from related corporations is negligible.

Cash and cash equivalents and clients' monies held in trust

Cash and cash equivalents and clients' monies held in trust are deposited only with banks which are approved by ALCO. The table below summarises the credit ratings of all counterparties at the statement of financial position date. The amount of the allowance on cash and cash equivalents is negligible.

	2023 US$'000	2022 US$'000
Standard & Poor's long-term issuer credit rating		
Cash and cash equivalents		
AA	**1,820**	5,616
AA-	**192,082**	214,187
A+	**15,676**	79,331
A	**1**	35
A-	**205**	–
BBB+	**25**	–
BBB	**–**	1
BB-	**2**	5
	209,811	299,175
Clients' monies held in trust		
A+	**11,092**	7
AA-	**16,869**	132,267
	27,961	132,274

23. **Financial risk management** (continued)

23.1 **Financial risk factors** (continued)

(b) Credit risk (continued)

(ii) Expected credit loss allowance

Expected credit loss measurement

The measurement of expected credit loss ("ECL") allowance is an area that require the use of models and assumptions about future economic conditions and credit behaviour of the client (such as the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determine criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL.

Movement in credit loss allowances for financial assets are set out as follows:

	Other debtors and deposits US$'000
2023	
Balance at 1 January 2023	**40**
Reversal of unutilised amount	**(1)**
Balance at 31 December 2023	**39**
2022	
Balance at 1 January 2022	41
Reversal of unutilised amount	(1)
Balance at 31 December 2022	40

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to fund assets or meet its contractual obligations when they fall due. This risk could potentially arise as a result of a statement of financial position mismatch in amount, tenor and composition of funding and liquidity to support the assets.

The Group's Liquidity Risk Management Framework is designed to ensure that it is able to meet its funding requirements as they fall due under a range of market conditions. This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. The Group's Risk and Treasury Department's interpretation of Basel's Principles for Sound Liquidity Risk Management in the context of a non-banking financial institution is also adopted. Liquidity risk is monitored by the Group's Treasury and Risk personnel.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash outflows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	1 month to 3 months	3 months to 1 year	Total
	US$'000	US$'000	US$'000
At 31 December 2023			
Financial liabilities at fair value through profit or loss	**422,416**	**–**	**422,416**
Amounts due to clients and brokers	**1,225,320**	**–**	**1,225,320**
Other payables and accruals	**21,068**	**122**	**21,190**
	1,668,804	**122**	**1,668,926**
At 31 December 2022			
Financial liabilities at fair value through profit or loss	732,816	–	732,816
Amounts due to clients and brokers	498,269	–	498,269
Other payables and accruals	2,663	138	2,801
	1,233,748	138	1,233,886

23. Financial risk management (continued)

23.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the derivative financial liabilities of the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 3 months US$'000	3 months to 1 year US$'000	Over 1 year US$'000	Total US$'000
At 31 December 2023				
Gross-settled:				
Currency forwards				
- Receipts	**8,102**	**–**	**–**	**8,102**
- Payments	**(8,099)**	**–**	**–**	**(8,099)**
Equity option	**565**	**410**	**–**	**975**
Equity futures	**136**	**–**	**–**	**136**
Net-settled:				
Equity swaps	**140,373**	**–**	**–**	**140,373**
At 31 December 2022				
Gross-settled:				
Currency forwards				
- Receipts	444	–	–	444
- Payments	(445)	–	–	(445)
Equity option	37,213	507	–	37,720
Net-settled:				
Equity swaps	109,214	–	–	109,214

23. **Financial risk management** (continued)

23.1 **Financial risk factors** (continued)

23.2 Capital risk

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

- to support the Company's stability and growth; and

- to fulfil the regulatory capital requirements under the Singapore Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations 2002 issued by the Monetary Authority of Singapore.

The capital structure of the Company consists of share capital and accumulated gains.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure so as to maximise shareholder value, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Company is required to maintain a base capital of $5,000,000 in respect of its licensed activities, pursuant to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services License) Regulations 2002 (the "Regulations"). The Company is also required under the Regulations to notify the MAS if its financial resources fall below 120% of its total risk requirement. Base capital, financial resources and total risk requirement are defined in the Regulations.

