利通太平洋金融控股有限公司

Net Pacific Financial Holdings Limited

ANNUAL
REPORT
2023

Every Effort Put In Will
Translate Into Gains

CONTENTS

CORPORATE **PROFILE**

Net Pacific Financial Holdings Limited ("**Net Pacific**", and together with its subsidiaries, the "**Group**") is an investment company specialising in providing financing services and access to capital primarily to small and medium-sized enterprises (**SMEs**) in the People's Republic of China ("**PRC**"), and Hong Kong Special Administrative Region ("**HKSAR**"). With a strong emphasis on sustainable growth, the Group expanded into the operations of a Golf business and travel product solutions business, namely the Luggage business.

Financing Services

Our range of financing services includes working capital financing via asset-backed loans and mezzanine loans secured by floating or fixed charges over specific assets or shares of the borrower or guaranteed by major shareholders. This comprehensive approach ensures flexibility and stability in meeting the financing requirements of our clients while minimising downside risks to our Group. We focus on optimising investments in companies with strong fundamentals and growth potential. Our investments are strategically structured in the form of convertible loans or preferred shares with capital protection mechanisms to safeguard our interests. By maintaining a prudent operational approach, we aim to capitalise on emerging opportunities while mitigating risks effectively.

Golf Business

The acquisition of the Golf Business marks a strategic expansion into the sale of golf simulators and operator of indoor golf simulator venues in the PRC. Led by a seasoned team with extensive experience in golf-related operations, including coaching, training centres, and brand marketing, this venture aligns with our goal of sustainable growth and revenue diversification. Leveraging a scalable business model and expertise, we anticipate a steady income stream from this venture, further contributing to our overall success.

Luggage Business*

Recognizing the potential in the rebounding travel industry post-COVID-19, Net Pacific has ventured into the travel product solutions business through the Joint Venture and Acquisition. Our Luggage Business specializes in hard case luggage manufacturing and sales in the Business-to-Business sector. Backed by an experienced management team with expertise in manufacturing and sales networks, this initiative positions us for scalable growth and diversification of revenue streams, tapping into the resurgence of travel demand domestically and globally.

At Net Pacific, we are dedicated to fostering sustainable growth and creating value for our clients, shareholders and stakeholders. With a focus on innovation, diversification, and prudent risk management, we are poised to drive mutual success and prosperity for all stakeholders.

**The acquisition of the Luggage Business is expected to be completed by 31 May 2024*

CHAIRMAN'S **MESSAGE**

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Net Pacific Financial Holdings Limited ("**Net Pacific**", and together with its subsidiaries, the "**Group**"), we are pleased to provide you with an update on the Group's business overview and financial performance for the financial year ended 31 December 2023 ("**FY2023**").

The prevailing economic conditions continue to present challenges, marked by weak growth recovery and the persistent uncertainty surrounding geopolitical tensions. In these dynamic times, it is imperative for us to remain vigilant, adaptive, and strategically positioned to capitalise on emerging opportunities.

In our pursuit of sustainable growth, the Board has navigated through the complex economic landscape and business environments in the Hong Kong Special Administrative Region and the People's Republic of China (**"PRC**") markets. The re-opening of the PRC is expected to receive a boost from increased global activities. We are pleased to report that, to date, our customer base in relation to our financing services business has shown resilience, with no exceptional issues arising from our clients. We remain vigilant in monitoring developments that may impact their operations and our business.

Transformational Journey

FY2023 has been a year of transformation.

As part of the Board's commitment to enhancing shareholder value, we have strategically explored opportunities to acquire controlling stakes in operating businesses in the PRC. This strategic shift is driven by greater growth potential and prospect of achieving higher profit margins as compared to the existing financing services business. In addition, the Group is able to finance operating businesses through the access of bank loans for operating businesses, given that the turnover and total assets are being recorded in the books of the Group. This provides a valuable avenue for securing additional funds and maximising working capital for the businesses and the Group.

Our ongoing pursuit of potential investments has led to the Group's expansion into the Golf and Luggage businesses. On 23 February 2024, the Group convened an Extraordinary General Meeting ("**EGM**") to seek approval of shareholders in relation to the Proposed Joint Venture and Acquisition and Proposed Diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

<u>Golf Business</u>
The successful acquisition of the Golf Business has enabled the Group to expand our footprint into the sale of golf simulators and the operation of indoor golf simulator venues in the PRC. This strategic move aligns with the Group's goal for sustainable growth and revenue stream diversification. The Golf Business is led by a seasoned team of key management personnel with extensive experience in running golf-related operations, including coaching, training centres, brand marketing, and planning. Given the scalable business model and expertise of our management team, we anticipate a steady income stream from this venture.

<u>Luggage Business</u>
With the global response to COVID-19 being treated as endemic and the re-opening of the PRC, the travel industry is expected to rebound given that more people, both in the PRC and worldwide are expected to travel. Notably, the Group's expansion into the travel product solution business through the Joint Venture and Acquisition aligns with our strategy to acquire and control businesses for scalable growth and diversification of revenue streams. The Group's Luggage Business is engaged in hard case luggage manufacturing and sales in the Business-to-Business arena. The experienced management team will bring to the Luggage Business manufacturing experience and sales network respectively. The Board is optimistic that the Luggage Business will not only contribute to our revenue but also play a pivotal role in the financial performance of the Group.

FY2023 Key Financial Highlights

In FY2023, the Group recorded a revenue of HK$3.3million, which is comparable to that in the financial year ended 31 December 2022 ("**FY2022**") as the Group's loan portfolio has remained the same. As the Group diversified into the Golf Business in December 2023, the contribution from this new business is not material.

Total administrative expenses of the Group was higher in FY2023 as compared to FY2022 mainly due to higher professional fees incurred in FY2023 as the Group had been exploring and reviewing investment opportunities to diversify its business.

Other income was higher in FY2023 as it included a gain on disposal of completed units as explained under Note 4 of the financial statements (page 85 of this Annual Report).

Other expenses relate mainly to the expected credit loss of HK$1.9 million made on the amount due from an external buyer of financial asset at fair value through profit or loss in prior periods, further details as provided on page 93 at Note 14 to the financial statements.

As a result of the foregoing, the Group reported a net loss of HK$5.5 million in FY2023 as compared to a net loss of HK$3.5 million in FY2022.

Looking Ahead

The Group's existing financing services businesses and operations will continue as usual. The Board is committed to ensuring adequate financial strength to support the growth of our new businesses. With operating businesses within the Group, our better ability to secure additional funds through bank loans is a strategic move to enhance our working capital. By doing so, we can optimise our operational efficiency and unlock the potential for greater returns, benefiting both businesses and our esteemed shareholders. This approach underscores our commitment to creating sustainable value and enhancing shareholder value.

In conclusion, while we acknowledge the uncertainties in the global economic outlook, we remain steadfast in our commitment to strategic growth, financial prudence, and delivering value to our shareholders. We express our gratitude for your continued trust and support as we navigate these dynamic times together.

A Note of Thanks

As the Group navigates through these challenging times, we would like to acknowledge the invaluable support of our shareholders. On behalf of the Board, we also express our appreciation to the management team, business partners and associates. In the face of exceptional circumstances, we will remain steadfast in our commitment to expanding our business networks to strengthen our position for new opportunities.

Chung Wai Man
Independent Non-Executive Chairman

BOARD OF **DIRECTORS**

CHUNG WAI MAN
Independent Non-Executive Chairman

Mr Chung Wai Man ("**Mr Chung**") was first appointed to the Board on 13 June 2018, and last re-elected as a Director on 28 June 2023. Mr Chung was re-designated as the Independent Non-Executive Chairman of the Company on 31 July 2020. Mr Chung is also the Chairman of the Nominating Committee of the Company.

Mr Chung is an independent non-executive director of E Lighting Group Holdings Limited (Stock code: 8222) and Shandong Fengxiang Co., Ltd. (Stock code: 9977), both companies listed on the Stock Exchange of Hong Kong Limited ("**SEHK**"). Previously, Mr Chung was an independent non-executive director (2015 to 2016) and non-executive director (2017) of Legend Strategy International Holdings Group Company Limited (Stock Code: 1355) and executive director (2007 to 2010) of Silver Base Group Holdings Limited (Stock Code: 886), all of which are listed on the SEHK.

Mr Chung is currently a consultant of Yipei Global Capital Limited, a fund management company in Hong Kong. He has over 30 years of experience in accounting, taxation and finance, and previously held the position of chief financial officer in various private companies and companies listed on the SEHK, including, China Taihe Group Limited (2017 to 2019), Legend Strategy International Holdings Group Company Limited (2016 to 2017), and Silver Base Group Holdings Limited (2004 to 2010).

Mr Chung obtained a Bachelor's Degree (Honours) in Social Sciences from the University of Hong Kong in 1989 and a Master's degree in International Business Management from the City University of Hong Kong in 1998. Mr Chung became an associate member of the Hong Kong Institute of Certified Public Accountants in 1995 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom in 1999.

ZHOU WEN JIE
Non-Independent Non-Executive Director

Mr Zhou Wen Jie ("**Mr Zhou**") was first appointed to the Board as the Non-Independent Non-Executive Chairman on 25 February 2013 and was re-designated as a Non-Independent Non-Executive Director in July 2020. Mr Zhou was last re-elected as a Director on 28 April 2022.

With over 19 years of experience in the industry of recycling ferrous and non-ferrous metals, Mr Zhou was the executive director of Zibao Metals Recycling Holdings Plc, a company trading on the Alternative Investment Market ("**AIM**"), a market operated by the London Stock Exchange Plc from 1988 to 2020. Mr Zhou also holds non-executive directorships in various companies involved in the metal recycling business. In addition, Mr Zhou invests in property developments in the People's Republic of China ("**PRC**") and Australia, private equity funds in the PRC, fund management and metal recycling related businesses.

Mr Zhou graduated from University of New South Wales, Australia with a Bachelor of Economics (Accounting). He is a member of the Certified Practising Accountant of Australia.

Mr Zhou is the brother-in-law of Mr Ben Lee, a Non-Independent Non-Executive Director of the Company.

ONG CHOR WEI @ ALAN ONG
Chief Executive Officer and Executive Director

Mr Ong Chor Wei ("**Mr Ong**") was first appointed to the Board on 8 February 2010. Mr Ong was last re-elected as a Director on 28 April 2021.

Mr Ong is currently a non-executive deputy chairman of Joyas International Holdings Limited, a company listed on the Catalist Board of the SGX-ST. Mr Ong is also an executive director of GBA Holdings Limited (Stock code: 261). Mr Ong is also an independent non-executive director of Denox Environmental & Technology Holdings Limited (Stock Code: 1452) listed on the SEHK. Previously, Mr Ong was an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982) from 2016 to 2022, Smart Glode Holdings Limited (Stock Code: 1481 previously 8485) from 2017 to 2023, O-Net Technologies (Group) Limited (Stock Code: 877) from 2010 to 2020 and Man Wah Holdings Limited (Stock Code: 1999) from 2010 to 2022, all of which are listed on the SEHK. Mr Ong was also a non-executive director of Prosperous Printing Company (Stock code: 8385) (2016 to 2020), Hong Wei (Asia) Holdings Company Limited (Stock Code: 8191) (2013 to 2016), both companies are listed on the Growth Enterprise Market of the SEHK, and Vico International Holdings Limited (Stock Code: 1621) (2017 to 2019), a company listed on the SEHK. Mr Ong was also an executive director on a part-time basis of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) from 2014 to 2019.

Mr Ong has over 33 years of experience in finance and accounting. He holds a Bachelor of Laws degree from The London School of Economics and Political Science, University of London. He also holds a distance learning degree in Masters in Business Administration jointly awarded by The University of Wales and The University of Manchester. Mr Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Mr Ong will be rotated for re-election as a Director at the forthcoming AGM of the Company.

BEN LEE
Non-Independent Non-Executive Director

Mr Ben Lee ("**Mr Lee**") was first appointed to the Board as the Non-Executive Chairman on 8 February 2010 and was re-designated as a Non-Independent Non-Executive Director in February 2013. He was last re-elected as a Director on 28 April 2022. Mr Lee is also a member of the Nominating Committee and Remuneration Committee of the Company.

Mr Lee is currently the chairman of Wang Kei Yip Development Limited. He has over 17 years of experience in the industry of recycling ferrous and non-ferrous metals and has extensive relationship with major metal recycling companies in the world. He founded various companies involved in the metal recycling business in the PRC and Hong Kong and holds directorship in some of these companies. Mr Lee is the Vice President of Nanhai Resources Recycling Association and was also previously a committee member of the Bureau of International Recycling in the PRC.

Mr Lee is the brother-in-law of Mr Zhou Wen Jie, a Non-Independent Non-Executive Director of the Company.

CHIN FOOK LAI

Non-Independent Non-Executive Director

Mr Chin Fook Lai ("**Mr Chin**") was first appointed to the Board on 9 January 2003. Mr Chin was last re-elected as a Director on 28 April 2021.

Mr Chin has more than 30 years of experience in the plastic injection moulding industry. Mr Chin is currently the Managing Director of Cheso Machinery Pte Ltd, which he joined in 1993. Prior to that, he was the sole proprietor of Cheso Engineering Works for over a decade and held various technical and supervisory positions in the plastic injection moulding industry.

Mr Chin will be rotated for re-election as a Director at the forthcoming AGM of the Company.

TSO SZE WAI

Lead Independent Non-Executive Director

Mr Tso Sze Wai ("**Mr Tso**") was first appointed to the Board on 31 July 2020, and last re-elected as a Director on 28 June 2023. Mr Tso is also the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee and Risk Management Committee of the Company.

Mr Tso has over 15 years of experience in accounting and finance. Mr Tso is currently an independent non- executive director of China Jicheng Holdings Ltd, China Asia Valley Group Limited, Hop Fung Group Holdings Limited and Willas-Array Electronics (Holdings) Limited, all of which are listed on the SEHK. Mr Tso was an independent non-executive director of KTL Global Limited, a company listed on the SGX-ST (2020-2021).

Mr Tso holds a Bachelor's degree in Commerce awarded by University of New South Wales, Australia and a postgraduate diploma in Computing in the University of Western Sydney, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants.

CHAK CHI SHING

Independent Non-Executive Director

Mr Chak Chi Shing ("**Mr Chak**") was first appointed to the Board on 8 November 2023. Mr Chak is also the Chairman of the Risk Management Committee, a member of the Audit Committee and Remuneration Committee of the Company.

Mr Chak is currently an independent non-executive director of SDM Education Group Holdings Limited, a company listed on GEM of the SEHK (stock code: 8363), Sunyes Manufacturing (Zhe Jiang) Holding Co. Ltd. (stock code: 002388), a company listed on the Shenzhen Stock Exchange, and Founder Holdings Limited (stock code: 0418), a company listed on the SEHK.

Mr Chak is currently the chief financial officer and company secretary of Tokyo Chuo Auction Holdings Limited (stock code: 1939), a company listed on the SEHK since 2019. He has over 15 years of experience in auditing, accounting, corporate finance and financial management and over 5 years of experience in company secretarial matter and corporate governance in listed companies.

Mr Chak obtained a Bachelor's degree of commerce in Accounting and Finance from Curtin University of Technology. He is a certified public accountant of Hong Kong Institute of Certified Public Accountants and Certified Public Accountant Australia.

Mr Chak will be due for re-appointment as a Director at the forthcoming AGM of the Company

KWOK MEEI YING, MONICA

Independent Non-Executive Director

Ms Kwok Meei Ying, Monica ("**Ms Kwok**") was first appointed to the Board on 8 November 2023. Ms Kwok is also a Member of the Audit Committee, Risk Management Committee and Nominating Committee of the Company.

Ms Kwok is currently an independent non-executive director of Full Apex (Holdings) Limited, a company listed on the SGX-ST. Previously, she sat on board of various companies and was a nominee director and company secretary for various private companies.

Ms Kwok is the founder and managing director of Asiel Advisory Pte. Ltd., providing professional corporate services and business consulting, especially in areas of corporate governance, compliance, corporate secretarial functions including sustainability practices and most recently, she was engaged to provide corporate secretarial services to Debao Property Development Limited, a company listed on the SGX-ST, which has since ended on 24 April 2024. Prior to this, she was the managing director of Singapore-based Money World Group, a leading foreign exchange player for about 12 years.

Ms Kwok graduated from Southern Cross University, Australia with a Master of Business Administration.

Ms Kwok will be due for re-appointment as a Director at the forthcoming AGM of the Company

MANAGEMENT **TEAM**

CHEUNG TING CHOR

Head of Credit

Mr Cheung Ting Chor ("**Mr Cheung**") is the Head of Credit of the Company since 2010 on a part time basis. Mr Cheung is primarily responsible for establishing and developing its financing business and assessing credit proposals.

Mr Cheung is currently the chief financial officer of Wan Kee Group Holdings Limited ("**WK**"), and is responsible for the overall financial and accounting affairs of WK and its subsidiaries since 2017. Mr Cheung was the chief financial officer of Wang Kei Yip Development Limited ("**WKY**"), responsible for the overall financial and accounting affairs of WKY and its subsidiaries from 2011 to 2017.

Mr Cheung was the managing director of Net Pacific Finance Limited from January 2009 to July 2010, responsible for establishing and developing its financing business. Prior to that, from 1985 to 2008, Mr Cheung held senior executive positions in the corporate and commercial banking departments of various financial institutions, including Vice President & Team Manager, Corporate & Investment Banking at DBS Bank (Hong Kong) Limited; the First Vice President, Head of Corporate Asia & Europe at Natexis Banques Populaires, and the Senior Manager, Corporate Banking at Rabobank, Hong Kong. During his employment with the various financial institutions, his primary responsibilities include strategic planning, staff management and training, financial products marketing, credit risk management, budgeting, managing loan portfolios and providing financial advisory on financial corporate restructuring.

Mr Cheung graduated from the Securities Institute Education, Australia with a graduate diploma in Applied Finance and Investment and also holds a Master's Degree in Business Administration from the Sul Ross State University in Texas, the United States of America. Mr Cheung is also a Fellow of the Financial Services Institute of Australasia.

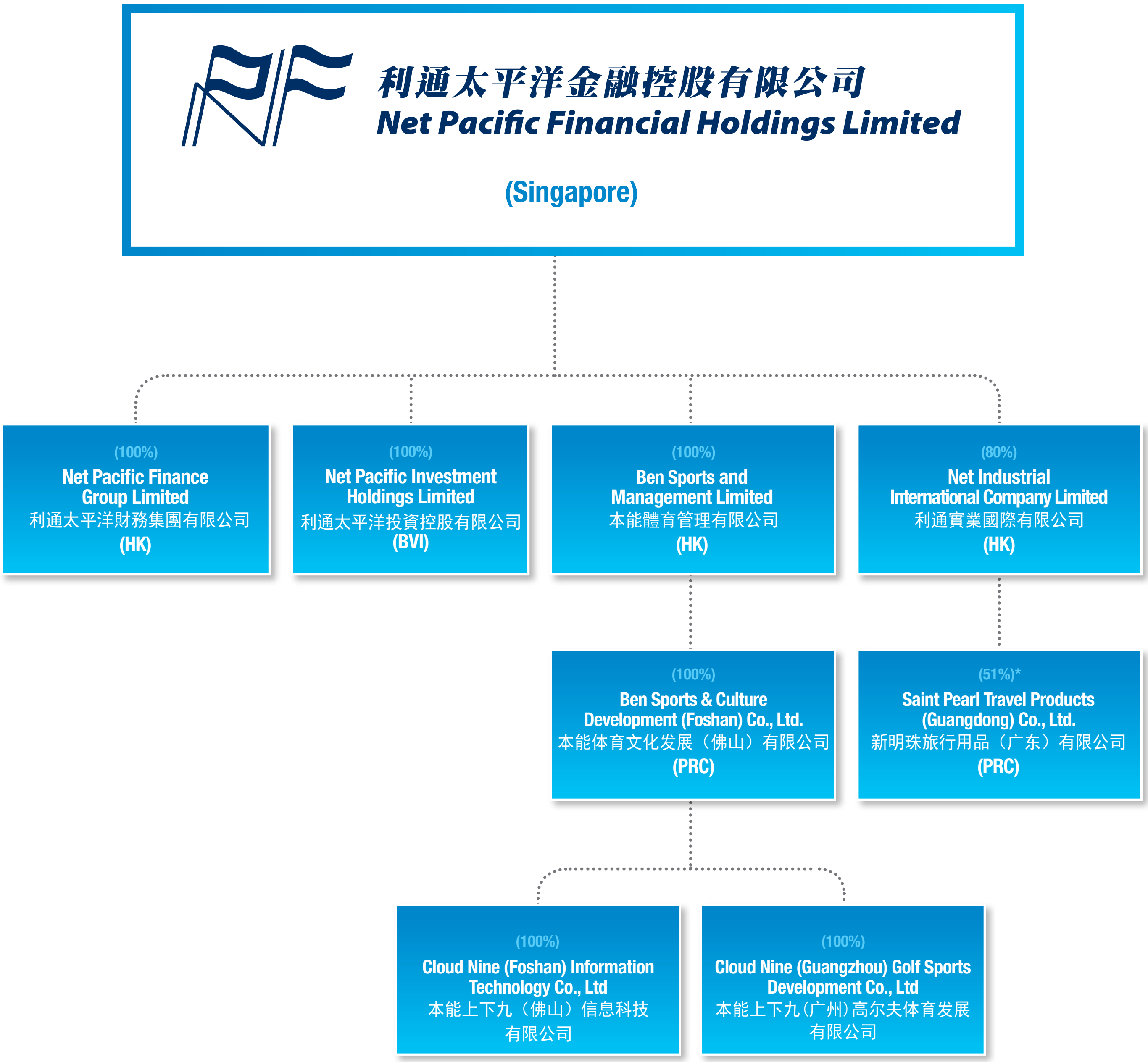
Chong Kian Lee

Financial Controller / Company Secretary

Ms Chong Kian Lee ("**Ms Chong**") is our Financial Controller, and is responsible for the overall financial and accounting functions of the Group. Prior to joining the Group in 2003, Ms Chong held various positions covering auditing, accounting and financial positions in the commercial, manufacturing and public accounting sectors in Singapore and Taiwan.

Ms Chong is a Chartered Accountant with the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the National University of Singapore.

CORPORATE **STRUCTURE**



The acquisition of the Luggage Business is expected to be completed by 31 May 2024

CORPORATE GOVERNANCE **REPORT**

The board of directors (the "**Board**") and the management (the "**Management**") of Net Pacific Financial Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining a good standard of corporate governance within the Group by complying with the Code of Corporate Governance 2018 (the "**2018 Code**") to enhance the interests of the Company's shareholders ("**Shareholders**") and to provide corporate transparency.

The Board has set out in this report the Company's corporate governance framework and practices put in place in respect of the financial year ended 31 December 2023 ("**FY2023**") with specific references made to each of the principles and provisions of the 2018 Code, the Practice Guidance issued by the Monetary Authority of Singapore (the "**MAS**") in August 2018 and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Company has complied with the principles and guidelines as set out in the 2018 Code. Where there are deviations from the 2018 Code, appropriate explanations have been given.