The Company is in compliance with all externally imposed capital requirements during the financial year.

23.3 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

23. Financial risk management (continued)

23.3 Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
At 31 December 2023				
Assets				
Financial assets at fair value through profit or loss				
- Listed equities	**305,537**	**–**	**–**	**305,537**
Financial assets at fair value through other comprehensive income				
- Debt instrument	**10,294**	**–**	**–**	**10,294**
Derivatives				
- Currency forwards	**–**	**72**	**–**	**72**
- Equity swaps	**–**	**110,911**	**–**	**110,911**
- Equity options	**–**	**975**	**–**	**975**
- Equity futures	**–**	**1,500**	**–**	**1,500**
	315,831	**113,458**	**–**	**429,289**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Equity linked notes	**–**	**422,416**	**–**	**422,416**
Derivatives				
- Currency forwards	**–**	**16**	**–**	**16**
- Equity swaps	**–**	**140,373**	**–**	**140,373**
- Equity options	**–**	**975**	**–**	**975**
- Equity futures	**–**	**136**	**–**	**136**
	–	**563,916**	**–**	**563,916**
At 31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Listed equities	475,893	–	–	475,893
- Equity linked notes	–	–	–	–
Derivatives				
- Currency forwards	–	5	–	5
- Equity swaps	–	90,652	–	90,652
- Equity options	–	37,720	–	37,720
	475,893	128,377	–	604,270
Liabilities				
Financial liabilities at fair value through profit or loss				
- Equity linked notes	–	732,816	–	732,816
Derivatives				
- Currency forwards	–	6	–	6
- Equity swaps	–	109,214	–	109,214
- Equity options	–	37,720	–	37,720
	–	879,756	–	879,756

23. Financial risk management (continued)

23.3 Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise listed equity instruments classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial instruments comprise equity linked notes, currency forwards, equity swaps and equity options. The fair value of equity linked notes, equity swaps and equity options are highly correlated to the market value for the underlying equities that are quoted in an active market. The fair value of currency forwards is determined using quoted forward currency rates at the statement of financial position date.

The carrying amounts of all financial assets and liabilities on the statement of financial position approximate their fair values.

23.4 Financial instruments by category

The carrying amount of the financial assets and liabilities at fair value through profit or loss, fair value through other comprehensive income, and derivative financial instruments are presented respectively in Note 12, 13, and 14 of the financial statements.

The aggregate carrying amounts of financial assets at amortised cost less expected credit losses, and financial liabilities at amortised cost are as follows:

	2023 **US$'000**	2022 US$'000
Financial assets at amortised cost	**1,592,487**	972,582
Financial liabilities at amortised cost	**1,246,510**	501,070

23. Financial risk management (continued)

23.5 Offsetting financial assets and financial liabilities

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

		Related amounts set off in the statement of financial position			Related amounts not set off in the statement of financial position		
	Note	Gross amounts - financial instruments US$'000	Gross amounts - financial instruments US$'000	Net amounts - financial instruments subject to netting US$'000	Financial assets/ (liabilities) US$'000	Financial collateral (received)/ paid US$'000	Net amount US$'000
2023							
Financial assets							
Amounts due from clients and brokers	15	27,253	(26,788)	465	–	–	465
Other debtors, deposits and prepaid expense	16	3,347	–	3,347	–	–	3,347
Derivative financial instrument - Equity swaps	14	188,650	(77,739)	110,911	–	(110,911)	–
Financial liabilities							
Amounts due to clients and brokers	15	563,943	(26,788)	537,155	–	–	537,155
Other payables and accruals	19	2,572	–	2,572	–	–	2,572
Derivative financial instrument - Equity swaps	14	218,112	(77,739)	140,373	–	(140,373)	–