<table>
<tr><td colspan="2">BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.</td></tr>
<tr><td>Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance.

The Board is responsible for corporate governance and the overall strategy of the Group. Its roles include:

(i) providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

(ii) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(iii) supervising the management of the business and affairs of the Group;

(iv) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(v) setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

(vi) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

(vii) approving the corporate strategy, annual budgets, acquisitions and disposals.

In addition, the Board has put in place a code of conduct and ethics which sets appropriate tone-from-the-top and desired organisational culture to ensure proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</td><td>Provision 1.1</td></tr>
</table>

Induction, training and development of new and existing Directors Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Company will provide a formal letter to newly appointed Directors upon their appointment explaining their statutory duties and responsibilities as Directors. The Directors are aware of the importance of their continuing education in areas such as legal and regulatory responsibilities and accounting issues, and will regularly update and refresh themselves on matters that may affect their performance as a Board, or as a Board Committee member at the Company's expense. Accordingly, further training for Directors will extend to cover relevant new laws, regulations and changing commercial risks from time to time. Updates on corporate governance and/or new regulations and changing commercial risks which are relevant to the Group are circulated to all Board members by the Company Secretary on a regular basis. Directors are constantly kept abreast of development on the accounting standards and regulatory updates that are of relevance to the Group through articles, reports and updates from the auditors and the Company Secretary, and participation in seminars and workshops. During FY2023, briefings were provided by the external auditors to the Audit Committee members and the Board on the new developments and changes in accounting standards. The Chief Executive Officer routinely updates the Board at Board meetings on business and strategic developments relating to the Company's business operations and the industry that the Company is operating in. Pursuant to Rule 406(3)(a) of the Catalist Rules, where a new Director has no prior experience as a director of an issuer listed on the SGX-ST, the Company has arrangements in place for the new Director to undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. If the Nominating Committee is of the view that training is not required because the Director has other relevant experience, the basis of the Nominating Committee's assessment will be disclosed. All Directors have attended the required sustainability training. New Directors, upon their appointment to the Board, are given an orientation to ensure that they are familiar with the Group's structure, business and corporate governance policies to facilitate the effective discharge of their duties. The orientation programme also allows the new Directors to get acquainted with the Group's management team, thereby facilitating Board interaction and independent access to the Management. In FY2023, the Company had, inter alia, appointed Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica as Independent Non-Executive Directors of the Company. Ms Kwok Meei Ying, Monica has prior experience as a director of an issuer listed on SGX-ST but will nevertheless attend the mandatory training on the roles and responsibilities as a director of the Company as prescribed by SGX-ST within one (1) year from her date of appointment. Mr Chak Chi Shing has no prior experience as a director of an issuer listed on SGX-ST and will attend the mandatory training on the roles and responsibilities as a director of the Company as prescribed by SGX-ST within one (1) year from his date of appointment. Please refer to the announcement dated 1 November 2023 in relation to the re-constitution of the Board and Board Committees of the Company.	Provision 1.2 Catalist Rule 406(3)(a)
The Board has adopted internal guidelines setting forth matters that require the Board's approval which include, but is not limited to, the developing of significant business plans, acquisitions and disposals of investments, share issuance and the declaration of dividend, the release of the Group's quarterly, half yearly and full year results and interested person transactions of a material nature amounting to or exceeding S$100,000. The Board clearly communicates the internal guidelines in relation to matters requiring Board approval in writing to the Management.	Provision 1.3

The Board comprises one (1) Executive Director and seven (7) Non-Executive Directors.

Provision 1.4

The Board is supported by the various Board committees namely the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**"), the Remuneration Committee (the "**RC**") and the Risk Management Committee (the "**RMC**") to assist it in discharging its responsibilities (collectively referred to as the "**Board Committees**"). The Board Committees operate within clearly defined terms of reference and operating procedures setting out their compositions, authorities and duties, including reporting back to the Board. These are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance.

Catalist Rule 406(3)(c)

Catalist Rule 406(3)(e)

Catalist Rule 1204(10B)

Board Composition

As at the date of this Corporate Governance Report, the Board comprises eight (8) Directors as shown in the table below:

Name	Designation	Position	Composition of Board Committees			
			AC [(1)]	NC [(2)]	RC [(3)]	RMC [(1)]
Chung Wai Man	Independent Chairman	Non-Executive	–	Chairman	–	–
Zhou Wen Jie	Non-Independent Director	Non-Executive	–	–	–	–
Ong Chor Wei @ Alan Ong	Chief Executive Officer and Executive Director	Executive	–	–	–	–
Ben Lee	Non-Independent Director	Non-Executive	–	Member	Member	–
Chin Fook Lai	Non-Independent Director	Non-Executive	–	–	–	–
Tso Sze Wai	Lead Independent Director	Non-Executive	Chairman	Member	Chairman	Member
Chak Chi Shing	Independent Director	Non-Executive	Member	–	Member	Chairman
Kwok Meei Ying, Monica	Independent Director	Non-Executive	Member	Member	–	Member

Notes:

(1) The AC and RMC comprise three (3) members each, all of whom including the Chairman, are Independent Non-Executive Directors.

(2) The NC comprises four (4) members, all of whom, including the Chairman but excluding Mr Ben Lee, are Independent Non-Executive Directors.

(3) The RC comprises three (3) members, all of whom, including the Chairman but excluding Mr Ben Lee, are Independent Non-Executive Directors. All members of the RC are Non-Executive Directors.

Details of the Board Committees are set out as below:

(a) Nominating Committee (Principle 4);

(b) Remuneration Committee (Principle 6);

(c) Risk Management Committee (Principle 9); and

(d) Audit Committee (Principle 10).

Provision 1.5

TThe Board meets at least twice each year to review key activities, budget, business and financial performance and approve the release of quarterly, half-yearly and full year results. Additional meetings are held if there are matters requiring the Board's decision. In addition to physical attendance, Regulation 97 of the Company's constitution (the "**Constitution**") also provides for meetings of the Directors to be conducted via telephone conferencing, video conferencing or other means of simultaneous communication.

Directors attend and actively participate in Board and Board Committee meetings and are free to discuss and openly challenge the views presented by the Management and the other Directors.
The attendances of the Directors at the Board and various Board Committee meetings held in FY2023 are as follows:

	Board	AC	RMC	RC	NC
Number of meetings held in FY2023	5	4	3	1	1
Name of Directors					
Chung Wai Man	5	^4	^3	^1	1
Zhou Wen Jie	5	^4	^3	^1	^1
Ong Chor Wei @ Alan Ong	5	^4	^3	^1	^1
Ben Lee	5	^4	^3	^1	1
Chin Fook Lai	5	^4	^3	^1	^1
Tso Sze Wai	5	4	3	1	1
Francis Lee Fook Wah(1)	4	3	3	1	1
Wu Houguo(2)	3	2	2	1	1
Chak Chi Shing(3)	1	1	N/A	N/A	N/A
Kwok Meei Ying, Monica(4)	1	1	N/A	N/A	N/A

^ By Invitation

Notes:

(1) Mr Francis Lee Fook Wah resigned as an Independent Non-Executive Director with effect from 15 August 2023.

(2) Mr Wu Houguo resigned as an Independent Non-Executive Director with effect from 8 November 2023.

(3) Mr Chak Chi Shing was appointed as an Independent Non-Executive Director with effect from 8 November 2023, and he had attended all meetings of the Board and AC in FY2023 since his appointment. There was no RMC, and RC meeting since his appointment.

(4) Ms Kwok Meei Ying, Monica was appointed as an Independent Non-Executive Director with effect from 8 November 2023, and she had attended all meetings of the Board and AC in FY2023 since her appointment. There was no RMC, and NC meeting since her appointment.

Directors with multiple listed board representations confirm that sufficient time and attention were given to the affairs of the Company in FY2023. The NC has evaluated and concurs with the Directors on the above.

Provision 1.6

The Management circulated Board papers to the Directors prior to each Board meeting on financial, business and corporate issues.

Board members are also provided with management reports on a quarterly basis and updates on on-going developments and strategic plans within the Group and matters requiring the Board's decision. The information provided to the Board includes background or explanatory information relating to matters to be brought before the Board, budgets, forecasts and internal financial statements to enable the Board to make informed decisions in the best interests of the Company and discharge their fiduciary duties and responsibilities.

All Directors have separate and independent access to the Management and Company Secretary at all times to obtain additional information or explanations at the Company's expense. The Directors are given unrestricted access to independent professional advice to advise them on specific issues which may be of concern to the Board, should they consider necessary, at the Company's expense. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the Board Committees and between the senior management and Non-Executive Directors and advising the Board on all governance matters. The Company Secretary also facilitates orientation and assists with professional development as and when required.	Provision 1.7
Principle 2: Board Composition and Guidance *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*	
Independent Directors As at the date of this Corporate Governance Report, the four (4) Independent Directors of the Company are namely Mr Chung Wai Man, Mr Tso Sze Wai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica (the "**Independent Directors**"). Mr Tso Sze Wai is the Company's Lead Independent Non-Executive Director. An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the issuer, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the issuer. In determining the independence of each Independent Non-Executive Director, the Board and the NC also consider Rules 406(3)(d)(i), (ii) and (iv) of the Catalist Rules. Pursuant to Rules 406(3)(d)(i), (ii) and (iv) of the Catalist Rules, the Board and the NC consider that a director is not independent under any of the following circumstances: (i) If he is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; (ii) If he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC of the Company; and (iii) If he has been a director for an aggregate period of more than 9 years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the Company. The Independent Non-Executive Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. As a whole, the Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Non-Executive Directors, namely Mr Chung Wai Man, Mr Tso Sze Wai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica are independent in accordance with the 2018 Code and the Catalist Rules and are able to exercise independent judgement.	Provision 2.1 Catalist Rule 406(3)(d)

The Chairman of the Board, Mr Chung Wai Man, is independent. Independent Directors make up at least one-third of the Board. The Board has appointed Mr Tso Sze Wai as the Lead Independent Non-Executive Director to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is also the principal liaison on Board issues between the Independent Directors and the Chairman.	Provision 2.2
The Board has seven (7) Non-Executive Directors, making up a majority of the Board. The Non-Executive Directors comprise Mr Chung Wai Man, Mr Zhou Wen Jie, Mr Ben Lee, Mr Chin Fook Lai, Mr Tso Sze Wai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica.	Provision 2.3
The Company recognises and embraces the importance of diversity at the Board level and sees diversity as an essential element to ensuring the achievement of its strategic objectives. The Company has adopted a Board Diversity Policy ("**Diversity Policy**"), with the NC responsible for reviewing and assessing the Board composition on behalf of the Board and recommending the appointment of new directors. The NC will consider directors of all different skills, experiences, ages, genders, nationalities, educational and professional industry background and other relevant personal attributes that are important and necessary to support robust and good decision-making at the Board level. The purpose of the Diversity Policy is to maintain diversity on the appointment and composition of the Board. In recognition of the importance and value of gender diversity in the composition of the Board, the Company had previously disclosed in its Annual Report for the financial year ended 31 December 2022 ("**FY2022 Annual Report**") that it plans to have at least one (1) female director on the Board by the next Annual General Meeting ("**AGM**"). Based on the current Board composition, the Company has thus far managed to meet this gender diversity target. As disclosed in the FY2022 Annual Report, the Board targets to maintain a minimum of 20% female representation on the Board within the next 2 to 4 years, while bearing in mind that the Board's needs may change over time. The Board will review this target in relation to female representation on an annual basis. In addition, the current Board consists of Directors with ages ranging from 40s to 60s, who have served on the Board for different tenures. The current Board composition provides a diversity of skills, experience, and knowledge and is represented in the table below:	Provision 2.4

	Number of Directors	**Proportion of Board**
Core Competencies		
Accounting or finance	6	75%
Business management	8	100%
Legal or corporate governance	6	75%
Relevant industry knowledge or experience	8	100%
Strategic planning experience	8	100%
Customer based experience or knowledge	8	100%
Information Technology	5	63%
Gender		
Male	7	87.5%
Female	1	12.5%

The Board reviews the size and attributes of the Board regularly, taking into consideration the nature and scope of business as well as the current and future plans of the Group, and is of the view that the current Board size and composition of eight (8) Directors, of which four (4) are Independent Directors, is appropriate and effective. Furthermore, the Board is of the view that the current Board comprises Directors who, as a group provides the appropriate balance and mix of skills, knowledge, experiences and other aspects of diversity in order to avoid groupthink and foster constructive debate. The NC will continue to review the Diversity Policy to ensure its effectiveness, and will, as and when necessary, recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is adequate diversity (including gender diversity) on the Board. Separately, the Board has taken the following steps to maintain or enhance its balance and diversity: (a) The NC conducts an annual review to assess whether the existing attributes and core competencies of the Board are complementary and whether the existing attributes and core competencies of the Board enhance the efficacy of the Board; and (b) An annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.	
Non-Executive Directors and Independent Directors, led by the Lead Independent Non-Executive Director, met as and when necessary, without the presence of the Management in FY2023. They also reviewed the performance of the Group's management team in meeting goals and objects and monitored the reporting of performance. The Lead Independent Non-Executive Director provided feedback to the Board and/or Chairman as appropriate.	Provision 2.5
Principle 3: Chairman and Chief Executive Officer *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*	
The role of the Independent Non-Executive Chairman of the Board and the Chief Executive Officer (the "**CEO**") are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr Chung Wai Man, the Independent Non-Executive Chairman of the Board, is responsible for the workings of the Board and ensures the Board's compliance with the corporate governance process. In particular, the Chairman's duties include: (a) setting out the corporate directions of the Company; (b) leading the Board to ensure its effectiveness on all aspects of its role; (c) setting the agenda for Board meetings and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues; (d) promoting a culture of openness and debate at the Board; (e) ensuring accurate, timely and clear information flow to Directors; (f) ensuring effective communication with Shareholders; (g) encouraging constructive relations between the Board and the Management; (h) facilitating effective contribution of the Non-Executive Directors; (i) encouraging constructive interactions between the Executive Director and the Non-Executive Directors; and (j) promoting high standards of corporate governance.	Provision 3.1

Mr Ong Chor Wei @ Alan Ong, the CEO and Executive Director of the Company, is primarily responsible for the Company's day-to-day operations, strategic planning, major decision-making as well as developing the business and vision of the Group. The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO. Mr Chung Wai Man and Mr Ong Chor Wei @ Alan Ong are not immediate family members.	Provision 3.2 Catalist Rule 1204(10A)
The Board has appointed a Lead Independent Non-Executive Director, Mr Tso Sze Wai, to provide leadership in situations where the Chairman is conflicted. Mr Tso Sze Wai was available to Shareholders where they had concerns and for which contact through the normal channels of communication with the Chairman or the Management were inappropriate or inadequate.	Provision 3.3
Principle 4: Board Membership *The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.*	
The Board has established a NC to make recommendations to the Board on relevant matters. According to the terms of reference of the NC, the NC is responsible for, among others, the following: (a) reviewing the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) recommending the process and criteria for evaluation of the Board's performance and evaluating the effectiveness and performance of the Board and the Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees; (c) reviewing the Board structure, size and composition regularly; (d) reviewing training and professional development programs for the Board and its Directors; (e) reviewing the succession plans for Directors and recommending to the Board on any new appointments and re-appointments of Directors, having regard to the Directors' contribution, performance and ability to commit sufficient time and attention to the affairs of the Company; and (f) determining the independence of Directors on an annual basis in accordance with the guidelines set out in the 2018 Code and the Catalist Rules.	Provision 4.1 Catalist Rule 406(3)(e)
The NC comprises four (4) Directors, of which three (3) are Independent Non-Executive Directors:	Provision 4.2

Name of Director	Position
Chung Wai Man	Chairman, Independent Non-Executive Chairman
Tso Sze Wai	Member, Lead Independent Non-Executive Director
Kwok Meei Ying, Monica	Member, Independent Non-Executive Director
Ben Lee	Member, Non-Independent Non-Executive Director

The Lead Independent Non-Executive Director, Mr Tso Size Wai, is a member of the NC. The NC for FY2023 comprised individuals who have demonstrated sufficient ability to ensure that the annual performance evaluation of the Company's Directors are conducted appropriately and issues raised (including but not limited to Board composition and size, and succession planning) are discussed robustly.

Selection and appointment of Directors

Provision 4.3

The Company has a process for selection and appointment of Directors to the Board. In the event that a vacancy on the Board arises, the NC will evaluate the balance of skills, knowledge and experience on the Board in order to identify the essential and desirable competencies of the candidate.

Suitable candidates are sourced through the recommendations of the Directors or the Management or through third-party referrals. The NC will ensure that the new Director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well considered decisions before recommending its choice to the Board. The Board would consider the above factors in identifying potential director nominees, including from a diversity perspective, so as to work towards achieving an appropriate balance and diversity of skills, experience, gender and knowledge of the Board. Upon the appointment of new Directors, arrangements will be made for the new Directors to attend various briefings with the Management team.

Re-appointment of Directors

In reviewing the nomination and re-appointment of the retiring Directors, the NC considers the existing attributes and core competencies of each of the retiring Directors, the performance and contributions of each of the retiring Directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and effort devoted to the Group's business and affairs, especially the contributions made by these Directors.

Regulation 89 of the Company's Constitution provides that at each AGM of the Company, one-third of the Directors for the time being shall retire from office by rotation, provided that no Director holding office as Managing Director shall be required to retire by rotation or be taken into account in determining the number of Directors to retire. Each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

The Directors who are retiring pursuant to Regulation 89 of the Company's Constitution are as follows:

(i) Mr Ong Chor Wei @ Alan Ong; and

(ii) Mr Chin Fook Lai.

In addition, Regulation 88 of the Company's Constitution provides that new Directors appointed by the Directors during the year, either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next AGM of the Company and shall then be eligible for re-election at the next AGM of the Company. The new Directors are required to submit themselves for re-election at the next AGM of the Company.

The Directors who are required to submit themselves for re-election at the forthcoming AGM pursuant to Regulation 88 of the Company's Constitution are as follows:

(i) Mr Chak Chi Shing; and

(ii) Ms Kwok Meei Ying, Monica.

Each of Mr Ong Chor Wei @ Alan Ong, Mr Chin Fook Lai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica, being eligible for re-election, have offered themselves for re-election to the Board at the forthcoming AGM. The NC has recommendedto the Board the re-election of Mr Ong Chor Wei @ Alan Ong, Mr Chin Fook Lai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica at the forthcoming AGM.

The NC has recommended and the Board has agreed that at the forthcoming AGM, Mr Ong Chor Wei @ Alan Ong, Mr Chin Fook Lai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica are nominated for re-election. Each of Mr Ong Chor Wei @ Alan Ong, Mr Chin Fook Lai, Mr Chak Chi Shing and Ms Kwok Meei Ying, Monica had recused himself or herself in the deliberation of his or her own re-election.

The Board, to the best of their knowledge, is not aware of any relationships (including immediate family relationships) between Directors who are recommended to the Board to stand for re-election at the forthcoming AGM and the rest of the Directors.

Further details on the directors standing for re-election can be found on pages 27 to 39 of this Annual Report.

<table>
<tr><td>The Independent Non-Executive Directors have confirmed that:

(a) They are independent in conduct, character and judgement, and they do not have a relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company.

(b) They are not being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years.

(c) They do not have an immediate family member (being a spouse, child, adopted child, step-child, sibling and parent) who is, or has been in any of the past three (3) financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

(d) They have not been a director of the Company for an aggregate period of more than nine years (whether before or after listing).

The Board, as recommended by the NC, has reviewed and determined that the Independent Non-Executive Directors are independent in accordance with the Catalist Rules and the 2018 Code.</td><td>Provision 4.4</td></tr>
<tr><td>The NC ensures that new Directors are aware of their duties and obligations.

The NC has reviewed the individual Director assessment conducted for FY2023 and the Directors' overall conduct and participation at the Board meetings in FY2023 to assess the performance of each of the individual Directors. The NC, after taking into account the individual Director's assessment results and the Director's participation of meetings, has reviewed and is satisfied that all the Directors who sit on multiple listed boards have been able to and have devoted sufficient time and attention to the affairs of the Company and have adequately carried out their roles and discharged their duties as Directors of the Company, notwithstanding their multiple board representations and directorships in other listed companies. In arriving at this conclusion, the NC also took into consideration the fact that all Directors with multiple listed Board representations were available as and when the Company required the Directors to attend to the affairs of the Company.

The Directors have also made a commitment to be readily available to shareholders through attending the general meetings via video conference whenever they have unforeseen circumstances which may result in them being unable to physically attend the general meetings.

For the foregoing reasons, the NC is satisfied that in FY2023, all Directors, including Directors with multiple listed board representations and other principal commitments, have diligently discharged their duties.

The listed company directorships and principal commitments of each Director have been disclosed under the "Board of Directors" section of this Annual Report.</td><td>Provision 4.5</td></tr>
<tr><td colspan="2">Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.</td></tr>
<tr><td>The NC has recommended for the Board's approval the performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director of the Board.

The effectiveness of the Board is evaluated based on the Board's performance which takes into consideration the Board's conduct of meetings, maintenance of independence, board accountability, communication with the Management, etc. The NC also assesses the performance of individual Directors based on their attendance at the Board and Board Committee meetings, their quality of participation and contributions at the Board and Board Committee meetings.</td><td>Provision 5.1

Provision 5.2</td></tr>
</table>

Performance evaluation is carried out by way of assessment surveys completed by the Directors and through discussions on the results of the assessment surveys. The Chairman of the Board, in consultation with the NC, acts on the results of the performance evaluation, and where appropriate, proposes new appointments or seeks the resignation of Directors. The NC has assessed the overall performance of the current Board and Board Committees as well as the effectiveness of individual Directors during the financial year under review, and is of the view that the performance of the Board as a whole, that of the Chairman, the Board Committees and individual Directors have been satisfactory.

During FY2023, the Board has not engaged any external facilitator to advise on assessment processes or related matters.

REMUNERATION MATTERS

Principle 6: Procedures for Development Remuneration Policies

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

Catalist Rule 406(3)(e)

The Board has established a RC to make recommendations to the Board on relevant matters. According to the terms of reference of the RC, the RC is responsible for, among others, reviewing and making the following recommendations to the Board:

(a) an appropriate framework of remuneration policies for the Board and key management personnel to ensure that the remuneration packages are competitive within the industry. This is to attract, retain and motivate Directors and key management personnel of the required experience and expertise; and

(b) specific remuneration packages for each individual Director and key management personnel.

Provision 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure that they are fair.

Provision 6.2

The RC comprises three (3) Directors, of which all are Independent Non-Executive Directors:

Name of Director	Position
Tso Sze Wai	Chairman, Lead Independent Non-Executive Director
Chak Chi Shing	Member, Independent Non-Executive Director
Ben Lee	Member, Non-Independent Non-Executive Director

The RC Chairman, Mr Tso Sze Wai, is an Independent Non-Executive Director.

Provision 6.4

In FY2023, the Company did not engage any external remuneration consultant to advise on remuneration matters.

Principle 7: Level and Mix of Remuneration *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company*	
Except for Cheung Ting Chor who was paid fixed consultancy fees, the Executive Director and key management personnel of the Group were paid a fixed salary and an annual incentive bonus. The fixed salary and annual incentive bonus for the Executive Director and key management personnel are reviewed by the RC and approved by the Board and are determined based on assessment of the individual's commitment, contribution, relevant experience, year of services etc. among other factors. It is structured to link an appropriate proportion of rewards to corporate and individual performance. The remuneration framework for Directors and key management personnel is aligned with the interests of Shareholders and other stakeholders and is appropriate to attract, retain and motivate them to provide good stewardship for the long-term success of the Company. The Company currently does not have contractual provisions in employment contracts to allow the Company to claim for incentive components of remuneration from its Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Director and key management personnel owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Director and key management personnel in the event of such breach of fiduciary duties. The Company shall review the feasibility of having the said contractual provisions in future renewals of service contracts of its Executive Director and key management personnel.	Provision 7.1
The RC is of the view that the remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities by each Non-Executive Director.	Provision 7.2
The remuneration of the Directors and key management personnel for FY2023 is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term.	Provision 7.3

Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Amount of remuneration

The amount of remuneration (rounded to nearest half-thousand dollars) for the Directors and the breakdown of remuneration (in percentage terms) for the Directors, the CEO and the two (2) key management personnel (who are not also Directors or the CEO) of the Group in office during FY2023 are as follows:

Directors	**Amount of remuneration (S$'000)**
Chung Wai Man	31.75
Zhou Wen Jie	17.50
Ong Chor Wei @ Alan Ong[(1)]	83.00
Ben Lee	29.75
Chin Fook Lai	17.50
Tso Sze Wai	31.75
Chak Chi Shing[(3)]	2.58
Kwok Meei Ying, Monica[(3)]	2.58
Francis Lee Fook Wah[(4)]	13.43
Wu Houguo[(4)]	14.97

Breakdown of remuneration[(2)]	**Salary %**	**Bonus %**	**Fees %**	**Other %**	**Total %**
Directors					
Chung Wai Man	–	–	100	–	100
Zhou Wen Jie	–	–	100	–	100
Ong Chor Wei @ Alan Ong	53	11	36	–	100
Ben Lee	–	–	100	–	100
Chin Fook Lai	–	–	100	–	100
Tso Sze Wai	–	–	100	–	100
Chak Chi Shing[(3)]	–	–	100	–	100
Kwok Meei Ying, Monica[(3)]	–	–	100	–	100
Francis Lee Fook Wah[(4)]	–	–	100	–	100
Wu Houguo[(4)]	–	–	100	–	100
Key management personnel[(3)]					
Below S$250,000					
Cheung Ting Chor	–	16	–	84	100
Chong Kian Lee	81	19	–	–	100

Notes:

(1) Ong Chor Wei @ Alan Ong is CEO and Executive Director of the Company.

(2) The remuneration shown in the tables above includes all forms of remuneration from the Company and its subsidiaries including Central Provident Fund contributions.

(3) Mr. Chak Chi Shing and Ms. Kwok Meei Ying, Monica were appointed as Independent Non-Executive Directors of the Company with effect from 8 November 2023. Their remuneration has been pro-rated in accordance with their respective appointments during the financial year.

(4) Mr. Francis Lee Fook Wah and Mr. Wu Houguo resigned as Independent Non-Executive Directors of the Company with effect from 15 August 2023 and 8 November 2023 respectively. Their remuneration has been pro-rated in accordance with their respective resignations during the financial year.

(5) The Company only has two (2) key management personnel. The aggregate total remuneration paid to the two (2) key management personnel of the Group in FY2023 was S$293,000.

<u>Policy and criteria for setting remuneration</u> In reviewing and determining the remuneration packages of the CEO and key management personnel, the RC considers the CEO's and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages. The Company adopts a formal and transparent procedure for developing a policy for fixing remuneration packages of the Executive Director and key executive officers. No Director is involved in deciding his own remuneration. In fixing remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of the Executive Director or key executive officers. The Directors' fees of up to S$152,000 for FY2023 had been approved by Shareholders at the Company's AGM for FY2022. The Board had accepted the RC's recommendations of Directors' fees of up to S$238,000 for FY2024, and additional Directors' fees of S$39,562 for FY2023. The Directors' fees include a base fee of S$42,000 (equivalent to HK$240,000) for Mr. Chung Wai Man, Mr. Ong Chor Wei @ Alan Ong, Mr. Ben Lee and Mr. Tso Sze Wai, as well as a base fee of S$17,500 for each of the remaining Directors.	
There are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2023.	Provision 8.2
There were no termination, retirement and post-employment benefits that was granted to Directors, the CEO and Executive Director, and the key management personnel in FY2023, other than the standard contractual notice period termination payment. <u>Employee Share Option Scheme</u> The Company's employee share option scheme (the "**Net Pacific Share Option Scheme**") adopted on 15 February 2011, has since expired on 14 February 2021. Since the commencement of the Net Pacific Share Option Scheme, 28,750,000 share options ("**Options**") have been granted by the Company and all the Options granted have expired on 8 May 2021. The Company decided that it is not necessary to renew the Net Pacific Share Option Scheme. The Company has no other share-based compensation scheme or any long-term scheme involving the offer of shares or options or other forms of deferred remuneration	Provision 8.3
ACCOUNTABILITY AND AUDIT **Principle 9: Risk Management and Internal Control** *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders*	

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for (i) the Group's systems of internal controls and risk management, and (ii) reviewing the adequacy and effectiveness of those systems, including financial, operational, compliance and information technology controls, on an annual basis. The internal control and risk management functions are performed by the Group's key management personnel. **Risk Management Committee ("RMC")** The Board has tasked the RMC with the overall responsibility of overseeing the risk management activities of the Group. The RMC as at the date of this Corporate Governance report comprises Mr Chak Chi Shing (Chairman), Mr Tso Sze Wai and Ms Kwok Meei Ying, Monica, all of whom are Independent Non-Executive Directors and also members of the AC. The key role of the RMC is to assist the Board in discharging its responsibility in relation to overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies as well as identifying and managing the business risks of the Group. All material and significant matters are reported to the Board by the RMC. The RMC operates within clearly defined written terms of reference setting out its compositions, authorities and duties. At each Board meeting, the Chairman of the RMC will report all material and significant matters in relation to risk management to the Board. The RMC is assisted by the Credit Committee ("**CC**") in reviewing and updating the Board on the Group's loan portfolio such as the background of the borrowers and the risk exposure of the Group. The CC is headed by Mr Cheung Ting Chor and comprises three (3) other members, namely Mr Zhou Wen Jie, Mr Ong Chor Wei @ Alan Ong and Mr Ben Lee. The CC updates the RMC on a quarterly basis on the Group's loan portfolio and risk exposure. In FY2023, the RMC reviewed and updated the Board on the Group's loan portfolio, the background of the borrowers and the risk exposure of the Group on a quarterly basis and whenever there were new loans submitted for review and approval. The Board regularly reviewed and improved its business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. In addition, whenever there were new projects, all necessary steps to manage risks of the projects was taken with the assistance of the finance team of the Group. In the course of the annual statutory audit of the Company's financial statements, the external auditors also obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. The Company works with the external auditors on their recommendations to improve the Group's internal control system. Based on the internal controls established and maintained by the Group, works performed by the external auditors and the internal auditors, and reviews performed by the Management, various Board Committees and the Board, the Board is of the opinion, with the concurrence of the AC and RMC, that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2023.	Provision 9.1 Catalist Rule 1204(10)
The Board has received the following assurances from: (a) the CEO and Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the CEO, Financial Controller and Head of Credit that the Group's risk management and internal control systems in FY2023 were effective and adequate.	Provision 9.2

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

Catalist Rule 406(3)(e)

The AC has a written terms of reference and its duties and responsibilities include, among others, the following:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the Financial Controller on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns. Please refer to pages 40 to 56 of the Sustainability Report for more information on our whistleblowing policy.

Provision 10.2

The AC comprises the following members, all of whom, including the Chairman of the AC, are Independent Non-Executive Directors:

Name of Director	Position
Tso Sze Wai	Chairman, Lead Independent Non-Executive Director
Chak Chi Shing	Member, Independent Non-Executive Director
Kwok Meei Ying, Monica	Member, Independent Non-Executive Director

All members of the AC, including the Chairman of the AC, have recent and relevant accounting and financial management expertise and experience. They attend courses and seminars to keep abreast of changes to accounting standards and other issues which may have a direct impact on the financial statements, as and when necessary. During FY2023, briefings were also provided by the external auditors to the AC members and the Board on the new developments and changes in accounting standards.

Provision 10.3

None of the AC members were former partners or directors of the Company's existing auditing firm or auditing corporation within a period of two (2) years commencing on the date of their ceasing to be a partner of the existing auditing firm or director of the auditing corporation. None of the AC members holds any financial interest in the Company's existing external audit firm or auditing corporation.

<u>Internal audit function</u> The Company has outsourced its internal audit function to an independent external professional accounting firm, David Ho & Company, which has met the Hong Kong Financial Reporting Standards set by the Hong Kong Institute of Certified Public Accountants for the review of internal controls of the Group in FY2023. The internal auditors report to the AC, which decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The AC is satisfied that the internal audit function in FY2023 is independent, effective and adequately resourced.	Provision 10.4 Catalist Rule 719(3) Catalist Rule 1204(10C)
The AC has met with the Company's external auditors without the presence of the Management at least once in FY2023 to review the scope and results of the audit, as well as the independence and objectivity of the external auditors. The AC has met with the Company's internal auditors without the presence of the Management at least once in FY2023 to discuss on the findings of the internal audit, and to review the effectiveness of actions taken by the Management on the recommendations made by the internal auditors.	Provision 10.5
The Company's external auditors are Foo Kon Tan LLP. The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of auditors. All of the Company's subsidiaries are audited by Foo Kon Tan LLP for consolidation purpose and Foo Kon Tan LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore. Foo Kon Tan LLP has been the Company's external auditors since they were first appointed in the Company's annual general meeting held on 29 October 2012. The current audit partner-in-charge of auditing the Company and its group of companies, Chan Ser, who was appointed in the financial year ended 31 December 2019, has been in charge for five (5) consecutive years. To further maintain the independence of Foo Kon Tan LLP and in accordance with Rule 713 of the Catalist Rules, the AC ensures that the audit partner in-charge of the Group is rotated every five (5) years. In this regard, the audit partner-in-charge will be changed with effect from next financial year ending 31 December 2024.	Catalist Rule 712 Catalist Rule 715
The amount payable to the external auditors relating to the provision of audit services for FY2023 amounted to approximately S$105,000. There were no non-audit services performed by the Company's external auditors in FY2023. Having reviewed the fees paid for FY2023, the AC is satisfied and is of the opinion that the fees of Foo Kon Tan LLP would not affect the independence of the external auditors and has recommended the re-appointment of Foo Kon Tan LLP as the Company's external auditors at the forthcoming AGM to the Board.	Catalist Rule 1204(6)
SHAREHOLDER RIGHTS AND ENGAGEMENT **Principle 11: Shareholder Rights and Conduct of General Meetings** *The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*	

There was only one (1) general meeting held in FY2023 which was the annual general meeting for FY2022. Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, and to stay informed of the Company's strategy and goals in order to ensure a high level of accountability. A scrutineer will be appointed by the Company to explain the rules, including the voting procedures to the Shareholders to enable the Shareholders to participate effectively in and vote at the annual general meeting. The AGM for FY2022 was convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Further details in relation to the arrangements for the AGM for FY2022 was set out in the Notice of AGM, Proxy Form and accompanying announcement released on 13 June 2023. Shareholders were given the opportunity to submit comments, queries and/or questions related to the ordinary resolutions put to vote at the AGM held for FY2022. The Company would then provide its responses to the comments, queries and/or questions (including questions from Securities Investors Association (Singapore), (if any) on SGXNET and the Company's website. Shareholders were also allowed to raise comments, queries and/or questions during the AGM for FY2022 via the online platform hosting the live audio-visual webcast or live audio-only stream. The Company did not receive any comments, queries and/or questions related to the ordinary resolutions put to vote at the AGM before the stated deadline provided in the relevant notice of AGM and during the course of the AGM.	Provision 11.1
The Company tables separate resolutions on each substantially separate issue unless the issues are interdependent and linked so as to form one (1) significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. All resolutions at general meetings were put to vote by poll so as to better reflect Shareholders' shareholding interests and ensure transparency. Detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately after the general meeting via SGXNET.	Provision 11.2
The Directors understand the importance of attending the general meetings to be available to attend to shareholders' queries and to communicate with shareholders. Insofar as possible, all Directors attend general meetings of the Company to address such questions. The Company's legal advisors (if necessary), the AC Chairman, the NC Chairman and the RC Chairman are also present to assist the Directors in addressing such questions. The Company's external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Similar to the AGM for FY2022, as most of the Directors of the Company ordinarily reside outside of Singapore, the Company will make the necessary arrangements for the Directors to participate in the pending AGM for FY2023. All Directors of the Company attended the annual general meeting for FY2022 held on 28 June 2023. No extraordinary general meeting was held in FY2023.	Provision 11.3
Regulation 73 of the Company's Constitution permits Shareholders who are unable to vote in person at any general meeting, subject to the approval of the Directors, to have the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.	Provision 11.4
The Company records substantial and relevant comments or queries from shareholders at general meetings, as well as responses from the Board and the Management. Copies of the minutes of the general meetings will be uploaded on the Company's corporate website at www.netpac.com.sg and on SGXNET at the URL https://www.sgx.com/securities/company-announcements within one (1) month from the date of the AGM.	Provision 11.5
The Company does not have a fixed dividend policy. The form, frequency and the amount of dividend will depend on the Group's earnings, financial position, financial needs, expansion plan and other factors which the Board may deem appropriate. No dividend was declared or recommended for FY2023 because the Group was not profitable in FY2023.	Provision 11.6 Catalist Rule 704(23)

<table>
<tr><td colspan="2">Principle 12: Engagement with Shareholders

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.</td></tr>
<tr><td>The Company's corporate website is a key source of information for the investment community. It contains a wealth of investor-related information on the Company, including its business, contact details, financial results, annual reports, press releases, and announcements which the Company releases via SGXNET from time to time.

The Company seeks to ensure that Shareholders are sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares. Further, the Company is fully committed to corporate governance and transparency by disclosing to its stakeholders, including its Shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its Shareholders' views and addressing their concerns.

All material information on the performance and development of the Group and of the Company are also disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the Company's financial results are also available on the Company's website – www.netpac.com.sg.

In addition, to further encourage and promote communications with Shareholders and the investment community, Shareholders and the investment community are invited to send emails queries to the senior management at admin@netpac.com.sg.</td><td>Provision 12.1</td></tr>
<tr><td>The Company has an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Shareholders.

The Company's senior management facilitates the Company's communications with Shareholders on a regular basis, to attend to their queries or concerns as well as to keep Shareholders apprised of the Group's corporate development and financial performance.

Shareholders with queries may reach the Company by writing to admin@netpac.com.sg.

The senior management will inform the Board upon receipt of Shareholders' queries to keep the Board apprised of the issues raised by the Shareholders and will endeavour to respond to Shareholders' queries as soon as practicable after due discussion with the Board.</td><td>Provision 12.2

Provision 12.3</td></tr>
<tr><td colspan="2">MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.</td></tr>
<tr><td>The Company has implemented appropriate channels to identify and engage with its material stakeholders. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business. Such arrangements include maintaining the Company's website, which is kept updated with current information to facilitate communication and engagement with stakeholders.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders such as through the Company's website. The Company welcomes the stakeholders to write to admin@netpac.com.sg wherein the senior management will address the stakeholders' queries as appropriate.</td><td>Provision 13.1</td></tr>
<tr><td>In FY2023, the Company has maintained the Company's website to keep the stakeholders updated of developments as disclosed under Provision 12.1 above and was available to answer queries from stakeholders through the admin@netpac.com.sg.</td><td>Provision 13.2</td></tr>
<tr><td>The Company maintains a current corporate website, www.netpac.com.sg, to communicate and engage with stakeholders. The corporate website has a dedicated "Contact Us" tab for stakeholders to provide feedback, queries and/or concerns by writing to and/or calling the Company.</td><td>Provision 13.3</td></tr>
</table>

Company's Compliance of Explanation	**Catalist Rule**
Dealing in Company's Securities In FY2023, the Management circulated reminders to Directors and officers of the Company via emails on the following: (a) dealings in securities at the relevant period by the Directors, the Management and officers of the Company who have access to price sensitive information in FY2023; (b) that an officer should not deal in the Company's securities on short-term considerations; and (c) that the Directors and its officers should not deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements). The Company, its Directors and executives were also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period and not to deal in the Company's securities on short-term considerations.	1204(19)
Sustainability Reporting The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from the environment, social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. Our 2023 Sustainability Report can be found at pages 40 to 56 of this Annual Report.	711A and 711B
Material Contracts and Interested Person Transactions ("IPTs") Save for the sale and purchase agreement dated 25 September 2023 to acquire 100% of the total issued and paid-up share capital of Ben Sports and Management Limited and its subsidiary, (the "Golf SPA") as disclosed in the Company's announcement dated 25 September 2023, there were no material contracts entered into by the Company or any of its subsidiaries in FY2023 involving the interests of any Directors or controlling Shareholders of the Company either still subsisting as at the end of the financial year under review or if not subsisting, were entered into since the end of the previous financial year. Save for the Golf SPA, there were no IPTs with value of S$100,000 and more entered in FY2023. **Conflicts of Interests** All Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interests (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board or the Board Committees (as the case may be) and shall abstain from voting in respect of any such transaction where the conflict arises. Since FY2013, the Group has expanded its loan portfolio to include companies in Australia. Prior to FY2016, all of the Group's loans in Australia were disbursed through an intermediary, Jetwin Investment Pty Ltd ("**Jetwin**"). Mr Zhou Wen Jie ("**Mr Zhou**"), the Company's Non-Executive Chairman for the relevant period and a Controlling Shareholder, has also been extending loans to companies in Australia through Jetwin. Certain loans that Mr Zhou has made in the past were to the same borrowers of the loans extended by the Group. In respect to certain of such loans, Mr Zhou was also appointed to the board of the borrower as a nominee of the Group to safeguard the Group's interests. There were no new loans with similar arrangements disbursed by the Company and Mr Zhou since FY2016.	1204(8) 1204(17)

Mr Zhou has confirmed to the Company that save for his loans to the borrowers (which were made on the same terms as the Group's loans) and his directorship on the board of certain borrowers (in the capacity as a nominee of the Group), he has no other interests in the borrowers and does not have any executive or operational role in these companies. Mr Zhou is a businessman who operates metal recycling businesses and is also an investor. He had granted the loans to the borrowers in the past in his own private capacity as he had excess cash resources. There was no agreement, understanding or arrangement in respect of the loan transactions, whether formal or informal, between the Company or any of its subsidiaries and Mr Zhou and each party evaluated the investment merits and credit worthiness of the borrowers independently on their own.

In view of the materiality of the Australian market to the Group and to mitigate any potential conflicts of interest (perceived or otherwise) arising from Mr Zhou's loans to the same borrowers as the loans of the Group in Australia, the following measures have been put in place:

(i) Pursuant to a deed of undertaking dated 16 March 2016 ("Undertaking"), Mr Zhou has undertaken to the Company that for so long as the Company remains listed on the Catalist and he and/or his Associates (as defined in the Catalist Rules) remains as a Director or a Controlling Shareholder of the Company:

   (a) save for the loans already granted by Mr Zhou and/or his Associates and existing as at the date of the Undertaking (the "Existing Loans"), he shall not and will procure that his Associates shall not (without the prior written consent of the Company) directly or indirectly, carry on or be engaged or concerned or interested economically or otherwise in any manner whatsoever in such financing business that may compete with the Group in China, Hong Kong and Australia (the "Territories");

   (b) in respect of the Existing Loans to the same borrowers as the loans of the Group, Mr Zhou shall and will procure that his Associates shall place the interest of the Group above their own personal interest and shall not without the prior consent of the Company, directly or indirectly, take any action which will adversely affect or prejudice the interest of the Group; and

   (c) in respect of any proposed financing transaction in the Territories in the future which falls within the business scope of the Group, Mr Zhou shall and will procure that his Associates shall grant the Company a right of first refusal.

(ii) Each of the Group's loans must be approved by a majority of the Group's Credit Committee members. In the event where a loan, that any Director, Controlling Shareholder or their respective Associates may be interested in, is proposed to the Credit Committee for approval, such interested Director or Controlling Shareholder or their Associates will disclose his interest to the Credit Committee and must abstain from participating in any discussions involving, and voting in, matters in which he may be interested. In addition, such loan transaction to be entered into by the Group shall require unanimous approval of all the other members of the Group's Credit Committee.

(iii) The Financial Controller will maintain a register to record all transactions of the Group where a Director or Controlling Shareholder has also extended loans to the same borrower in his own private capacity, and will submit such register for review by the AC on a half-yearly basis to ensure that the terms of such transactions conducted by a Director or Controlling Shareholder and the terms of the Group's transactions are materially the same.

The AC has reviewed the above measures put in place and is of the opinion that these measures are sufficient to safeguard the interests of the Company and its minority Shareholders. The AC shall review the procedures at least annually to determine if they continue to be adequate and commercially practicable in ensuring that conflict situations are satisfactorily addressed.

As at 31 December 2023, there were no outstanding Australian loans as all such loans have been fully settled. Please refer to the Company's announcement dated 6 August 2021 for further information.

Continuing Sponsor 1204(21)

No fees relating to non-sponsorship activities or services were paid/payable to the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2023.