23. Financial risk management (continued)

23.5 Offsetting financial assets and financial liabilities (continued)

	Note	Related amounts set off in the statement of financial position			Related amounts not set off in the statement of financial position		
		Gross amounts - financial instruments	Gross amounts - financial instruments	Net amounts - financial instruments subject to netting	Financial assets/ (liabilities)	Financial collateral (received)/ paid	Net amount
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2022							
Financial assets							
Amounts due from clients and brokers	15	9,163	(8,780)	383	–	–	383
Other debtors, deposits and prepaid expense	16	4,165	(1,083)	3,082	–	–	3,082
Derivative financial instrument - Equity swaps	14	110,899	(20,247)	90,652	–	(90,652)	–
Financial liabilities							
Amounts due to clients and brokers	15	219,855	(8,780)	211,075	–	–	211,075
Other payables and accruals	19	2,416	(1,083)	1,333	–	–	1,333
Derivative financial instrument - Equity swaps	14	129,461	(20,247)	109,214	–	(109,214)	–

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and its respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

24. Immediate and ultimate holding corporations

The Company's immediate holding corporation is CLSA B.V., incorporated in the Netherlands. The ultimate holding corporation is CITIC Securities Company Limited, incorporated in the People's Republic of China. CITIC Securities Company Limited is listed on Shanghai Stock Exchange & The Stock Exchange of Hong Kong Limited.

25. Related party balances and transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related corporations in these financial statements refer to members of the ultimate holding corporation's group of companies.

Service fee income/expense for services rendered by the Company/related corporations are calculated on a cost-plus basis. Such services comprise shared support services (including regional management, use of office space and equipment), sales, sales trading, research, settlement and clearing services.

Amounts due from/to related corporations are unsecured, interest free and repayable on demand.

In addition to those disclosed elsewhere in the financial statements, significant related party balances and transactions which were carried out in the normal course of the Company's business are as below:

25. **Related party balances and transactions** (continued)

(a) Statement of financial position items

	2023 US$'000	2022 US$'000
Derivative financial instruments asset from/(to) related corporations - net	**(125,593)**	(67,736)
Amounts due from clients and brokers - with related corporations	**680,053**	266,630
Other debtors, deposits and prepaid expenses - with related corporations	**13,252**	5,042
Cash collateral placed on securities borrowed	**643,326**	380,000
Amounts due to clients and brokers - with related corporations	**586,631**	246,075
Other payables and accruals - with related corporations	**14,141**	1,400

(b) Statement of comprehensive income items

	2023 US$'000	2022 US$'000
Brokerage commission from related corporations	**11,362**	12,898
Service fee income from related corporations	**1,096**	1,169
Residual profit split from related corporations	**7,107**	8,286
Brokerage commission expense to related corporations	**3,579**	5,851
Rebates and introduction fees to related corporations	**1,565**	2,328
Residual profit split to related corporations	**4,658**	5,614
Fair value losses/ (gains) from related corporations	**(25,214)**	193,499

25. Related party balances and transactions (continued)

(c) Key management personnel compensation

Key management personnel comprise directors of the Company.

None of the directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's related corporation within the group, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

26. New or revised accounting standards and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- Amendments to FRS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*
- *Amendments to FRS 116: Lease Liability in a Sale and Leaseback*
- *Amendments to FRS 21: Lack of Exchangeability*

27. Comparative information

The financial statements for the year ended 31 December 2022 were audited by another firm of Chartered Accountants.

28. Comparative figures

Certain comparative figures have been reclassified to be consistent with current year's presentation.

	Balance as previously reported **$'000**	Adjustments **$'000**	Balance as restated **$'000**
2022			
Statement of comprehensive income			
Revenue	39,507	(8,286)	31,221
Other income	12,409	2,672	15,081
Residual profit split to related corporation	(5,614)	5,614	–
Statement of cash flows			
Cash flows from operating activities	(417,109)	(2,711)	(419,820)
Interest paid	–	(2,711)	(2,711)
Cash flow from financing activities	73,289	2,711	76,000
Interest paid	(2,711)	2,711	–