Additional information on Directors seeking re-election

Details	**Name of Director**			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
Date of appointment	8 February 2010	9 January 2003	8 November 2023	8 November 2023
Date of last re-appointment	28 April 2021	28 April 2021	Not applicable	Not applicable
Age	54	67	43	51
Country of principal residence	Hong Kong	Singapore	Hong Kong	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors ("**Board**"), having considered the recommendation of the Nominating Committee ("**NC**") and assessed the qualifications and working experience of Mr Ong Chor Wei @ Alan Ong ("**Mr Ong**"), is of the view that he has the requisite experience and capabilities to continue to assume the responsibilities of the Chief Executive Officer and Executive Director of the Company. Accordingly, the Board has approved the re-appointment of Mr Ong as the Chief Executive Officer and Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed the qualifications and working experience of Mr Chin Fook Lai ("**Mr Chin**"), is of the view that he has the requisite experience and capabilities to continue to assume the responsibilities of a Non-Independent Non-Executive Director of the Company. Accordingly, the Board has approved the re-appointment of Mr Chin as the Non-Independent Non-Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed the qualifications and working experience of Mr Chak Chi Shing ("**Mr Chak**"), is of the view that he has the requisite experience and capabilities to continue to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board has approved the re-appointment of Mr Chak as an Independent Non-Executive Director of the Company. The Board considers Mr Chak to be independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist. ("**Catalist Rules**")	The Board, having considered the recommendation of the NC and assessed the qualifications and working experience of Ms Kwok Meei Ying, Monica ("**Ms Kwok**"), is of the view that she has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board has approved the re-appointment of Ms Kwok as an Independent Non-Executive Director of the Company. The Board considers Ms Kwok to be independent for the purposes of Rule 704(7) of Catalist Rules
Whether the appointment is executive and if so, please state the area of responsibility	Executive. Mr Ong shall continue to be responsible for formulating and implementing strategies to improve the overall corporate performance of the Group.	Non-executive	Non-executive	Non-executive

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Chief Executive Officer and Executive Director	Non-Independent Non-Executive Director	Independent Non-Executive Director Chairman of the Risk Management Committee ("**RMC**") Member of the Audit Committee ("**AC**") and Remuneration Committee ("**RC**")	Independent Non-Executive Director Member of the AC, RMC, and NC
Professional memberships / qualifications	Associate member of The Institute of Chartered Accountants in England and Wales Member of The Hong Kong Institute of Certified Public Accountants Bachelor of Laws degree from The London School of Economics and Political Science, University of London Master in Business Administration jointly awarded by The University of Wales and The University of Manchester		Member of The Hong Kong Institute of Certified Public Accountants and Certified Public Accountant Australia Bachelor degree of Commerce in Accounting and Finance from Curtin University of Technology	Master of Business Administration from Southern Cross University
Working experience and occupation(s) during the past 10 years	2022 – present: GBA Holdings Limited – Executive Director 2007 – present Joyas International Limited – Non-Executive Deputy Chairman 2015 – present Denox Environmental & Technology Holdings Limited – Independent Non-Executive Director 2017 – 2023 Smart Glode Holdings Limited – Independent Non-Executive Director	1993 – present: Cheso Machinery Pte Ltd – Managing Director	2019 – present: Tokyo Chuo Auction Holdings Limited – Chief Financial Officer and Company Secretary 2018 – 2019 China Shenghai Food Holdings Company Limited – Executive Director 2016 – 2018 iRregular Corporate Service Limited – Financial Controller 2014 – 2016 Hao Wen Holdings Limited – Financial Controller	2022 – present: Asiel Advisory Pte. Ltd. (previously known as Ascendenz Consulting Pte. Ltd.) – Founder and Managing Director 2022 – present Zion Capital Advisory Pte. Ltd. – Chief Investors Relations Officer 2021 – present Full Apex (Holdings) Limited – Independent Director, Chairman of Nominating and Compensation Committee and Member of Audit Committee

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
	2016 – 2022 Nameson Holdings Limited – Independent Non-Executive Director 2010 – 2022 Man Wah Holdings Limited - Independent Non-Executive Director 2010 – 2020 O-Net Technologies (Group) Limited - Independent Non-Executive Director 2016 – 2020 Prosperous Printing Company – Non-Executive Director 2017 -2019 Vico International Holdings Limited - Non-Executive Director 2014 – 2019 Zibao Metals Recycling Holdings Plc – Executive Director 2013 – 2016 Hong Wei (Asia) Holdings Company Limited - Non-Executive Director		2008 – 2013 HLB Hodgson Impey Cheng Limited - Assistant Manager	2024: Debao Property Development Limited - Corporate Affairs Officer 2019 – 2023: AVI Advisory Pte. Ltd., Co - Founder and Managing Director 2020 – 2022: Raffles EMI Pte. Ltd. (previously known as Assetera Fintech Pte. Ltd.; previously known as Ascendenz Consulting Pte. Ltd.) - Chief Operating Officer 2021: Full Apex (Holdings) Limited - Company Secretary 2020 – 2021: KTL Global Ltd - Chief Corporate Affairs, Communications and Human Resource Officer 2013 – 2020 Ascendenz Consulting Pte Ltd (seconded to Metech International Limited) - Chief Corporate Affairs, Communications and Human Resource Officer 2018 Ascendenz Consulting Pte Ltd (seconded to Livingstone Healthcare Holdings Limited (previously known as Citicode Limited; previously known as Advance SCT Limited)) - Vice President, Corporate Affairs, Communications and Human Resource 2007 – 2018: Advance SCT Limited - Vice President, Corporate Affairs, Communications, Human Resource, Sales and Marketing

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
Shareholding interest in the Company and its subsidiaries	Mr Ong directly holds 3,150,000 shares in the Company and is deemed interested in the 53,700,000 shares held by Quad Sky Limited by virtue of him owning 100.0% of the equity interest in Head Quator Limited which in turn owns 50.0% of the equity interest in Quad Sky Limited. Mr Ong's direct and deemed interest represents approximately 10.82% of the total issued shares of the Company.	Mr Chin directly holds 69,022,400 shares in the Company, representing approximately 13.13% of the total issued shares of the Company.	No	No
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	No	No	No	No
Conflict of Interest (including any competing business)	Mr Ong is the Chief Executive Officer and Executive Director of the Company and a Non-Executive Director of Joyas International Holdings Limited and GBA Holdings Limited, all of which are in the financing business, and operating as financial lenders within the same market segment of the People's Republic of China (including Hong Kong). Mr Ong's role in GBA Holdings Limited pertains to compliance and is not directly involved in the business decisions relating to loan disbursements.	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
	Mr Ong has provided an undertaking to the Company to mitigate any conflicts of interest (including any competing business) between himself and the Group including: to make timely disclosure of any such conflicts of interests, to recuse himself from all discussions and decisions relating to interested transactions, to recuse himself from negotiation for any business opportunities that directly or indirectly competes with any business carried on by the Group. The NC has reviewed the existing undertaking provided by Mr Ong to ensure that the Company's interests will not be compromised. Further, having considered Mr Ong's additional principal commitments, the NC is satisfied that Mr Ong can continue to discharge his director's duties to the Company and that Mr Ong will not derive any special advantage in relation to those positions that he is or will be conflicted.			
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes	Yes

Details	**Name of Director**			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
Other Principal Commitments Including Directorships	**Past (for the past 5 years)** Prosperous Printing Company Limited Vico International Holdings Limited O-Net Technologies (Group) Limited Zibao Metals Recycling Holdings Plc Smart Globe Holdings Limited Nameson Holdings Limited Man Wah Holdings Limited **Present** Denox Environmental & Technology Holdings Limited Joyas International Holdings Limited GBA Holdings Limited Ever On Investment Limited Good Scene Investment Limited Grandtop Services Limited Joyas Investments Group Limited Uprich Holdings Limited Net Pacific Investments Holdings Limited On Glory Investment Limited Net Pacific International Limited Net Pacific Finance Group Limited Head Quator Limited Quad Sky Limited Asia Growth Holdings Limited Asia Growth Group Limited Delton Group Limited Reach Win Limited CCIG Financial Services Limited Advent View Holding Limited Top Pioneer Limited Meta Technology International Limited New Concept Group Pty Limited	**Past (for the past 5 years)** - Nil **Present** Cheso Machinery Pte Ltd CM Machinery Pte Ltd	**Past (for the past 5 years)** Link-Asia International MedTech Group Limited China Shenghai Food Holdings Company Limited Success Legend Consultants Limited **Present** Founder Holding Limited Sunyes Electronic Manufacturing (Zhejiang) Holding Co., Limited SDM Group Holdings Limited Winwei (China) Co., Limited CGU Enterprises Limited Amigo Consultants Limited Yuan Mei (Hong Kong) Apparel Company Limited	**Past (for the past 5 years)** AVI Advisors Pte. Ltd. Assetera Fintech Pte. Ltd. (previously known as Ascendenz Consulting Pte. Ltd.) Apzenith Capital Pte. Ltd. Asiapac Recycling Pte. Ltd. Asiapac Metals Pte. Ltd. Green World Holdings Ltd. Raffles Financial Asset Management Pte. Ltd. RNV Capital Pte. Ltd. Raffles Portfolios VCC **Present** Asiel Advisory Pte. Ltd. (previously known as Ascendenz Consulting Pte. Ltd.) Full Apex (Holdings) Limited Global Agritech Pte. Ltd. (previously known as MCard Asia Pte. Ltd.) Resourceco Global Pte. Ltd. Shong Lee F&B Group Pte. Ltd. (previously known as Stamatis Capital Pte. Ltd)

Details	**Name of Director**			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
	GBA Land (China) Holdings Limited GBA Tech Global Holdings Limited CCT Tech International Holdings Ltd GBA Land Holdings Ltd Great Choice Group Ltd Real Prime Ltd Elite Venture Associates Ltd Super Elite Ventures Ltd Hillfied Enterprises Limited Universal Flair Limited Tactical Assets Ventures Ltd CCT Land (Anshan Tiexi) Holdings Ltd CCT Land (Anshan) Holdings Ltd CCT Land Finance Limited CCT Tech Ltd Regal Fair Limited Top Globe (Hong Kong) Limited Fortune Sky Company Limited Greater East Limited Great Manners Enterprises Limited Aurora Strategies Limited Ben Sports and Management Limited Net Industrial International Company Limited			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

Details	**Name of Director**			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	Chin Fook Lai	Chak Chi Shing	Kwok Meei Ying, Monica
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

Details	Name of Director			
	Ong Chor Wei @ Alan Ong	**Chin Fook Lai**	**Chak Chi Shing**	**Kwok Meei Ying, Monica**
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If yes, please provide details or prior experience.	Not applicable	Not applicable	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable	Not applicable	Not applicable

SUSTAINABILITY **REPORT**

For the financial year ended 31 December 2023

This Sustainability Report by Net Pacific Financial Holdings Limited ("**Net Pacific**" or the "**Company**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2023 ("**FY2023**") focuses on the material environmental, social and governance ("**ESG**") factors.

ABOUT THE REPORT

Scope of Reporting

This Sustainability Report summarises the initiatives, policies, and ESG related key performance indicator ("**KPI**") data of the Group's operating activities in providing financing services business during FY2023.

Unless stated otherwise, information disclosed in this report covers that of the Group's head office and operating subsidiaries, Net Pacific Finance Group Limited (Hong Kong) and Net Pacific Investment Holdings Limited (British Virgin Islands).

Reporting Framework

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") 2021 Standards and in conformity with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist's sustainability reporting regime. The GRI Standards were adopted by the Group as the disclosure principles and performance metrics provided by GRI are relevant for the Group to communicate the progress and impact of our ESG efforts to our stakeholders. Net Pacific has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

The climate related disclosures in the Sustainability Report are consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). We are proud to announce that we belong to one of the industries where mandatory compliance with the climate reporting requirements is required for FY2023 and after. The TCFD Content Index is available on page 56 of this Annual Report.

Pursuant to Rule 711B(3) of the Listing Manual (Section B: Rules of Catalist) ("**Catalist Rules**") of SGX-ST, the Group has subjected the sustainability reporting process to internal review by outsourced internal auditors David Ho & Company. The Board of Directors has assessed that external assurance is not required for the Sustainability Report at this juncture.

BOARD STATEMENT

We are pleased to present Net Pacific's Sustainability Report. During the reporting year ("**Reporting Year**"), businesses faced many issues ranging from the New Monetary Order (an effort by The Federal Reserve System of the United States in the second quarter of 2022 to combat inflation, primarily by rapidly raising interest rates and shrinking their balance sheets) and its impact on the financial sector in all countries around the world, higher and more volatile inflation and interest rates, growing environmental concerns, geopolitics and finance, market fragilities and repricing of financial assets, and climate-related risk and finance. Climate change remains one of the world's most prominent business challenges. The energy sector saw developments driven by rising energy prices, growing demand for coal, and the rapid global economic growth following the pandemic. Furthermore, global industries are accelerating their investments towards energy efficiency as the race towards net zero intensifies. We will continue our pursuit of resilience in such challenging times.

Key Highlights of 2023

This year, our sustainability strategy involved a progressive approach from our critical operations to establish mechanisms to measure and monitor ESG data to enable us to track progress, make informed decisions, and work towards setting goals and targets.

We also witnessed growing commitment across the Group to prioritise efforts with ESG considerations, guiding our operations teams in the right direction.

Governance efforts to combat anti-corruption and bribery continue to be strengthened across the Group, reinforcing our zero-tolerance commitment.

Future Outlook on ESG Performance

As we look towards the second half of 2024 and beyond, we will continue to focus on sustainability in reduction of carbon footprint with a focus on green energy and waste management practices

We will commit to enhancing our sustainability journey to reinforce our sustainability governance framework, assess our ESG factors, and integrate them into the Group's corporate strategies. Implementing a robust framework is crucial for our businesses to achieve long-term sustainability. We set out to consistently enhance our disclosures to fulfil regulatory reporting obligations and align our practices with globally recognised standards. In this Sustainability Report, we have refined our disclosures to align more closely to the SGX-ST's ESG Core Metrics and selected GRI standards disclosure requirements.

While we have made significant progress in our sustainability practices compared to previous years, we remain committed to increasing awareness among our people and cultivating stronger partnerships with our stakeholders.

ABOUT THE COMPANY

About the Company

Net Pacific is an investment company that specialises in providing financing services and access to capital to small and medium-sized companies in the People's Republic of China ("**PRC**"), and Hong Kong Special Administrative Region ("**Financing Business**").

On 1 December 2023, we completed the acquisition of Ben Sports and Management Limited and its subsidiary ("**Ben Sports Group**"). The principal activities of Ben Sports Group are the sale of golf simulators and the operation of golf simulator venues in the PRC ("**Golf Business**"). In addition, the Company, through the joint venture, plans to complete the acquisition of 51% of Saint Pearl travel Products (Guangdong) Co., Ltd in May 2024, with core business in the manufacturing and sale of hard case travel products in the PRC.

As contribution from Golf Business is minimal in FY2023, this Sustainability Report shall only be discussing on the material ESG factors relating to the Financing Business.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is to ensure that ESG issues are well integrated with our business and operational models, and are subject to strong governance by our management and Board. We embed sustainability considerations in our business strategies and lending decisions, and appraise both ESG-related risks and opportunities in a holistic and balanced manner.

SUSTAINABILITY GOVERNANCE

Governance Structure

In formulating operational strategies and ESG measures, the Group takes into account its stakeholders' expectations and concerns, and strives to improve its performance through mutual cooperation with its stakeholders. The Group has maintained close communication with its key stakeholders by utilising diversified key communication channels, details of which are shown as follows:

<table>
<tr><td rowspan="4">Sustainability Strategy Targets & KPI Capital & Resource Allocation</td><td colspan="4">Board of Directors</td><td rowspan="4">Regular Reporting, Issues Escalation Ideas & Innovation</td></tr>
<tr><td colspan="3">Risk Management Committee</td><td rowspan="2">Audit Committee</td></tr>
<tr><td>Executive Directors</td><td>Independent Directors</td><td>Heads of Department</td></tr>
<tr><td colspan="4">Sustainability Steering Committee</td></tr>
</table>

Board of Directors

The Board has an overall responsibility for sustainability, provides oversight of ESG matters and has in place a strong governance framework to manage our business effectively and responsibly. The Board determines the material ESG factors, approves the sustainability related policies and the Enterprise-Wide Risk Management Framework ("**EWRM**"), which now covers the Group's environmental and climate risk management. In addition, the Board is responsible for ensuring that the Group has adequate resources to achieve its ESG aspirations and for allocating resources appropriately through annual budgeting and long-term strategic planning.

Risk Management Committee

To support the Board on ESG matters, the Risk Management Committee ("**RMC**") oversees the EWRM, reviews and approves risk policies and procedures. This includes defining Net Pacific's risk appetite and managing the Company's risk exposures, which include ESG risks. The RMC meets quarterly, and reports and escalates ESG related matters to the Audit Committee, which has overall oversight responsibility for ESG issues, and to the Board.

Sustainability Steering Committee

The Sustainability Steering Committee ("**SSC**") supports the RMC in reviewing, monitoring and managing Net Pacific's sustainability efforts and material ESG factors. The SSC reports regularly to the RMC, which in turn reports to the Audit Committee and the Board on matters and issues relating to sustainability.

Audit Committee

The Audit Committee ("**AC**") has overall oversight responsibility for ESG matters. Through the Internal Audit function, the AC provides independent oversight on the design of policies related to sustainability, compliance with these policies, quality of data being collected and sustainability related reporting and disclosure processes and practices.

The Internal Audit function has reviewed this Sustainability Report for which external assurance has not been sought.

Sustainability performance

All Net Pacific personnel responsible for sustainability are expected to ensure full compliance with our ESG related policies and strategies to achieve the ESG targets set by the Board, and incorporate sustainability considerations into every initiative they oversee. Our remuneration policy takes into account the contributions of our personnel in enhancing Net Pacific's sustainability performance, which is now one of our strategic imperatives.

STAKEHOLDER ENGAGEMENT

In formulating operational strategies and ESG measures, the Group takes into account its stakeholders' expectations and concerns, and strives to improve its performance through mutual cooperation with its stakeholders. The Group has maintained close communication with its key stakeholders by utilising diversified key communication channels, details of which are shown as follows:

Stakeholders	Communication Channels	Expectations
Shareholders	• Annual general meeting and other shareholder meeting • Financial reports • Announcements and circulars • Company website – Investor relation	• Financial performance • Corporate transparency • Sound risk management and internal control • Corporate sustainable development
Government and regulatory agencies	• Regular reports • Written or electronic communication	• Compliant operation • On-going communication • Mutually beneficial relationship
Employees	• Training and seminars • Regular performance appraisals • Suggestion box • Internal announcements and notice • Intranet	• Career development • Competitive remuneration and welfare • Equal opportunity on promotion • Healthy and safe working environment
Customers	• Customer satisfaction survey • Customer service hotline and email • Company website	• Customer rights and interests protection • Customer privacy protection • High quality products and services
Supplier and Service Providers	• Supplier and service provider assessments • Regular meetings • Tele-conference	• Integrity in cooperation • Responsible supply chain management • Business ethics and reputation • Fair and open competition
The society and public	• Charity events • Community investment • ESG reports	• Perform environmental protection • Provide job opportunity • Support charity • Transparent information to public

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community on a continuous basis. The Group did not obtain external financing for the Financing Business.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing the Sustainability Report, assisted the Group in reviewing its operations, identifying key ESG issues and assessing the importance of such issues to the Group's business and stakeholders through discussions and workshops. The Group adopted the materiality matrix during FY2023 as follows:

The Group's Materiality Matrix during FY2023					
High				Access to funding by the Group	Quality of customer/ loan portfolio
LEVEL OF INFLUENCE ON STAKEHOLDERS' ASSESSMENTS & DECISIONS			Anti-corruption	Political factors	Credit assessment of borrowers
		Protection of Customer Privacy	Service Quality Management	Economic factors	Cost of funding/ interest rates movements
				Occupational Health and Safety	
		Talent Attraction			
			Training and Development		
		Employees' Welfare			
	Supply Chain Management				
		Energy Consumption	Community Investment		
		Emission Control			
Low	LEVEL OF SIGNIFICANCE OF ECONOMIC, ENVIRONMENTAL & SOCIAL IMPACTS				High

Some of the best practices and methods for gathering and analyzing data on the loan portfolio quality are using a combination of quantitative and qualitative data. Quantitative data refers to numerical and statistical information, such as loan balances, interest rates, repayment schedules, delinquency rates, non-performing loans, provisions, write-offs, and recoveries. Qualitative data refers to descriptive and contextual information, such as loan policies, procedures, standards, criteria, documentation, reviews, approvals, monitoring, supervision, and reporting. Both types of data are important to provide a comprehensive and balanced view of the loan portfolio quality, as well as to identify any gaps, inconsistencies, or discrepancies between the data and the reality.

Credit assessment is a process of evaluating a borrower's creditworthiness and their ability to repay their debt. The four main components of a credit assessment are credit history, capacity, collateral, and conditions. Each of these components is important in determining the overall creditworthiness of a borrower.

During FY2023, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues were in place and the information disclosed in the Sustainability Report was in compliance with the requirements of the Practice Note 7F Sustainability Reporting Guide of the Catalist Rules.

CONTACT US

The Group welcomes comments and suggestions from its stakeholders. You may provide comments and feedback on the Sustainability Report or the Group's performance in respect of sustainable development via the following channels:

Adress. : 35 Selegie Road, #10-25 Singapore 188307
Email. : admin@netpac.com.sg
Telephone : (65) 6542 3488

A. ENVIRONMENTAL ASPECTS

A.1. Emissions

The Group is principally engaged in the provision of financing services in a typical office setup and its business activities do not have a direct significant impact on the environment. We recognise that we have an obligation to reduce the impact of our operations on the environment and are committed to continuously improving our office operations by using resources effectively.

Emissions Control

Exhaust Gas Emissions

The financing services operations of our business do not directly consume any fuel nor do we own any vehicles, therefore we do not have associated emissions (Scope 1) in relation to gaseous fuels. Nevertheless, we encourage our staff to travel by public transportation and/or green vehicles, such as electric cars or hybrid cars, whenever possible, in order to avoid emissions of gaseous fuels to the environment. We also encourage employees, business counterparts and clients to participate in discussions and meetings via telephone and video conferencing, where appropriate to reduce transportation and the travelling time required, especially for overseas business trips, making contribution to environment via reduction of indirect emission.

A.1.1. GHG Emissions

The major source of the Group's GHG emissions was electricity consumption in the office (Scope 2). As we are principally engaged in the Financing Business, which is primarily conducted in the typical office environment, we do not consume a significant amount of energy compared to other industries such as manufacturing. Further, since our business only involves essential equipment such as desktop computers and LED lighting, we do not consume a significant amount of electricity. As a result, associated emissions (Scope 1) which relates to gaseous fuels does not apply to the Group while associated GHG emissions (Scope 2) is minimal. Besides, we are exploring pragmatic ways to measure Scope 3 GHG emission in order to capture our impact on climate more comprehensively. In order to further mitigate GHG emissions, we have adopted energy saving measures to minimise electricity consumption. Employees are encouraged to switch off unnecessary lights and electronic devices during lunch hours and after office hours. Notices containing energy saving reminders and messages are displayed in the office area to promote green office habits. Through implementing such measures, employees' awareness on GHG emissions reduction has been enhanced.

Waste Management

Hazardous Waste

Due to its business nature, the Group did not generate a significant amount of hazardous waste during FY2023. If any hazardous waste is produced, the Group will engage a qualified chemical waste collector to handle such wastes in order to comply with the relevant environmental laws and regulations.

Non-Hazardous Waste

Under Financing Business, we mainly generate non-hazardous waste such as paper, food scraps, plastics and other general waste similar to a typical household or office setting. We encourage our employees to reduce the usage of single use plastic items during daily activities, such as plastic holders, utensils, cups, bags, etc. and using stationery with refill to reduce wastage.

In order to reduce paper consumption, we encourage our employees to adapt environmental-friendly printing such as double-sided printing and copying. We also encourage our employees to reuse single sided non-confidential print out, and stationery such as envelopes. Recycling bags are available to collect paper, paper boxes, newspaper and magazines for recycling purposes. All these measures are geared towards reducing paper waste which can help mitigate the global greenhouse effect.

There were no complaints had been received from the building management offices and other regulatory bodies during the FY2023 regarding improper handling of wastes.

A.2. Use of Resources

The Group continues to implement initiatives to incorporate resource efficiency and eco-friendly measures into the Group's operations, and is committed to optimising the use of resources in all of its business operations. During the Group's daily operations, we do not directly consume any fuel nor do we own any vehicles, electricity is the major type of energy consumed. The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the use of unnecessary materials.

Energy Consumption

As we are principally engaged in the Financing Business, which is primarily conducted in the typical office environment, we do not consume a significant amount of energy compared to other industries such as manufacturing. Further, since our business only involves essential equipment such as desktop computers and LED lighting, the Group's major source of energy consumption is purchased electricity for the office. Being a responsible enterprise, we are committed to minimizing impacts on our environment by implementing measures to raise the awareness of energy-saving amongst our employees. The Group places great emphasis on electricity conservation in order to minimise the environmental impact brought by the Group's operations. The Group selects energy-efficient equipment where applicable and will perform immediate repairs once damage is reported to minimise irreparable damage which will mean equipment replacement.

We are aware that our use of electricity, and in particular, electricity consumed for air-conditioning, can contribute to global warming. Whenever possible, we will encourage our employees to set the air-conditioning temperature within the range of 23°C to 25°C to maximise energy efficiency and to minimise our consumption of electricity. We will also encourage our employees to turn off their monitors and computers when they leave the office either during lunch hours or during office hours for a meeting or at the end of the day to reduce wastage of electricity from idle equipment. Energy conservation reminders are placed at strategic locations in the office such as next to office equipment to increase employees' awareness of energy saving.

Water Consumption

Notwithstanding that we do not consume a significant amount of water in our daily business operations, we recognise that water is a precious resource. The business of the Group is operated in office premises where water supply is centrally managed by the respective property management of the buildings. It is therefore not feasible for the Group to provide water consumption data. For the Group, water is only consumed by employees for personal hygiene and general cleaning purposes with minimal wastage. Our employees are reminded to conserve water by turning off the tap after use and to fix dripping taps and water mains promptly.

Use of Packaging Materials

As the Group's operations do not involve any production process, it does not use packaging materials. Hence, this aspect is considered as irrelevant to the Group's operations.

Environmentally Friendly Policy

We spend a sizable amount of time communicating with overseas clients. However, travelling abroad produces carbon footprint that may impact on the environment significantly. With the advancement of technology, we can now communicate with overseas clients via video conferencing, email and other online communication tools. Where practicable, our Company strongly encourages employees to communicate through online platforms, irrespective of internal or external communications with clients. This enables timely and efficient communications, cut costs and make our business environmentally friendly through the reduction of our carbon footprint.

Our short-term strategy for resources consumption is to maintain the current electricity and paper consumption record in the coming years and to monitor the effectiveness of the various environmentally friendly measures implemented by the Group. In the long-term, we would maintain our lean business model so that resource consumption can be minimised at the source, and to explore management models, innovations and technological advancements so that we could further minimise the resource consumption, whenever practicable.

In FY2023, most of our business meetings are held in Singapore and Hong Kong Special Administrative Region with daily transportation costs. We have developed an eco-friendly policy and reduced footprint by implementing a solution that fits our business trips:

Putting in place a clear travel policy, to make positive changes and switch to low-carbon alternatives by embedding policies in the Travel and Entertainment application. Promoting low-emission airlines and promoting sustainable accommodations;

- Mapping out current travel practices not only allows businesses to identify areas for sustainability savings but can also help to shape and guide future travel policies;
- Create a green business travel program campaign;
- Digital document management, reducing the need for printing, copying, and storage. Help to deliver cost savings and encourage employees to be more mindful and recycle the paper receipts where possible.

A.3. Responses to Climate Change

The impacts of climate change and extreme weather events have become more severe and implementation of initiatives to respond to climate change is critical and urgent. According to the "Climate Change 2022: Impacts, Adaptation and Vulnerability" released by Intergovernmental Panel on Climate Change, human-induced climate change, including more frequent and severe extreme weather events, has brought about widespread adverse impacts on nature and human beings, and the impacts are beyond those caused by natural factors.

Net Pacific is exposed to ESG-related risks through our lending activities via our loans to customers that operate in ESG sensitive sectors. The Group believes that proper management of environmental risks of our Financing Business can yield positive results and help enhance our reputation and brand for our business.

We seek to protect our assets by limiting our risk appetite for financing of ESG sensitive assets. We resolve to keep the exposures low to sustain the climate resilience of our portfolio and assets. In 2023, we reassessed and enhanced our ESG risk management to incorporate climate matters into our risk management.

To support our customers in their transition to greener technologies and business models, we conduct a preliminary assessment of ESG and climate risks before onboarding new customers. This proactive approach is taken to prevent disruptions to their financing and operations, as well as to mitigate the risk of potential impairment of our assets due to the abrupt termination of the relationship at a later stage.

We conduct ESG risk assessments on all new credit applications and at annual credit reviews. The assessment will take into consideration negative ESG news and information about the customers in the public domain.

We are also committed to build an environmentally friendly office in order to achieve environmental sustainability and more efficient use of resources. We have set up eco-friendly guidelines in our Company and all employees are encouraged to play a part to achieve such eco-friendly goals. Some of the guidelines are shown below:

- Create a paper-less office by using e-mail to communicate and printing on both sides of paper;
- Switch off all lights, air-conditioners and all electronic devices when not in use;
- Use LED lights to save electricity on lighting;
- Set aside containers for collection of paper to reuse and to recycle;
- Optimise the use of natural light and ventilation by making use of all available windows and outlets in our office area; and
- Procure energy-efficient electronical appliances.
- With clear oversight of the emissions intensity of investing and lending activities, we can help steer strategic and investment decision making towards more attractive risk-adjusted returns, while also surfacing potential climate-related risks.

As seen above, we have been operating with minimal impact to the environment and we endeavour to maintain and improve our protection of the environment via innovation of management model or new technology advancements, where such improvement is practicable for our adoption.

As part of our climate risk management strategy, to reduce the safety risks associated with severe weather, we would announce alert messages when severe weather warnings are in place and recommend preventive and mitigation measures. We have also formulated special work arrangements such as flexible working hours and/or work from home in response to extreme events in relevant business operations based on operational needs.

Low Carbon Transition

Recognising that the financial sector has a critical role to play in supporting the transition to a low carbon economy, Net Pacific is committed to supporting our customers in their transition journey to minimise the adverse impact caused by their business activities to people, the environment and community.

Net Pacific assesses the environmental risks and opportunities through the short, medium and long-term time scales as defined below. In making the classification, we take into consideration our financial and resource planning cycles as well as the maturity tenures of our assets and portfolios.

Short-term	**S**	0-1 Year
Medium-term	**M**	1-5 Years
Long-term	**L**	5-30 Years

The examples of the environmental risks and opportunities faced by Net Pacific are as follows:

Physical Risks	**Tenure**	**Examples**	**Financial Impact**
Acute Risk Event driven climate events	M L	• Increased extreme weather events such as flood & heats	• Reduced revenue due to physical disruptions
Chronic Risk Long term shift in climate events	M L	• Extreme variability in weather patterns • Rising sea levels & mean temperatures	• Asset impairment • Increased insurance premium
Transition Risks	**Tenure**	**Examples**	**Financial Impact**
Policy & Legal Risk Changes in policies & regulations	S M L	• Higher GHG emission taxes • Penalties for involving in illegal activities	• Impairment of loans & investments as changes negatively impact customers' bottom lines
Technology Risk Changes in technologies	S M L	• Higher research & development costs • Costs incurred in implementing new technologies	• Higher costs would adversely impact customers' cash flows and in turn their repayment ability
Market Risk Changes in market dynamics	S M L	• Changes in customer sentiment & demand • Value-chain disruption	• Reduced revenue from lower demands for credit facilities
Reputational Risk Negative perception from customers & stakeholders	S M L	• Negative perception of Net Pacific resulting in customer loss & lower profitability	• Challenges in retaining & attracting talents • Reduced access to capital
Opportunities	**Tenure**	**Examples**	**Financial Impact**
Products New products & services	S M L	• Green loans • Sustainable financing, especially for SMEs	• Increased revenue with new business opportunities
Products Higher business volume	M L	• Retrofitting activities under Singapore Green Building Masterplan • Other transition financing	• Higher revenue with more transitioning activities

Scenario Analysis

In 2023, we conducted our first scenario analysis on climate risk, a key environmental risk, based on the recommendations of TCFD. We took reference from the Network for Greening the Financial System Phase 2 ("**NGFS**") climate scenarios, which are consistent with the climate scenarios used in the Monetary Authority of Singapore's Industry Wide Stress Test ("**IWST**") 2022.

In line with the IWST 2022, we used 3 sets of climate scenarios, namely Orderly Transition, Disorderly Transition and No Additional Policies, which are adopted from the NGFS sub-category of Net Zero 2050, Delayed Transition and Current Policies, respectively.

Net Pacific Climate Scenario	NGFS Sub-category	Description	Mean Global Warming in 2050	Transition Risk	Physical Risk
Orderly Transition	Net Zero 2050	Timely and orderly global actions to move towards a low carbon future	1.6°C	Moderate	Limited
Disorderly Transition	Delayed Transition	A delayed and disorderly shift to a low carbon future	1.8°C	Medium to High	Limited
No Additional Policies	Current Policies	No additional climate policies are introduced	3.0°C	Limited	High

B. SOCIAL ASPECTS

B.1. Employment

The Group regards all employees as its most valuable assets as well as the Group's closest and most reliable partner in order to promote sustainable development. By establishing a comprehensive employment management system, the Group provides its employees a competitive, attractive, fair and inclusive working environment. The Group makes every effort to let all employees fully realise their potential, and provides a comfortable and safe working environment.

During FY2023, the Group strictly conformed to and complied with the relevant laws and regulations in relation to employment both in Hong Kong Special Administrative Region and Singapore that would have a significant impact on the Group.

Talent Attraction

The Group cherishes and cares about its employees, and believes that employees are its most valuable assets. Therefore, the Group has established a robust recruitment and promotion system to attract outstanding talents to the Group's workforce in order to continue expanding the Group's workforce. As an employer that provides equal opportunities, the Group values a fair, open, objective and non-discriminatory selection progress. Promotion of employees is determined by regular work evaluation, which is used as an indicator for salary increment and to spur improvement in employees' performance.

Termination of employee contracts is regulated by internal policies to ensure that all terminations comply with relevant local laws and regulations. The Group strictly prohibits any forms of unfair or illegal dismissal. The Group also collect opinions from departing employees through exit interviews in order to improve our processes. The procedures regarding employment, dismissal, evaluation and promotion are listed in the Employee Handbook.

Employees'Welfare

In Net Pacific, we see our employees as our greatest asset. They help us meet our customers' needs, drive innovation and elevate our business to greater heights. In return, we hope to provide a caring, safe and supportive workplace for our employees. We provide employment welfare beyond statutory requirements for our employees to take care of their needs and improve business relationships. We regularly review the welfare and compensation packages offered to our employees, comparing against those offered by industry players engaged in the same or similar business operations, to ensure that our welfare and compensation packages stay competitive so that we could retain and attract the best talents.

We support valuable employees with employee welfare, including hospital and surgical benefit, clinical benefit, optical benefit and etc.

Due to the low headcount in the Company, no targets had been set for FY2023 on turnover as it is impractical to do so. There will likewise be no target set in FY2024 for the same reason. The current manpower planning is to maintain our core professional team with competence under controlled costs for managing our financing business and providing improved returns to our shareholders. As such, we provide all the necessary employees' benefits and welfare where legally required both in Singapore and Hong Kong Special Administrative Region.

The Group formulates policies to determine employees' working hours and leave arrangements in accordance with local employment laws. Relevant policies on working hours and rest periods are listed in the Employee Handbook.

Diversity and Equal Opportunities

During FY2023, no discrimination incidents occurred in the Group. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group strives to provide equal opportunities to all its employees and maintain a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. The Group has zero tolerance towards any form of sexual harassment or abuse in the workplace. Any employee who is intimidated, humiliated, bullied or harassed (including sexual harassment) can directly report to the Chief Executive Officer and Executive Director or via the whistleblowing channel. The Group will take strict measures after receiving the complaint to resolve such matters.

The Group does not restrict any of the employees in Group to freedom of association and collective bargaining.

B.2. Health and Safety

The Group places emphasis on occupational health and work safety during the delivery of its services as it is the Group's concern not to put its employees, business partners, and service providers in danger. The Group has adopted an occupational health and safety manual as required by relevant occupational health and safety laws, rules and regulations

During FY2023, the Group strictly conformed to and complied with the relevant laws and regulations both in Singapore and Hong Kong Special Administrative Region in relation to the provision of a safe working environment and the protection of employees from occupational hazards that would have a significant impact on the Group. During the previous three years including the Reporting Year, the Group recorded zero material accident and incident and zero death due to work injury. Lost days due to work injury for FY2023 were zero.

B.3. Development and Training

Good training and development programs allow our employees to develop skills and knowledge that will improve job performance and enhance career development. Our employees are encouraged to participate in continuing professional development ("**CPD**") programs conducted by external parties and each employee has achieved more than 25 CPD hours in 2023 through participating in various training courses on administration, finance and accounting updates relevant to our business operations. As CPD programs are important for our business and our employees, we strive to provide similar or more CPD programs for our employees in 2024.

B.4. Labour Standards

Prevention of Child Labour and Forced Labour

The Group strictly prohibits child and forced labour. During FY2023, the Group strictly conformed to and complied with the relevant laws and regulations in Hong Kong Special Administrative Region in relation to the prevention of child and forced labour, such laws and regulations include but not limited to the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

Our employment and recruitment process strictly adheres to the Employment Ordinance of Hong Kong and Employment Act of Singapore. We carry out detailed pre-employment background checks, procedures and verifications on identity documents of every candidate to ensure that there is no forced or child labour or other persons ineligible for employment are employed. We also avoid working with individuals or companies that violate such laws.

We adopt an 8-hour working system and voluntary overtime. Overtime is limited to within statutory limit to protect employees' health and well-being. In addition, we would assign employee to work on a technical task after the relevant employee has received adequate training to handle the assignment.

There were no incidences of non-compliance with applicable labour standards in FY2023. We target to maintain the record of zero incidence of non-compliance in FY2024.

B.5. Supply Chain Management

The types of major suppliers are asset valuation and advisory companies, professional accounting firms, law firms, and intermediaries.

The Group relies on its trusted network of business partners, suppliers, and service providers to operate the businesses efficiently. We regularly collaborate and engage closely with its partners to ensure a robust supply chain framework. We regularly review its procurement practices, in particular, to embed sustainability practices with defined policies to ensure a consistent approach to procurement. The Group is committed to responsible practices by working with those partners who share its like-mindedness towards sustainability.

The criteria for supplier selection for the Group depend heavily on the type and needs of the businesses. Transparent partner selection was based on their industry experience, reputation, lead times, and cost-effectiveness. the Group conduct essential due diligence on the respective suppliers to verify their credit standing, where applicable, through company searches, market reputation, and prior track record with other customers.

B.6. Service Responsibility

We are committed to providing high quality services to our customers. We have obtained the 'Money Lenders License' in the Hong Kong Special Administrative Region for the provision of financing services include, amongst others, the provision of working capital financing, asset- backed loans, mezzanine loans and investments in companies with good fundamentals and growth potential. Before engaging in any new business relationships, we have conducted our internal due diligence exercise, including the anti-money laundering and counter-terrorist financing procedures and checking to confirm legitimacy and mitigating our potential customers' risks. We strive to ensure that customers' expectations are effectively communicated and that our services comply with relevant laws and regulations in the jurisdiction concerned. We sincerely hope that our provision of financing services will add value to our customers' businesses. Legal compliance and effective communication with our customers are of utmost importance to our business operations as our reputation is of tremendous importance to us, and such compliance and meticulous handling of customers' affairs is a major step in managing regulatory and reputational risks that are inherent in our business.

In addition, our effort and emphasis in communications with our customers and transparency in such communications distinguishes us from our competitors in that our customers are able to rely on our services and products with assurance. This gives us an edge in the long-term, as we foresee that the regulatory framework may impose more stringent requirements on our business, particularly on transparency in future. We are confident that we will be prepared for such enhanced requirements when they are being implemented.

Going forward, we would look for new customers with carbon offsetting projects offering carbon credits, where possible and if available, as part of our contribution towards a green environment going forward.

Protection of Customer Privacy and Protection of Intellectual Property

Data protection and privacy are crucial to our business and have been taken measures such as, password protection, anti-virus software and fire wall and information back-up, to ensure security of data. We strictly comply with the Personal Data Protection Act 2012 of Singapore, Personal Data (Privacy) Ordinance of Hong Kong, and other rules and regulations in relation to data protection. As a financing services company, we routinely collect sensitive information from our clients, but such data would only be used for the business commissioned by our clients and would not be used for any other purposes unless explicit prior consent is obtained from our clients. Specific monitoring system has been set up to protect clients' privacy and our employees are briefed on internal guidelines relating to the proper handling of data. Such monitoring system ensures that there will be no data leakage to unauthorised persons, and clients are informed of the identity of the personnel handling their specific cases and that access to their information and data is restricted to the personnel handling the relevant project at the relevant time. This policy also protects our employees from accidentally accessing client information irrelevant to their specific tasks, so as to prevent any prohibited or illegal actions such as insider trading from happening.

There were no incidences of non-compliance with applicable standards in FY2023. We target to maintain the record of zero incidence of non-compliance in FY2024.

B.7. Community Investment

We have not participated in any community activity in the reporting period. However, we will actively consider organizing or participating in community activities in the future, with active participation by our management and employees as well as monetary contributions. In FY2024, we target to grant leave to our management and employees to participate in volunteering activities, if required.

C. GOVERNANCE

The Group firmly believes that operating its businesses ethically and responsibly builds trust with stakeholders and lays the foundation for long-term success. The Group aims to strengthen its corporate governance framework to support its sustainability journey and eventually define every part of how it operates its business and works with its suppliers, customers, and other stakeholders.

We have implemented internal controls on our business operation to ensure sustainability. All of our loan cases must be reviewed by the Credit Committee to ensure that adequate consideration have been given to all relevant factors before final approval and to ensure that all the loans extended are with manageable credit risks and recoverability.

During FY2023, we have conducted an internal audit review on our internal control system and sustainability reporting process this year focusing on our internal Anti-Money Laundering and Counter-Terrorist Financing monitoring system to ensure that we have the proper internal control system in place for our financing business. We would continue the internal audit review for improvements to our internal control system ensuring business sustainability.

The Group's corporate governance practices and processes are provided in the Corporate Governance Report section. The sustainability governance framework is discussed in the ESG Governance Structure.

C.1. Anti-corruption and Integrity

We do not tolerate corruption. Our employees are provided with anti-corruption and practice notes on handling invitations of bribery. Our employees are encouraged to report any suspected corruption practice to the senior management or the Board, whoever appropriate. The senior management or Board will conduct investigations and if corruption is established, the case will be reported to the relevant authorities in the jurisdiction concerned, such as the Independent Commission Against Corruption for cases in Hong Kong Special Administrative Region. Annually, we require from all employees a no conflict of interests declaration in relation to our clients so as to mitigate possible moral hazards.

We have also adopted a whistleblowing policy in line with the requirements of the Singapore Code of Governance 2018 in 2020. The policy has been communicated to all employees of the Group and all new employees will be provided with a copy of the policy.

The whistleblowing policy provides a reporting channel for employees and other stakeholders to raise concerns over any perceived anomalies concerning internal control, financial reporting, our products and services or other business conducts, and such contact information can be found in our Annual Reports. To ensure fair investigations, all reports are to be submitted to the Chairman of the AC via email or by post. The Chairman will investigate the matter with strict confidence and interview such internal or external party as required. The whistleblowing policy will encourage the reporting of organisational issues in good faith, allowing such issues to be highlighted and rectified where necessary. The Group takes reasonable steps to protect the confidentiality and identity of the Whistleblower, subject always to the prevailing laws and regulations.

The AC is responsible for oversight and monitoring of whistleblowing.

There was no whistle-blowing report received in FY2023 and the Company targets the same record for FY2024.

C.2. Compliance with Laws and Regulations

To maintain trust with its stakeholders, the Group strives to ensure compliance with the laws and regulations in Singapore, Hong Kong Special Administrative Region, and the countries where it conducts its businesses. We recognise that any failure to comply or breach any laws or regulations that apply to the Group may lead to fines or sanctions, resulting in reputational damage or revocation of the companies' certifications or licenses.

In FY2023, there were no other significant instances of non-compliance with any laws or regulations across the Group.

GRI CONTENT INDEX

GRI Standard	Disclosure	Reference and Response
2-1	Organisational details	About The Company Board Statement
2-2	Entities included in the organisation's sustainability reporting	About The Report About The Company
2-3	Reporting period, frequency, and contact point	About The Report About The Company
2-4	Restatements of information	Water Consumption Diversity and Equal Opportunities Service Responsibility
2-5	External assurance	About The Report
2-6	Activities, value chain, and other business relationships	About The Company Supply Chain Management
2-7	Employees	Employment and Labour Standards
2-9	Governance structure and composition	Our Approach to Sustainability
2-10	Nomination and selection of the highest governance body	Annual Report
2-11	Chair of the highest governance body	Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	Our Approach to Sustainability
2-13	Delegation of responsibility for managing impacts	Our Approach to Sustainability
2-14	Role of the highest governance body in sustainability reporting	Our Approach to Sustainability
2-15	Conflicts of interest	Annual Report
2-16	Communication of critical concerns	Governance
2-17	Collective knowledge of the highest governance body	Our Approach to Sustainability
2-18	Evaluation of the performance of the highest governance body	Annual Report
2-19	Remuneration policies	Annual Report
2-20	Process to determine remuneration	Annual Report
2-21	Annual total compensation ratio	Annual Report
2-22	Statement on sustainable development strategy	About the Company
2-23	Policy commitments	Stakeholder Engagement Governance
2-24	Embedding policy commitments	Our Approach to Sustainability Governance
2-25	Processes to remediate negative impacts	Diversity and Equal Opportunities
2-26	Mechanisms for seeking advice and raising concerns	Governance
2-27	Compliance with laws and regulations	Governance
2-28	Membership associations	Service Responsibility
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Diversity and Equal Opportunities

GRI Standard	Disclosure	Reference and Response
3-1	Process to determine material topics	Our Approach to Sustainability
3-2	List of material topics	Our Approach to Sustainability
3-3	Management of material topics	Our Approach to Sustainability
201-1	Direct economic value generated and distributed	Annual Report
203-2	Significant indirect economic impacts	Community Investment
205-1	Operations assessed for risks related to corruption	Governance
205-2	Communication and training about anti-corruption policies and procedures	Governance
205-3	Confirmed incidents of corruption and actions taken	Governance
302-1	Energy consumption within the organisation	Energy Management
302-3	Energy Intensity	Energy Management
303-1	Interactions with water as a shared resource	Water Consumption
303-5	Water Consumption	Water Consumption
305-1	Direct (Scope 1) GHG emissions	Emissions Control
305-2	Energy indirect (Scope 2) GHG emissions	Emissions Control
305-4	GHG emissions intensity	Emissions Control
306-1	Waste generation and significant waste-related impacts	Waste Management
306-2	Management of significant waste-related impacts	Waste Management
306-3	Waste generated	Waste Management
401-1	New employee hires and employee turnover	Employment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	No temporary or part-time employees
403-1	Occupational health and safety management system	Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
403-5	Worker training on occupational health and safety	Health and Safety
403-9	Work-related injuries	Health and Safety
403-10	Work-related ill health	Health and Safety
404-1	Average hours of training per year per employee	Development and Training
404-2	Programs for upgrading employee skills and transition assistance programs	Development and Training
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities
406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunities
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Diversity and Equal Opportunities
408-1	Operations and suppliers at significant risk for incidents of child labor	Labour Standards
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labour Standards
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Service Responsibility

TCFD CONTENT INDEX

Recommended disclosures, including supplemental guidance for financial sector

Pillars		Recommended Disclosures	Reference and Response
Governance	a.	Describe the board's oversight of climate-related risks and opportunities	Our Approach to Sustainability / Page 42
	b.	Describe management's role in assessing and managing climate-related risks and opportunities	Our Approach to Sustainability / Page 41, 42
Strategy	a.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Responses to Climate Change / Page 48
	b.	Describe the impact of climate- related risks and opportunities on the organisation's businesses, strategy, and financial planning	Board Statement & Responses to Climate Change / Page 48
	c.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario	Responses to Climate Change / Page 49
Risk Management	a.	Describe the organisation's processes for identifying and assessing climate- related risks	Our Approach to Sustainability / Page 44
	b.	Describe the organisation's processes for managing climate-related risks	Our Approach to Sustainability / Page 41 to 42
	c.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Our Approach to Sustainability / Page 41 to 42
Metrics & Targets	a.	Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	Our Approach to Sustainability / Page 44
	b.	Describe Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Emissions / Page 45
	c.	Describe the targets used by the organisation to manage climate-related risks and opportunities and perform against targets	Environmental Aspects / Page 45 to 47

FINANCIAL **STATEMENTS**

DIRECTORS' **STATEMENT**

For the financial year ended 31 December 2023

The directors are pleased to present their statement to the members together with the audited financial statements of Net Pacific Financial Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and statement of financial position of the Company are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, as disclosed in Note 2a to the consolidated financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Chung Wai Man	(Independent Non-executive Chairman)
Zhou Wen Jie	(Non-independent Non-executive director)
Ong Chor Wei @ Alan Ong	(Executive director)
Ben Lee	(Non-independent Non-executive director)
Chin Fook Lai	(Non-independent Non-executive director)
Tso Sze Wai	(Lead Independent Non-executive director)
Chak Chi Shing	(Independent Non-executive director) (Appointed on 8 November 2023)
Kwok Meei Ying, Monica	(Independent Non-executive director) (Appointed on 8 November 2023)

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as set out below:

	Holdings registered in the name of directors or nominee		Holdings in which directors are deemed to have an interest	
	As at 1.1.2023	**As at 31.12.2023**	As at 1.1.2023	**As at 31.12.2023**
The Company	Number of ordinary shares			
Zhou Wen Jie	119,750,600	**119,750,600**	–	**–**
Ben Lee [(1)]	–	**–**	120,000,000	**120,000,000**
Ong Chor Wei @ Alan Ong [(2)]	3,150,000	**3,150,000**	53,700,000	**53,700,000**
Chin Fook Lai	69,022,400	**69,022,400**	–	**–**

Notes:

(1) Mr Ben Lee's deemed interest arose from shares held in the name of Ms Zhou Dan, wife of Mr Ben Lee.

(2) Mr Ong Chor Wei @ Alan Ong is deemed interested in the shares held by Quad Sky Limited, by virtue of him owning 100.0% of the equity interest in Head Quator Limited which in turn owns 50.0% of the equity interest in Quad Sky Limited. Quad Sky Limited owns 53,700,000 shares representing approximately 10.2% of the issued share capital of the Company.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

By virtue of Section 7 of the Act, Zhou Wen Jie and Ben Lee are deemed to have interests in the shares of all the wholly-owned subsidiaries of the Company.

Except as disclosed in this statement, no directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Share options

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

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

Audit Committee

The Audit Committee as at the date of this statement comprises the following members, all of whom are independent directors:

Tso Sze Wai (Chairman)
Chak Chi Shing (Appointed on 8 November 2023)
Kwok Meei Ying, Monica (Appointed on 8 November 2023)

The Audit Committee performs the functions specified in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee has met four times since the last directors' statement and has reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company as at 31 December 2023 and the consolidated financial statements of the Group for the financial year ended 31 December 2023 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor; and

(v) met with the external auditor, internal auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company, we have complied with Rules 712 and 715 of the Catalist Rules.

DIRECTORS' **STATEMENT**

For the financial year ended 31 December 2023

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

ZHOU WEN JIE

ONG CHOR WEI @ ALAN ONG

Dated: 4 May 2024

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Net Pacific Financial Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Completeness of related party disclosures

As disclosed in Note 2(d) and Note 21, in the last financial year ended 31 December 2022, management became aware that the controlling shareholder cum director of the Company held shares in an entity which had investments in the Australian borrowers. There was also a lack of disclosure in the financial statements that he was a creditor of Jetwin Investment Pty Ltd ("Jetwin") since inception of the loan disbursement in the financial year ended 31 December 2013 and that Jetwin also held equity interest in the Australian borrowers. Management had reviewed this relationship and any other potential relationships and assessed that there was no additional related party disclosure to be made in accordance with SFRS(I) 1-24 *Related Party Disclosures* for the relevant financial years.

Despite the above, management had determined there was no requirement to engage any independent legal expert to establish whether there had been more related party information to be disclosed in the relevant financial years concerning the Group, the controlling shareholder cum director of the Company, Jetwin and the Australian borrowers. As such, we were unable to obtain sufficient appropriate audit evidence to ascertain the completeness of related party disclosures among the Group, the controlling shareholder cum director of the Company, Jetwin and the Australian borrowers.

Furthermore, management did not involve an independent accounting specialist to perform a retrospective review based on the above information to evaluate whether the Group had control over the specified assets and liabilities of the deemed separate entity in Jetwin in the relevant years as described under "Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin")" of the *Basis for Disclaimer of Opinion* section of our report.

The auditor's report dated 13 June 2023 for the financial year ended 31 December 2022 included a similar qualification on this matter. Our opinion on the current year's financial statements is also modified because of the possible effects of these unresolved matters on the comparability of the current year's and corresponding disclosures.

(2) Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin")

As disclosed in Note 2(d) and Note 14, in accordance with SFRS(I) 10 *Consolidated Financial Statements*, management has identified specified assets in Jetwin (and related credit enhancements, if any) are the only source of payment for specified liabilities of, or specified other interests in Jetwin. Management is of the view that the Group has no control over the specified assets and liabilities of the deemed separate entity in Jetwin.

The Group may be exposed to or has rights to variability in returns from its involvement with the deemed separate entity in Jetwin and affect the amount of the returns due to the following factors:

(i) As stipulated under the Confirmation Letters, unless and until the amount due by Jetwin are fully repaid to Net Pacific Investment Holdings Limited ("NPIHL"), the sale, transfer or disposal of any or all of the Properties held by Jetwin shall only be made with the prior written consent of NPIHL amongst other terms and conditions as specified in the Confirmation Letters, with such consent being at NPIHL's absolute discretion. NPIHL may request the disposal of any or all of the Properties held by Jetwin at market rates, and Jetwin shall expeditiously comply with the request; and the terms and conditions of every disposal by Jetwin shall be as reasonably agreed by NPIHL. As such, NPIHL will be entitled to any upside of the proceeds from the sale of the Properties in excess of the original settlement consideration until all monies under the loan agreements and as agreed under the Confirmation Letters between NPIHL and Jetwin have been fully repaid.

(ii) NPIHL also agreed to contribute towards the ongoing maintenance cost and expenses relating to the Properties held by Jetwin in accordance with the relevant percentage of the loans disbursed as specified under the Confirmation Letters. Moreover, the Group also received net rental income from Jetwin on some of the Properties which were leased out to external parties and recognised gain from the disposal of some of the Properties during the year.

(iii) In respect of the trust accounts maintained in trust by an Australian law firm on behalf of Jetwin where the settlement proceeds were deposited into, the Australian law firm has also confirmed that it has the authority to disburse the funds from the trust accounts on the written request of the Executive director of the Company and the other loan provider who is also a controlling shareholder cum director of the Company.

Basis for Disclaimer of Opinion (Cont'd)

(2) Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin") (Cont'd)

Despite the presence of above factors which may indicate control over the specified assets and liabilities of the deemed separate entity in Jetwin as well as the additional information as described under "Completeness of related party disclosures" of the *Basis for Disclaimer of Opinion* section of our report, management did not involve an independent accounting specialist to perform a retrospective review to evaluate whether the Group had control over the specified assets and liabilities of the deemed separate entity in Jetwin in the relevant years. As such, we were unable to obtain sufficient appropriate audit evidence to establish whether there was control or no control, including legal representation and confirmation to validate whether or not the Group has the substantive right and power to direct the relevant activities of the deemed separate entity in Jetwin.

Consequently, we were unable to determine whether any further adjustments to these amounts were necessary or would have a consequential significant effect on the Group's financial statements and the elements making up the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year and corresponding years ended 31 December 2019 to 31 December 2022 and the related disclosures.

The auditor's report dated 13 June 2023 for the financial year ended 31 December 2022 included a similar qualification on this matter. Our opinion on the current year's financial statements is also modified because of the possible effects of these unresolved matters on the comparability of the current year's figures and corresponding figures.

(3) Classification and measurement of amounts owing from Jetwin

In accordance with SFRS(I) 9 *Financial Instruments,* the Group determines if a financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management is of the view that the business model of the Group has not changed and there are proper loan documentations in place with Jetwin which support that the contractual terms of the amounts due from Jetwin will give rise on specified dates to cash flows that will result from collecting contractual cashflows from the principal amounts outstanding from Jetwin. The net rental income received from Jetwin is a form of compensation in place of interest income since the debt is interest-free.

As highlighted under "Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin")" of the *Basis for Disclaimer of Opinion* section of our report, the Group received net rental income from Jetwin on some of the Properties which were leased out to external parties and recognised gain on disposal of some of the Properties during the year. Furthermore, NPIHL will be entitled to any upside of the proceeds from the sale of the Properties in excess of the original settlement consideration until all monies under the loan agreements and as agreed under the Confirmation Letters between NPIHL and Jetwin have been fully repaid. As a result, these may give rise on specified dates to cash flows that may not be solely payments of principal and interest on the principal amount owing from Jetwin. In addition, management did not involve an independent accounting specialist to perform a retrospective review to evaluate whether the Group had control over the specified assets and liabilities of the deemed separate entity in Jetwin.

In the absence of other satisfactory evidence, we were thus unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the proper classification and measurement of the principal amounts outstanding from Jetwin recorded on the consolidated statement of financial position of the Group as of 31 December 2023 and the relevant corresponding years. Consequently, we were unable to determine whether any further adjustments to these amounts were necessary or would have a consequential significant effect on the Group's financial statements and the elements making up the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2023 and the relevant corresponding years and the related disclosures.

The auditor's report dated 13 June 2023 for the financial year ended 31 December 2022 included a similar qualification on this matter. Our opinion on the current year's financial statements is also modified because of the possible effects of these unresolved matters on the comparability of the current year's figures and corresponding figures.

(4) Accuracy of the expected credit loss of the amounts due from a subsidiary – Company level

As at 31 December 2023, included in Other receivables (Note 14) is a net carrying value of non-trade amounts due from a subsidiary recorded at the Company level of HK$51,298,000 (2022: HK$58,299,000). In performing the expected credit loss assessment for the financial year ended 31 December 2023, management has not involved an independent accounting specialist to evaluate whether the Group had the control or not over the specified assets and liabilities of the deemed separate entity in Jetwin which may be recorded on the books of the subsidiary as described under the "Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin")" of the *Basis for Disclaimer of Opinion* section of our report, and hence did not consider and evaluate the expected realisable amounts of these assets and expected settlement values of these liabilities for expected credit loss assessment of the amounts due from the subsidiary in accordance with SFRS(I) 9 *Financial Instruments*. As such, we were unable to obtain sufficient appropriate evidence to satisfy ourselves as to the accuracy of the expected credit loss of HK$6,998,000 (2022: HK$4,179,000) made during the financial year ended 31 December 2023 and the carrying value of the amounts due from the subsidiary of HK$51,298,000 (2022: HK$58,299,000) as at 31 December 2023.

The auditor's report dated 13 June 2023 for the financial year ended 31 December 2022 included a similar qualification on this matter. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

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 Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International), 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether 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 auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 4 May 2024

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2023

	Note	The Group		The Company	
		31 December 2023 HK$'000	31 December 2022 HK$'000	**31 December 2023 HK$'000**	31 December 2022 HK$'000
ASSETS					
Non-Current Assets					
Plant and equipment	10	**608**	9	**3**	9
Right-of-use assets	11	**2,028**	–	**–**	–
Other receivables	14	**1,996**	3,671	**–**	–
Investment in subsidiaries	12	**–**	–	**1,169**	1,069
		4,632	3,680	**1,172**	1,078
Current Assets					
Loans and advances	13	**27,600**	27,600	**–**	–
Other receivables	14	**21,955**	33,051	**73,074**	79,646
Cash and cash equivalents	15	**47,246**	38,827	**1,108**	805
		96,801	99,478	**74,182**	80,451
Total assets		**101,433**	103,158	**75,354**	81,529
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	16	**145,105**	145,105	**145,105**	145,105
Accumulated losses		**(53,028)**	(47,511)	**(71,873)**	(65,087)
Total equity		**92,077**	97,594	**73,232**	80,018
Non-Current Liability					
Lease liabilities	18	**1,499**	–	**–**	–
Current Liabilities					
Other payables	17	**7,222**	5,376	**2,122**	1,511
Lease liabilities	18	**536**	–	**–**	–
Current tax payable		**99**	188	**–**	–
		7,857	5,564	**2,122**	1,511
Total liabilities		**9,356**	5,564	**2,122**	1,511
Total equity and liabilities		**101,433**	103,158	**75,354**	81,529

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Revenue	3	**3,327**	3,312
Other income	4	**657**	352
Administrative expenses		**(7,428)**	(4,805)
Other expenses	5	**(23)**	(2,138)
Impairment loss on other receivables	14	**(1,964)**	–
Loss from operations		**(5,431)**	(3,279)
Finance cost	6	**(10)**	–
Loss before taxation	7	**(5,441)**	(3,279)
Income tax expense	8	**(76)**	(243)
Loss for the year		**(5,517)**	(3,522)
Other comprehensive income, net of nil tax		**–**	–
Total comprehensive loss for the year		**(5,517)**	(3,522)
Loss per share attributable to equity holders of the Company (Hong Kong cents):			
- Basic	9	**(1.05)**	(0.67)
- Diluted	9	**(1.05)**	(0.67)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2023

	Share capital HK$'000	Accumulated losses HK$'000	Total attributable to equity holders of the Company HK$'000
At 1 January 2022	145,105	(43,989)	101,116
Total comprehensive loss for the year			
Loss for the year	–	(3,522)	(3,522)
At 31 December 2022	**145,105**	**(47,511)**	**97,594**
Total comprehensive loss for the year			
Loss for the year	**–**	**(5,517)**	**(5,517)**
At 31 December 2023	**145,105**	**(53,028)**	**92,077**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2023

	Note	**Year ended 31 December 2023 HK$'000**	Year ended 31 December 2022 HK$'000
Cash Flows from Operating Activities			
Loss before taxation		**(5,441)**	(3,279)
Adjustments for:			
Depreciation of plant and equipment	7, 10	**17**	6
Depreciation of right-of-use assets	7, 11	**49**	33
Interest income	3	**(3,312)**	(3,312)
Interest expense on lease liabilities	6	**10**	–
Impairment loss on other receivables	14	**1,964**	–
Unrealised exchange differences		**(289)**	476
Operating loss before working capital changes		**(7,002)**	(6,076)
Changes in other receivables		**10,647**	5,238
Changes in other payables		**1,230**	(3,001)
Cash generated / (used in) operations		**4,875**	(3,839)
Dividend received		**160**	240
Interest received		**3,312**	2,223
Income tax paid		**(165)**	(179)
Net cash generated from / (used in) operating activities		**8,182**	(1,555)
Cash Flows from Financing Activities			
Payment of principal portion of lease liabilities (Note A)		**(42)**	(33)
Payment of interest of lease liabilities (Note A)		**(10)**	–
Net cash used in financing activities		**(52)**	(33)
Net increase / (decrease) in cash and cash equivalents		**8,130**	(1,588)
Cash and cash equivalents at beginning of year		**38,827**	40,891
Effect of exchange rate fluctuations on cash held		**289**	(476)
Cash and cash equivalents at end of the year	15	**47,246**	38,827

During the financial year ended 31 December 2023, the Group acquired plant and equipment of HK$616,000 under acquisition of subsidiary where the related liability has not been settled as at the reporting date.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2023

<u>Note:</u>

(A) The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Cash flows		Non-cash changes		
		At 1 January	Principal elements of lease payments	Interest paid	Acquisition of subsidiary	Interest expense	At 31 December 2023
Group	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2023							
Lease liabilities	18	–	(42)	(10)	2,077	10	2,035

			Cash flows		Non-cash changes		
		At 1 January	Principal elements of lease payments	Interest paid	Additions	Interest expense	At 31 December 2022
Group	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2022							
Lease liabilities	18	33	(33)	–	–	–	–

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Catalist which is a market on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office of the Company is located at 35 Selegie Road, #10-25, Singapore 188307.

The principal activities of the Company are investment holding and has business operations through its foreign subsidiaries in the area of the provision of financial services and the golf simulators related business. The principal activities of the subsidiaries are as stated in Note 12 to the financial statements.

2(a) Basis of preparation

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group generated a net loss and total comprehensive loss of HK$5,517,000 respectively (2022 - HK$3,522,000) during the year ended 31 December 2023. The Group's accumulated losses amounted to HK$53,028,000 (2022 - HK$47,511,000) as at 31 December 2023.

The Group has cash and cash equivalents of HK$47,246,000 (2022 - HK$38,827,000). The Group has also generated positive cash inflows from its operations of HK$8,182,000 during the year. The cash flow projection for the next 12 months from the date of the financial statements prepared by management resulted in a positive net cash balance. The ability of the Group to continue as a going concern is dependent on the generation of sufficient income. The directors believe that the Group will have sufficient cash resources to satisfy its working capital requirements and obligations within the next 12 months from the date of the financial statements to enable it to continue operations and meet its liabilities as and when they fall due.

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Hong Kong dollars (HK$) which is the Company's functional currency. All financial information has been presented in Hong Kong dollars and rounded to the nearest thousand (HK$'000), unless otherwise stated.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2023, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-12	*International Tax Reform – Pillar Two Model Rules*	1 January 2023

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 17 Insurance Contracts

SFRS(I) 17 is a new comprehensive accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. When effective, SFRS(I) 17 shall replace SFRS(I) 4 Insurance Contracts. SFRS(I) 17 applies to all types of insurance contracts (such as life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions are applicable. The overall objective of SFRS(I) 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SFRS(I) 4, which are largely based on grandfathering previous local accounting policies, SFRS(I) 17 provides a comprehensive model for insurance contracts covering all relevant accounting aspects. The core of SFRS(I) 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows, explicitly measures the cost of that uncertainty, and takes into account market interest rates and the impact of policyholders' options and guarantees.

SFRS(I) 17 are applied retrospectively, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the beginning of the reporting period in which SFRS(I) 17 is first applied, and the transition date is the beginning of the period immediately preceding the date of initial application.

There is no impact on the financial statements as the Group does not have such contracts in scope of SFRS(I) 17 as at the reporting date.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies

The amendments provide guidance and examples to help a reporting entity apply materiality judgement to accounting policy disclosures. The amendments aim to help the entity to provide accounting policy disclosures that are more useful by replacing the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies and by adding guidance on how the entity applies the concept of materiality in making decisions about accounting policy disclosures.

The amendments to SFRS(I) 1-1 are applied prospectively. The amendments to SFRS(I) Practice Statement 2 do not contain an effective date or transition requirements.

There is no financial impact on the financial statements on adoption of these amendments. The material accounting policy information (2022: Significant accounting policies) in Note 2(e) were updated in line with the amendments.

Amendments to SFRS(I) 1-8 Definition of Accounting Estimates

The amendments replace the definition of 'change in accounting estimates' with a definition of 'accounting estimates'. The amendments clarify the distinction between change in accounting estimates and change in accounting policies and correction of errors, and that entities use measurement techniques and inputs to develop accounting estimates.

The amendments are applied to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of the period of initial application.

There is no impact on the financial statements as there have been no such changes in accounting policies and changes in accounting estimates during the period.

Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The Group has adopted the amendments from 1 January 2023. The amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group and the Company previously accounted for deferred tax on leases by recognising the deferred tax asset or liability on a net basis. However, there was no significant impact on the opening retained earnings as at 1 January 2022 as a result of the change. On adoption of the amendments, the Group should have recognised a deferred tax liability of HK$507,000 in relation to its right-of-use assets and a deferred tax asset of HK$508,000 in relation to its lease liabilities. However, there was no significant impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I) 1-12. Accordingly, management did not recognise these impacts.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 1-12 International Tax Reform – Pillar Two Model Rules

The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform.

The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.

The amendments will introduce:

- a temporary exception – to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
- targeted disclosure requirements – to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Companies can benefit from the temporary exception immediately but are required to provide the disclosures to investors for annual reporting periods beginning on or after 1 January 2023.

There is no impact on the financial statements as the Group's consolidated revenue is less than EUR 750 million each for financial years ended 31 December 2023 and 2022, and thus, it is not in scope of the Pillar Two model rule.

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not early adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 1-21	*Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of incomes and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving significant judgement are described below.

Significant judgements in applying accounting policies

(a) Completeness of related party disclosures

As disclosed in Note 21, in the financial year ended 31 December 2022, management became aware that a controlling shareholder cum director of the Company held shares in an entity which had investments in the Australian borrowers. There was also a lack of disclosure in the financial statements that he was a creditor of Jetwin since inception of the loan disbursement and Jetwin also held equity interest in the Australian borrowers. Management reviewed this relationship and any other potential relationships and assessed that there was no additional related party disclosure to be made in accordance with SFRS(I) 1-24 *Related Party Disclosures.*

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

(b) Control of specified assets and liabilities in Jetwin

In accordance with SFRS(I) 10 *Consolidated Financial Statements*, management has identified specified assets in Jetwin (and related credit enhancements, if any) are the only source of payment for specified liabilities of, or specified other interests in Jetwin. These specified assets and liabilities of the deemed separate entity in Jetwin are the Properties and cash proceeds received under the settlement; and the balances owing to the Group and the other loan provider who is also the controlling shareholder cum director of the Company respectively. Under the Confirmation Letters dated 7 November 2019 and 6 August 2021, Jetwin confirmed and agreed that all the proceeds received under the provision of the 2019 Deed and 2021 Deed and the subsequent sale of the Properties shall be paid to the Group in accordance with the terms and conditions as set out in the original loan agreements between the Group and Jetwin.

Management is of the view that the Group has no control over the specified assets and liabilities of the deemed separate entity in Jetwin because:

(i) The Group has no equity interest in Jetwin;
(ii) None of the directors or controlling shareholders of the Group is a director or shareholder of Jetwin;
(iii) The sale, transfer or disposal of any or all of the Properties held by Jetwin at NPIHL's absolute discretion is to safeguard the recoverability of the debt due from Jetwin;
(iv) The receipt of net rental income from Jetwin is a form of compensation in place of interest income; and
(v) The authority to disburse the funds from the trust accounts held in trust by an Australian law firm is merely a protective right.

(c) Classification and measurement of amounts due from Jetwin at amortised cost

In accordance with SFRS(I) 9 *Financial Instruments,* the Group determines if a financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The business model of the Group has not changed and there are proper loan documentations in place with Jetwin which support that the contractual terms of the amounts due from Jetwin will give rise on specified dates to cash flows that will result from collecting contractual cashflows from the principal amounts outstanding from Jetwin. The net rental income received from Jetwin is a form of compensation in place of interest income since the debt is interest-free.

(d) Determination of functional currency

These financial statements are presented in HK$, which is also the functional currency of the Company. The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for services and of the country whose competitive forces and regulations mainly determines the sales prices of its services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(e) Acquisition of Ben Sports and Management Limited ("Ben Sports HK")

The Group had on 1 December 2023 acquired 100% equity interest of Ben Sports HK for a purchase consideration of HK$100,000. However, for the purpose of accounting, management has concluded that the date of acquisition of Ben Sports HK is 15 December 2023 since this is the date that all the conditions precedent in the Share Purchase Agreement ("SPA") dated 25 September 2023 were fulfilled and the purchase of plant and equipment completed with delivery. Included as part of the acquisition, certain employment contracts and distribution agreements were acquired. However, management had engaged an external valuer and determined the value of these intangible assets to be insignificant.

In assessing whether the acquisition of Ben Sports HK is an acquisition of business, the Group has applied its judgement in evaluating whether the acquired processes are substantive and together with the acquired inputs, significantly contribute to the ability to generate revenue.

(f) Control over Ben Sports HK

On 15 December 2023, the Group completed the acquisition of 100% equity interest in a subsidiary, Ben Sports HK. Control exists as the Group is exposed to and has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity through its control of the composition of the board of directors by virtue of the power to appoint or remove any directors.

Consequently, management consolidates the investment as a subsidiary of the Group.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies

(a) Impairment of amounts due from subsidiaries

The Company held non-trade receivables due from its subsidiaries with carrying amounts of HK$73,010,000 (2022 - HK$79,579,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries is based on the expected credit loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the end of the reporting period. As a result of management's assessment, an impairment allowance of HK$6,998,000 (2022 – HK$4,179,000) was recorded during the financial year. The carrying amount of the Company's amounts due from subsidiaries is disclosed in Note 14 to the financial statements. As at 31 December 2023, the Group believes that any reasonably change in the key assumption will not result in a significant impact to the Company.

(b) Impairment of receivables due from Jetwin

The carrying amount of the Group's receivables due from Jetwin amounted to HK$19,867,000 (2022 - HK$30,337,000) as at 31 December 2023. The majority of the assets held by Jetwin is in the form of properties and cash. Significant application of judgement is required to assess the financial conditions of the counterparty and estimation is involved in determining the fair values of these properties held by Jetwin, as well as establishing the validity and enforceability of the relevant documents and arrangement with Jetwin to use the properties as repayment. The carrying amount of the Group's receivables due from Jetwin is disclosed in Note 14 to the financial statements. Any reasonably change in the key assumption is unlikely to result in a significant impact to the Group as at 31 December 2023.

(c) Impairment of non-financial assets

Right-of-use assets are evaluated at the end of each reporting period to assess whether there is any indication of impairment or that an impairment loss recognised in prior periods no longer exists or may have decreased. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results.

During the financial year ended 31 December 2023, the Group entered into two lease contracts for leasing of golf premises used in its operation commencing in December 2023 with external third parties. The lease payments are at market rates. The fair value of the right-of-use assets, net of all expected lease payments (including those relating to recognised lease liabilities), is unlikely to be significant for the purpose of determining the recoverable amount.

Any reasonably reduction in the recoverable amount of the assets would not result in any material impairment loss to the Group. The carrying amount of the Group's right-of-use assets at the end of the reporting period are disclosed in Note 11 to the financial statements.

(d) Allowance for expected credit loss ("ECL") of loans and advances and other receivables

Allowance for ECL of loans and advances and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions, current credit standing of debtor as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for loans and advances and other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider reasonable and supportable qualitative and quantitative forward looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The Group assesses whether or not there is an expected credit loss on the loans and advances by conducting credit assessment on a loan-by-loan basis at the Credit Committee Meetings, which are held twice a year. In making their judgements, the manner in which the management considers the financial capabilities of the borrowers includes:

- the credit portfolio of the individual borrower granted;
- the assessment of the loan to security ratio;
- the status and performance of the projects being financed; and
- country risk where the projects are located

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(e) Purchase price allocation arising from acquisition of subsidiary

Identification of intangible assets and the determination of fair values of the identifiable assets acquired and liabilities assumed require significant use of estimations over the underlying assumptions to be applied. Please refer to Note 12 for the disclosure on the valuation techniques applied in the fair values of the assets acquired.

2(e) Material accounting policy information

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used to be line with the Group's accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Specifically, income and expenses of a subsidiary or an investee acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;
– exposure, or rights to variable returns from its involvement with the investee; and
– the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
– potential voting rights held by the Group, other vote holders or other parties;
– rights arising from other contractual arrangements; and
– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2(e) Material accounting policy information (Cont'd)

Consolidation (Cont'd)

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Any goodwill that arise is tested for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately unless the gain relates to a transaction with shareholders acting in their capacity as shareholders and such amount should be recognised in equity as a capital contribution from the shareholder.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Asset acquisitions

Acquisition of an asset or a group of assets that does not constitute a business is accounted for by identifying and recognising the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The cost of the group of acquired assets and assumed liabilities is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition, and the initial measurement requirements for each identifiable asset and liability are applied in accordance with their accounting policies. Such a transaction or event does not give rise to goodwill.

Plant and equipment and depreciation

Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Motor vehicle	5 years
Office equipment	3 – 5 years
Golf simulator and related equipment	5 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2(e) Material accounting policy information (Cont'd)

Plant and equipment and depreciation (Cont'd)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised when and only when the entity becomes party to the contractual provisions of the instruments.

(a) Offsetting of financial instruments

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

(b) Financial assets

Measurement

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial assets.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

2(e) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(b) Financial assets (Cont'd)

Measurement (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to expected credit loss assessment. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired, and through the amortisation process.

At the reporting date, the Group's financial assets at amortised cost include loans and advances, other receivables (excluding prepayments) and cash and cash equivalents.

Fair value through other comprehensive income (debt instruments)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI ("FVOCI"). Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

At the reporting date, the Group does not have any financial asset at fair value through other comprehensive income (debt instruments).

Financial assets designated at fair value through OCI (equity instruments)

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. At the reporting date, the Group does not hold any equity instrument at FVOCI.

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. At the reporting date, the Group does not have any financial asset at fair value through profit and loss.

2(e) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(b) Financial assets (Cont'd)

Measurement (Cont'd)

Subsequent measurement (Cont'd)

Derecognition

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

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

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

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

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

In respect of the measurement of loss allowance at an amount equal to the lifetime expected credit losses as at the reporting date, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies so as to determine the appropriate expected credit loss rates.

<u>Significant increase in credit risk</u>
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2(e) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(b) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

Significant increase in credit risk (Cont'd)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(c) Financial liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at fair value less directly attributable transaction costs.
At the reporting date, the Group's financial liabilities include other payables and lease liabilities.

Subsequent measurement for financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and bank deposits with financial institutions which are subject to an insignificant risk of changes in value.

2(e) Material accounting policy information (Cont'd)

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.

Dividends

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the constitution of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2(e) Material accounting policy information (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Golf simulation premise	Over lease term of 3 - 4 years
Office premise	Over lease term of 1 - 2 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premise (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

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 end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

Deferred income tax is provided in full, using the liability method, on temporary differences at the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

(i) Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting nor taxable profit or loss;
(ii) In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
(iii) In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that future taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

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

2(e) Material accounting policy information (Cont'd)

Income taxes (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

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

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the reporting date.

Employee Share Option Scheme

The Group issues equity-settled share-based payments to certain employees. Equity settled share based payments are measured at fair value of the equity instruments at the date of grant. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

2(e) Material accounting policy information (Cont'd)

Related parties (Cont'd)

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

Recognition of income

The Group recognises income from the following sources:

Financial services:

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently unless contractually adjusted. Interest is charged on an annual basis and credited to profit or loss in the period to which it relates.

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

2(e) Material accounting policy information (Cont'd)

Recognition of income (Cont'd)

Sales and operations of golf simulator:

Income is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Income is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

Income from membership fee received from customers is recognised over the period of the membership.

The Group generates income from collecting coaching fees. The coaching fees are recognised as income over time as the coaching is delivered.

Income from the sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied and the customer obtains control of the goods.

Government grants
Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised.

Earnings per share
The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, including share options granted to employees.

Functional currency

Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in HK$, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation 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 reporting date are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or loss position.

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. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of the transaction.

Operating segments

For management purposes, operating segments are organised based on their loan and financing portfolio which are directly managed by the Chief Executive Officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

3 Revenue

The principal activities of the Group consist of the provision of financing and investment holding services and the sales of golf simulators and operations of indoor golf simulator venue.

The Group	2023 HK$'000	2022 HK$'000
People's Republic of China ("PRC") and Hong Kong		
Interest on loans and advances	2,712	2,712
Income from operations of indoor golf simulator venue *	15	–
British Virgin Islands		
Interest on loans and advances	600	600
	3,327	3,312

* The Group recognised income for a performance obligation satisfied over time from its membership and coaching fees.

4 Other income

The Group	2023 HK$'000	2022 HK$'000
Interest income from fixed deposit	64	5
Others *	593	347
	657	352

* Included in other income is an amount of HK$292,000 (2022: HK$310,000) of rental income derived from the leasing of some of the properties held by Jetwin during the financial year ended 31 December 2023 and an amount of HK$298,000 (2022: Nil) arising from gain on disposal of some properties held by Jetwin sold during the financial year ended 31 December 2023.

5 Other expenses

The Group	2023 HK$'000	2022 HK$'000
Foreign exchange losses	23	2,138

The foreign exchange loss recognised in the current year of HK$23,000 (2022 - HK$2,138,000) are mainly derived from the translation of financial instrument balances denominated in Australian dollar at the reporting date.

6 Finance cost

The Group	2023 HK$'000	2022 HK$'000
Interest expenses on lease liabilities	10	–

7 Loss before taxation

The Group	Note	2023 HK$'000	2022 HK$'000
Loss before taxation has been arrived at after crediting			
Depreciation of plant and equipment	10	**17**	6
Depreciation of right-of-use assets	11	**49**	33
Audit fees paid/payable to:			
Auditors of the Company		**633**	520
Other auditors		**36**	35
Legal and professional fees		**2,278**	870
Sponsor fee		**413**	377
Operating lease expenses		**126**	46
Directors of the Company			
- Salaries and bonuses		**313**	222
- Fees		**1,122**	869
Key management personnel (non-directors)			
- Salaries and bonuses		**1,280**	866
- Central Provident Fund		**94**	86
		2,809	2,043

8 Taxation

The Group	2023 HK$'000	2022 HK$'000
Current tax expense		
Current year provision	**265**	411
Over provision of tax in respect of prior years	**(189)**	(168)
	76	243

Reconciliation of effective tax rate

The tax expense on the results of the financial year varies from the amount of income tax determined by applying each entity's domestic rates of income tax on their respective results as follows:

The Group	2023 HK$'000	2022 HK$'000
Loss before taxation	**(5,441)**	(3,279)
Income tax using applicable tax rates	**570**	(24)
Tax effect on non-deductible expenses	**14**	8
Tax effect on non-taxable income	**–**	(2)
Tax rebate	**(201)**	(10)
Tax losses disallowed	**–**	233
Over provision of tax in respect of prior years	**(189)**	(168)
Deferred tax assets not recognised	**50**	–
Others	**(168)**	206
	76	243

Unrecognised deferred tax assets

As at 31 December 2023, the aggregate amount of unutilised tax losses of the Group amounted to HK$61,506,000 (2022 - HK$54,507,000) was derived from a subsidiary located in British Virgin Island ("BVI"). No deferred tax assets has been recognised in respect of the unutilised tax losses of the subsidiary in BVI since BVI is a tax haven.

Unutilised tax losses arising from PRC entities are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations in which the subsidiaries operate. Unutilised tax losses of approximately HK$204,000 (2022 – HK$NIL) related to certain subsidiaries expire from 2024 through 2028. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

8 Taxation (Cont'd)

Unrecognised deferred tax assets (Cont'd)

The domestic tax rates applicable to the results of the following companies are as follows:

	Country	Rate	Basis
- Net Pacific Financial Holdings Limited	Singapore	17.0%	Full tax
- Net Pacific Finance Group Limited	Hong Kong Special Administrative Region of the PRC	16.5%	Full tax
- Net Pacific Investment Holdings Limited	British Virgin Islands	0%	Full tax
- Ben Sports and Management Limited	Hong Kong Special Administrative Region of the PRC	16.5%	Full tax
- Ben Sports & Culture Development (Foshan) Co., Ltd	PRC	25%	Full tax
- Cloud Nine (Foshan) Information Technology Co., Ltd	PRC	25%	Full tax
- Cloud Nine (Guangzhou) Golf Sports Development Co., Ltd	PRC	25%	Full tax

9 Loss per share

The Group

The basic loss per share is calculated based on the Group's losses attributable to the equity holders of the Company divided by the weighted average number of shares in issue of 525,630,328 (2022 - 525,630,328) shares during the financial year.

Fully diluted loss per share for the financial year ended 2023 were calculated on the Group's losses attributable to the equity holders of the Company divided by 525,630,328 (2022 - 525,630,328) ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during financial year. There were no adjustments for any potential effects arising from the exercise of employee share options into ordinary shares since the options had expired in May 2021. There is no outstanding share options as at 31 December 2023 and 2022. The basic and diluted losses per share for the year ended 31 December 2023 and 2022 are the same.

The following table reflects the weighted average number of ordinary shares used in the computation of basic and diluted loss/earnings per share for the years ended 31 December:

	2023	2022
The Group		
Weighted average number of ordinary shares for the purpose of		
- basic loss / earnings per share	**525,630,328**	525,630,328
- diluted loss / earnings per share	**525,630,328**	525,630,328

10 Plant and equipment

The Group	**Motor Vehicle HK$'000**	**Office Equipment HK$'000**	**Golf simulator and related equipment HK$'000**	**Total HK$'000**
Cost				
At 1 January 2022 and at 31 December 2022	–	18	–	18
Acquisition of subsidiary	**172**	**16**	**428**	**616**
At 31 December 2023	**172**	**34**	**428**	**634**
Accumulated depreciation				
At 1 January 2022	–	3	–	3
Depreciation for the year	–	6	–	6
At 31 December 2022	**–**	**9**	**–**	**9**
Depreciation for the year	**3**	**7**	**7**	**17**
At 31 December 2023	**3**	**16**	**7**	**26**
Net book value				
At 31 December 2023	**169**	**18**	**421**	**608**
At 31 December 2022	–	9	–	9

10 Plant and equipment (Cont'd)

The Company	**Office Equipment HK$'000**
Cost	
At 1 January 2022, 31 December 2022 and **31 December 2023**	18
Accumulated depreciation	
At 1 January 2022	3
Depreciation for the year	6
At 31 December 2022	**9**
Depreciation for the year	**6**
At 31 December 2023	**15**
Net book value	
At 31 December 2023	**3**
At 31 December 2022	9

11 Right-of-use assets

The Group	**Office premises HK$'000**	**Golf simulation premises HK$'000**	**Total HK$'000**
Cost			
At 1 January 2022	79	–	79
Derecognition	(79)	–	(79)
At 31 December 2022	**–**	**–**	–
Acquisition of subsidiary	–	2,077	2,077
At 31 December 2023	**–**	**2,077**	**2,077**
Accumulated depreciation			
At 1 January 2022	46	–	46
Depreciation for the year	33	–	33
Derecognition	(79)	–	(79)
At 31 December 2022	**–**	**–**	–
Depreciation for the year	–	49	49
At 31 December 2023	**–**	**49**	**49**
Carrying amount			
At 31 December 2023	**–**	**2,028**	**2,028**
At 31 December 2022	–	–	–

11 Right-of-use assets (Cont'd)

The Company	**Office premises HK$'000**
Cost	
At 1 January 2022	79
Derecognition	(79)
At 31 December 2022 and **at 31 December 2023**	–
Accumulated depreciation	
At 1 January 2022	**46**
Depreciation for the year	**33**
Derecognition	(79)
At 31 December 2022 and **at 31 December 2023**	–
Carrying amount	
At 31 December 2023	–
At 31 December 2022	–

Information about the Group's leasing activities are disclosed in Note 19.

12 Investment in subsidiaries

The Company	**2023 HK$'000**	2022 HK$'000
Unquoted equity shares, at cost		
- At 1 January	1,069	1,069
- Additions (12a)	100	–
- **At 31 December**	**1,169**	1,069

The subsidiaries are:

Name	**Principal place of business / Country of incorporation**	**Effective interest held by the Company 31 December 2023 %**	31 December 2022 %	**Principal activities**
Held by the Company				
Net Pacific Finance Group Limited [(a) (b)]	Hong Kong Special Administrative Region of the PRC ("HKSAR")	**100**	100	Provision of financing services
Net Pacific Investment Holdings Limited [(a) (c)]	British Virgin Islands	**100**	100	Provision of financing services and investment holding
Ben Sports and Management Limited ("Ben Sports HK") [(a) (c)]	HKSAR	**100**	–	Investment holding

12 Investment in subsidiaries (Cont'd)

Name	Principal place of business / Country of incorporation	Effective interest held by the Company 31 December 2023 %	Effective interest held by the Company 31 December 2022 %	Principal activities
<u>Held by Ben Sports HK</u>				
Ben Sports & Culture Development (Foshan) Co., Ltd. [(a) (c)] 本能体育文化发展(佛山)有限公司 ("Ben Sports Foshan")	PRC	**100**	–	Investment holding
<u>Held by Ben Sports Foshan</u>				
Cloud Nine (Foshan) Information Technology Co., Ltd [(a) (c)] 本能上下九(佛山)信息科技有限公司	PRC	**100**	–	Sale of golf simulators
Cloud Nine (Guangzhou) Golf Sports Development Co., Ltd [(a) (c)] 本能上下九(广州)高尔夫体育发展有限公司	PRC	**100**	–	Operations of indoor golf simulator venue

[(a)] Audited by Foo Kon Tan LLP for consolidation purposes
[(b)] Audited by H. C. Wong & Co
[(c)] Not required to be audited in the country of jurisdiction

12(a) Acquisition of subsidiary

On 15 December 2023, the Group completed the acquisition of 100% equity interest in Ben Sports HK for a consideration of HK$100,000. The principal activities of Ben Sports HK are investment holding and has business operations through its subsidiaries in the area of golf simulator. Included in the identifiable assets and liabilities acquired at the date of acquisition of Ben Sports HK are inputs (right-of-use assets, plant and equipment and distribution agreements with suppliers) and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

The acquisition will value add to the Group through contribution of revenue to the Group. The key management personnels will be employed by Ben Sports HK and its subsidiaries to operate and run the golf simulator business and have extensive exposure and knowledge in running golf related operations including golf coaching, training centre, brand marketing and planning.

For the half month ended 31 December 2023, Ben Sports HK and its subsidiaries contributed revenue of HK$15,000 and sustained a net loss of HK$263,000 to the Group's results. If the acquisition had occurred on 1 January 2023, the consolidated revenue would have been HK$3,327,000 and the consolidated loss for the year would have been HK$5,517,000. In determining these amounts, management has assumed that any fair value adjustments, if any, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

Details of the acquired assets and assumed liabilities as recognised by the Group at the acquisition date, and the effects on the cash flows of the Group, are as follows:

	Note	HK$'000
Right-of-use assets	11	2,077
Plant and equipment	10	616
Cash and cash equivalents		100
Lease liabilities		(2,077)
Other payables		(616)
Net assets acquired		100
Cash consideration paid		(100)
Cash acquired		100
Net change in cash flow		–

12 Investment in subsidiaries (Cont'd)

12(a) Acquisition of subsidiary (Cont'd)

Acquisition-related costs

The Group incurred acquisition related costs of HK$240,000 on legal fees and due diligence costs. These costs have been included in "Administrative expenses".

Measurement of fair values

The valuation techniques used to assessing the fair value of material assets acquired were as follows:

Asset acquired	Valuation techniques
Plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement costs when appropriate.
Right-of-use assets	Discounted cashflows method: Measured using the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, adjusted to reflect favourable and unfavourable terms of the leases when compared with market terms.
Distribution agreements	The multi-period excess earnings method: This considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets.

13 Loans and advances

The Group

In prior years, the Group had offered and granted loans to external parties via its Hong Kong subsidiary (registered money lender in Hong Kong). The Group continues to grant three loans (2022 - three loans) to the existing borrowers via its Hong Kong subsidiary.

Nature of business of borrowers	**Carrying amount of loans** **2023** **HK$'000**	2022 HK$'000	**Country**	**Maturity date**	**Interest rate** **2023** **%**	2022 %
Scrap metals trading	**18,000**	18,000	PRC	Revolving loans	**12**	12
Trading	**4,600**	4,600	HKSAR	Revolving loans	**12**	12
Investment	**5,000**	5,000	British Virgin Islands	Revolving loans	**12**	12
	27,600	27,600				

The Group	**2023** **HK$'000**	2022 HK$'000
Loans and advances repayable within one year	**27,600**	27,600

Loans and advances are denominated in the following currencies:

The Group	**2023** **HK$'000**	2022 HK$'000
Hong Kong dollar	**27,600**	27,600

At the reporting date, in order to determine whether there has been a significant increase in credit risk since initial recognition, the Group has evaluated the following information on its loans and advances:

(i) the financial performance and position of the borrowers as well as the economic outlook of the industries in which the borrowers operate;

(ii) the credit reviews for each borrower performed by the Credit Committee on a semi-annual basis; and

(iii) the borrowers' repayment history in principal and interest and current capacity to repay.

The loans and advances are considered to have low credit risk at the reporting date as there is no significant increase in credit risk for these exposures and the borrowers have the ability and capacity to meet their contractual cash flow obligations in the near term. Therefore, impairment on these balances has been measured on the 12 month expected credit loss basis and the amount of allowance is insignificant.

14 Other receivables

	The Group		The Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest receivable	**1,185**	1,185	**–**	–
Dividend receivable	**480**	640	**–**	–
	1,665	1,825	**–**	–
Deposits	**177**	23	**14**	14
Other receivables (Note a)	**24,042**	34,830	**19**	9
Amounts due from subsidiaries (non-trade) (Note b)	**–**	–	**134,508**	134,079
	25,884	36,678	**134,541**	134,102
Expected credit losses:				
At beginning	**–**	–	**(54,500)**	(50,321)
Allowance for expected credit loss	**(1,964)**	–	**(6,998)**	(4,179)
At end	**(1,964)**	–	**(61,498)**	(54,500)
Net other receivables	**23,920**	36,678	**73,043**	79,602
Prepayments	**31**	44	**31**	44
Total other receivables	**23,951**	36,722	**73,074**	79,646
Presented as:				
- Non-current	**1,996**	3,671	**–**	–
- Current	**21,955**	33,051	**73,074**	79,646
	23,951	36,722	**73,074**	79,646

<u>Note a</u>

Other receivables comprise mainly:

- HK$19,867,000 (2022 - HK$30,337,000) due from Jetwin which is secured, interest-free and repayable on demand. Included in this balance is mainly receivable arising from the settlement of the loans by the borrowers in Australia to Jetwin in the form of Properties and cash under two separate deeds of settlement. During the financial year ended 31 December 2023, AUD2 million (approximately HKD$10,162,000) in the trust accounts maintained in trust by an Australian law firm on behalf of Jetwin has been remitted to the Group. Furthermore, Jetwin has disposed 3 out of 8 Properties to third parties for a total sales price of AUD1.1 million. However, the Group's share of the proceeds of the 3 Properties have not been remitted to the Group as at 31 December 2023.

  (i) On 25 June 2019, Jetwin had entered into Deed of Settlement and Release ("2019 Deed") with two borrowers pursuant to which it was agreed that the parties to the 2019 Deed would release each other from the performance of any and all of their obligations under the loan agreements entered into between Jetwin and the borrowers, and any and all claims which existed in respect of the conditional agreements entered on 12 November 2017. Under the 2019 Deed, cash of AUD487,000 and the ownership in five properties in Australia were transferred to Jetwin as settlement of the loans previously granted by the Group to the two borrowers via Jetwin. On 7 November 2019, Jetwin confirmed and agreed that all the proceeds received under the provision of the 2019 Deed and the subsequent sale of the five properties shall be paid to NPIHL in accordance with the terms and conditions as set out in the original loan agreements between the relevant parties.

  (ii) On 6 August 2021, Jetwin entered into a similar Deed of Settlement and Release with three remaining borrowers ("2021 Deed") pursuant to which it was agreed, among other things, that the parties to the 2021 Deed shall resolve all their disputes on the terms and conditions set out in the 2021 Deed and absolutely, unconditionally and irrevocably release and forever discharge and hold each other free from and against any and all claims including their obligations under the loan agreements entered into between Jetwin and the borrowers without any admission of any liability of any kind whatever. Under the 2021 Deed, cash of AUD4,196,000 and the ownership in three properties in Australia were transferred to Jetwin as settlement of the loans previously granted by the Group to the remaining three borrowers via Jetwin. Under the Confirmation Letter dated 6 August 2021, Jetwin confirmed and agreed that all the proceeds received under the provision of the 2021 Deed and the subsequent sale of the three properties shall be paid to NPIHL in accordance with the terms and conditions as set out in the original loan agreements between the relevant parties.

  SFRS(I) 10 *Consolidated Financial Statements* requires an investor to consider whether it treats a portion of an investee as a deemed separate entity and, if so, whether it controls the deemed separate entity. An investor shall treat a portion of an investee as a deemed separate entity if the specified assets of the investee (and related credit enhancements, if any) are the only source of payment for the specified liabilities of, or specified other interests in, the investee.

14 Other receivables (Cont'd)

Note a (Cont'd)

Pursuant to the 2019 Deed and 2021 Deed, Jetwin had received settlement proceeds from the underlying borrowers in Australia in the form of 8 properties ("the Properties") and cash proceeds in aggregate. The Properties and the cash proceeds received under the provision of the 2019 Deed and 2021 Deed shall be paid to the Group and the other loan provider who is also a controlling shareholder cum director of the Company.

As at 31 December 2023, the financials of Jetwin comprised mainly of the Properties and trust accounts of Jetwin held in trust by an Australian law firm where the debt settlement proceeds were deposited into, and liabilities which comprised mainly of payables owing to the Group and the other loan provider who is also a controlling shareholder cum director of the Company. In respect of the Properties held by Jetwin, under the Confirmation Letters dated 7 November 2019 and 6 August 2021 (the "Confirmation Letters") between NPIHL, a wholly-owned subsidiary of the Company, and Jetwin, the latter confirmed that notwithstanding that the Properties were transferred to Jetwin, Jetwin agreed to grant security over the Properties to NPIHL, whether by way of caveat or registered mortgage, and not otherwise encumber the Properties as security for repayment of the loans.

In addition, as stipulated under the Confirmation Letters, unless and until the amount due by Jetwin are fully repaid to NPIHL, the sale, transfer or disposal of any or all of the Properties held by Jetwin shall only be made with the prior written consent of NPIHL amongst other terms and conditions as specified in the Confirmation Letters, with such consent being at NPIHL's absolute discretion. NPIHL may request the disposal of any or all of the Properties held by Jetwin at market rates, and Jetwin shall expeditiously comply with the request; and the terms and conditions of every disposal by Jetwin shall be as reasonably agreed by NPIHL. As such, NPIHL will be entitled to any upside of the proceeds from the sale of the Properties in excess of the original settlement consideration until all monies under the loan agreements and as agreed under the Confirmation Letters between NPIHL and Jetwin have been fully repaid.

NPIHL also agreed to contribute towards the ongoing maintenance cost and expenses relating to the Properties held by Jetwin in accordance with the relevant percentage of the loans disbursed as specified under the Confirmation Letters. Moreover, the Group also received net rental income from Jetwin on some of the Properties which were leased out to external parties and recognised gain from the disposal of some of the Properties during the year. In respect of the trust accounts maintained in trust by an Australian law firm on behalf of Jetwin where the settlement proceeds were deposited into, the Australian law firm also confirmed that it has the authority to disburse the funds from the trust accounts on the written request of the Executive director of the Company and the other loan provider who is also a controlling shareholder cum director of the Company.

In accordance with SFRS(I) 9 *Financial Instruments,* a financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management is of the view that the business model of the Group has not changed and there are proper loan documentations in place with Jetwin which support that the contractual terms of the amounts due from Jetwin give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As such, management concluded that the amounts due from Jetwin continue to be classified and measured at amortised costs is appropriate.

- HK$2,183,000 (2022 - HK$4,307,000) due from an external buyer on the disposal of financial asset at fair value through profit or loss in prior periods. Under a revised repayment schedule approved by the Credit Committee, the remaining balance would be repaid over another 24 instalments from January 2024 to December 2025, which was interest-free.

At the end of the reporting period, the Group evaluated the counterparty's financial performance to meet the contractual cash flow obligations and assessed that the credit risk has increased significantly since initial recognition. The Group had provided an expected credit loss of HK$1,964,000 (2022 – HK$NIL) on the non-trade amounts due from the counterparty.

In making this assessment, the Group has based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, available financial information, management accounts and applying experienced credit judgement).

14 Other receivables (Cont'd)

Note b

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 4.31% (2022 - 1.65%) per annum and are repayable on demand.

At the end of the reporting period, the Company evaluated its subsidiaries' financial performance to meet the contractual cash flow obligations and had provided an expected credit loss of HK$6,998,000 (2022 – HK$4,179,000) on the non-trade amounts due from a subsidiary.

	The Group		The Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore dollar	**64**	67	**64**	67
Hong Kong dollar	**3,857**	6,173	**73,010**	79,579
Chinese Yuan	**163**	–	**–**	–
Australian dollar	**19,867**	30,482	**–**	–
Total other receivables	**23,951**	36,722	**73,074**	79,646

Please refer to Note 22 for details of foreign currency risk and credit risk exposure.

15 Cash and cash equivalents

	The Group		The Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank	**47,246**	38,827	**1,108**	805

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore dollar	**1,932**	1,618	**772**	469
Hong Kong dollar	**30,791**	32,872	**336**	336
Chinese Yuan	**332**	–	**–**	–
United States dollar	**9**	811	**–**	–
Australian dollar	**14,182**	3,526	**–**	–
	47,246	38,827	**1,108**	805

Please refer to Note 22 for details of foreign currency risk and credit risk exposure.

16 Share capital

The Group and The Company	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	No. of ordinary shares		**HK$'000**	HK$'000
Issued and fully paid, with no par value				
Balance at beginning and at end of year	**525,630,328**	525,630,328	**145,105**	145,105

The Company and The Group	2023 S$'000	2022 S$'000
Issued and fully paid share capital denominated in original currency:		
Balance at beginning and at end of year	**24,584**	24,584

S$: Singapore dollars

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

17 Other payables

	The Group		The Company	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Accrued operating expense (Note a)	**6,814**	5,376	**2,122**	1,511
Contract liabilities (Note b)	**408**	–	**–**	–
	7,222	5,376	**2,122**	1,511

Note a

Included in the accrued operating expense is a balance of HK$3,552,000 (2022 - HK$3,555,000) payable to Jetwin as at 31 December 2023. Included in the accrued operating expense is a balance of HK$616,000 under acquisition of subsidiary that is payable to an entity in which a controlling shareholder cum director of the Company has beneficial interest in.

Note b

Contract liabilities relate to advance payment from customers.

Contract liabilities are recognised as revenue when the Group fulfills its performance obligations under the contract with the customer. All performance obligations are expected to be recognised within one (1) year. The significant changes in the contract liabilities during the financial year are as follows:

The Group	2023 HK$'000	2022 HK$'000
At 1 January	**–**	–
Fees received during the year	**415**	
Revenue recognised for fees received during the year	**(7)**	–
	408	–

Other payables are denominated in the following currencies:

	The Group		The Company	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Singapore dollar	**2,086**	1,497	**2,086**	1,463
Hong Kong dollar	**172**	232	**36**	48
Chinese Yuan	**1,310**	–	**–**	–
Australian dollar	**3,654**	3,647	**–**	–
	7,222	5,376	**2,122**	1,511

Please refer to Note 22 for details of foreign currency risk and liquidity risk exposure.

18 Lease liabilities

The Group	**2023 HK$'000**	2022 HK$'000
Undiscounted lease payments due:		
- Year 1	**636**	–
- Year 2	**649**	–
- Year 3	**667**	–
- Year 4	**292**	–
	2,244	–
Less: Future interest cost	**(209)**	–
Lease liabilities	**2,035**	–
Presented as:		
- Non-current	**1,499**	–
- Current	**536**	–
	2,035	–

Total cash outflows for all leases during the year amount to HK$52,000 (2022 – HK$33,000).

Interest expense on lease liabilities of HK$10,000 (2022 - HK$Nil) is recognised within "Finance cost" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "Administrative expenses" in profit or loss are set out below:

The Group	**2023 HK$'000**	2022 HK$'000
Short-term lease	**126**	46

As at 31 December 2023, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expenses for the year.

The Group's lease liabilities are secured by the lessor's title to the leased assets.

Information about the Group's leasing activities are disclosed in Note 19.

Please refer to Note 22 for foreign currency risk and liquidity risk exposure.

Lease liabilities is denominated in Chinese Yuan.

19 Leases

The Group as lessee

The Group has two lease contracts for golf premises used in its operations. In 2023, lease terms of premises used for golf simulation business operations are 40 months and 46 months respectively, commencing in December 2023.

The Group applies the 'short-term lease' recognition exemptions for certain leases of office premises with lease terms of 12 months or less.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Note 11 and 18 respectively.

20 Commitments

Short-term leases

	The Group		The Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than 1 year	**34**	46	**34**	46

21 Related party transactions

Other than as disclosed elsewhere in the financial statement, significant transactions with related parties are as follows:

The Group	**2023** **HK$'000**	2022 HK$'000
Interest income from the borrowers [(b)]	**–**	–
Fund transferred from a borrower through a related party [(a)]	**1,089**	1,071
Fund transferred from a borrower through a controlling shareholder cum director of the Company [(d)]	**1,071**	–
Aquisition of equity interest in Ben Sports HK [(c)]	**100**	–

(a) During the financial year ended 31 December 2023, the Group received an amount of HK$1,089,000 (2022 - HK$1,071,000) from a borrower in PRC through an entity in which one of the Company's directors is also a director cum shareholder of the entity solely to facilitate the funds transfer process.

(b) In the last financial year ended 31 December 2022, management became aware that a controlling shareholder cum director of the Company held shares in an entity which had investments in the Australian borrowers. There was also a lack of disclosure disclosed in the financial statements that he was a creditor of Jetwin since inception of the loan disbursement in the financial year ended 31 December 2013, and that Jetwin also held equity interest in the Australian borrowers. However, management maintains the view that the controlling shareholder cum director of the Company does not have any beneficial interest in Jetwin nor the borrowers in Australia, and that there is no need for any shareholders' mandate to approve any interested person transactions under the Listing Manual of the SGX-ST Chapter 9.

(c) The Company had entered into a sale and purchase agreement with a controlling shareholder cum director of the Company on 25 September 2023 to acquire 100% of the total issued and paid-up share capital of Ben Sports and Management Limited and its subsidiary for a consideration of HK$100,000. The investee is primarily engaged in the sale of golf simulators and the operation of indoor golf simulator venues in the PRC.

(d) During the financial year ended 31 December 2023, the Group received an amount of HK$1,071,000 (2022 - HK$NIL) from a borrower in PRC through a controlling shareholder cum director of the Company to facilitate the funds transfer process.

22 Financial risk management

22.1 Financial risk factors

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The key financial risks include interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The Company's and the Group's overall risk management policy is to ensure adequate financial resources are available for the development of the Company's and the Group's business whilst managing the risks.

The Company's and the Group's risk management is carried out by the board of directors. The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

There has been no change to the Company's and the Group's exposure to these financial risks and the manner in which they manage and measure the risks.

22 Financial risk management (Cont'd)

22.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to any interest rate risk as they do not have any monetary financial instruments with variable interest rates.

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

The Group's loan and advances to the external borrowers are at fixed interest rates.

22.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than functional currency of respective Group entities. The currencies in which these transactions primarily are denominated in are the Australian dollar (AUD), United States dollar (USD), Chinese yuan (RMB) and Singapore dollar (SGD).

The Group does not use forward contracts to hedge its exposure to foreign currency risk in the local functional currency.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD, USD, RMB and SGD.

The Group's and the Company's exposures to currency risks are as follows:

	Australian dollar	
	2023	2022
The Group	**HK$'000**	HK$'000
Financial Assets		
Other receivables	**19,867**	30,482
Cash and cash equivalents	**14,182**	3,526
	34,049	34,008
Financial Liabilities		
Other payables	**3,654**	3,647
	3,654	3,647
Net currency exposure on financial assets	**30,395**	30,361

	United States dollar	
	2023	2022
The Group	**HK$'000**	HK$'000
Financial Assets		
Cash and cash equivalents	**9**	811
Net currency exposure on financial assets	**9**	811

	Singapore dollar	
	2023	2022
The Group	**HK$'000**	HK$'000
Financial Assets		
Other receivables	**64**	67
Cash and cash equivalents	**1,932**	1,618
	1,996	1,685
Financial Liabilities		
Other payables	**2,086**	1,497
	2,086	1,497
Net currency exposure on financial (liabilities) / assets	**(90)**	188

22 Financial risk management (Cont'd)

22.3 Currency risk (Cont'd)

The Group	Chinese Yuan 2023 HK$'000	Chinese Yuan 2022 HK$'000
Financial Assets		
Other receivables	**163**	–
Cash and cash equivalents	**332**	–
	495	–
Financial Liabilities		
Other payables [(1)]	**902**	–
Lease liabilities	**2,035**	–
	2,937	–
Net currency exposure on financial liabilities	**(2,442)**	–

(1) Excluded contract liabilities

The Company	Singapore dollar 2023 HK$'000	Singapore dollar 2022 HK$'000
Financial Assets		
Other receivables	**64**	67
Cash and cash equivalents	**772**	469
	836	536
Financial Liabilities		
Other payables	**2,086**	1,463
	2,086	1,463
Net currency exposure on financial liabilities	**(1,250)**	(927)

Sensitivity analysis for foreign currency risk

A 5% strengthening/weakening of the above currencies against the functional currency of the group entities at 31 December would have increased/(decreased) equity and results before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

The Group	31 December 2023 Loss before tax HK$'000	31 December 2023 Equity HK$'000	31 December 2022 Loss before tax HK$'000	31 December 2022 Equity HK$'000
AUD				
- strengthened 5% against HKD	**(1,520)**	**1,520**	(1,518)	1,518
- weakened 5% against HKD	**1,520**	**(1,520)**	1,518	(1,518)
USD				
- strengthened 5% against HKD	**–***	**–***	(40)	40
- weakened 5% against HKD	**–***	**–***	40	(40)
RMB				
- strengthened 5% against HKD	**122**	**(122)**	–	–
- weakened 5% against HKD	**(122)**	**122**	–	–
SGD				
- strengthened 5% against HKD	**5**	**(5)**	(9)	9
- weakened 5% against HKD	**(5)**	**5**	9	(9)

22 Financial risk management (Cont'd)

22.3 Currency risk (Cont'd)

The Company	**31 December 2023** Loss before tax HK$'000	**31 December 2023** Equity HK$'000	31 December 2022 Loss before tax HK$'000	31 December 2022 Equity HK$'000
SGD				
- strengthened 5% against HKD	**63**	**(63)**	46	(46)
- weakened 5% against HKD	**(63)**	**63**	(46)	46

* less than HK$1,000

22.4 Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. As the primary business of the Group is the provision of loan and financing services, the Group is exposed to credit risks from its lending activities. The Group's exposure to credit risk arises primarily from loans and advances and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. For loans and advances, the Group adopts the policy of dealing only with borrowers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

For risk management purposes, the Group considers and consolidates all elements of credit risk exposure including the default risk of the individual obligor, security risk, market and industry risk. Credit policies are formulated covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements. All credit facilities, including those with collateral, require the approval by Credit Committee. All collateral assets must be tangible, accessible and marketable in reputable market.

The Group has in place a monitoring system to identify early symptoms of problematic loan accounts. Regular reviews and internal assessment are carried out by the Credit Committee on the financial ability of the borrowers to repay the loans and advances to determine whether impairment provisions may be required against specific credit exposures.

The Group's significant exposure to credit risk arises from loans and advances and other receivables. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Credit Committee based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management and the Credit Committee. The Group's loans and advances comprise three borrowers (2022 - three borrowers) that represented 100% (2022 - 100%) of the total loans and advances. There is significant credit risk concentration in a few borrowers.

In order to mitigate the concentration of credit risk, the loans and advances are guaranteed by the shareholders of the borrowers and/or Underwriters.

The Group and the Company do not hold collateral in respect of its financial asset except for the amounts due from Jetwin where Jetwin grants security over the Properties to the Group. Jetwin agreed to grant security over the Properties to NPIHL, whether by way of caveat or registered mortgage, and not otherwise encumber the Properties as security for repayment of debts. The carrying value of the Properties is AUD4,505,000 (2022 - AUD5,505,000). The Properties comprise of fully completed apartments and residential apartments under construction. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statements of financial position.

<u>Exposure to credit risk</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

The Group	**2023** HK$'000	2022 HK$'000
Financial assets		
Loans and advances	**27,600**	27,600
Other receivables [(1)]	**23,920**	36,678
Cash and cash equivalents	**47,246**	38,827
	98,766	103,105

22 Financial risk management (Cont'd)

22.4 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

	2023 HK$'000	2022 HK$'000
The Company		
Financial assets		
Other receivables [1]	**73,043**	79,602
Cash and cash equivalents	**1,108**	805
	74,151	80,407

[1] Excluded prepayment

The Group's major classes of financial assets are loans and advances, other receivables (excluding prepayments) and cash and cash equivalents.

The Company's major classes of financial assets are other receivables (excluding prepayments) and cash and cash equivalents.

The tables below detail the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk without taking into account of any collateral held or other credit enhancements:

The Group	**12-month ECL Not credit impaired HK$'000**	**Lifetime Expected Credit loss Not credit impaired HK$'000**	**Lifetime Expected Credit loss Credit impaired HK$'000**	**Total HK$'000**
Loans and advances				
- neither past due nor impaired	**27,600**	**–**	**–**	**27,600**
- past due but not impaired	–	–	–	–
- past due and impaired	–	–	–	–
Other receivables, excluding Prepayments				
- neither past due nor impaired	**21,737**	**–**	**–**	**21,737**
- past due but not impaired	**–**	**2,183**	**–**	**2,183**
- past due and impaired	**–**	**1,964**	**–**	**1,964**
Gross amount	**49,337**	**4,147**	**–**	**53,484**
Loss allowances	**–**	**(1,964)**	**–**	**(1,964)**
At 31 December 2023	**49,337**	**2,183**	**–**	**51,520**
Loans and advances				
- neither past due nor impaired	27,600	–	–	27,600
- past due but not impaired	–	–	–	–
- past due and impaired	–	–	–	–
Other receivables, excluding Prepayments				
- neither past due nor impaired	32,371	–	–	32,371
- past due but not impaired	4,307	–	–	4,307
- past due and impaired	–	–	–	–
Gross amount	64,278	–	–	64,278
Loss allowances	–	–	–	–
At 31 December 2022	64,278	–	–	64,278

22 Financial risk management (Cont'd)

22.4 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

The Company	**12-month/ Lifetime ECL**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
At 31 December 2023				
Other receivables [(1)]	**12-month ECL**	**33**	**–**	**33**
Amounts due from subsidiaries (non-trade)	**12-month ECL**	**134,508**	**(61,498)**	**73,010**
		134,541	**(61,498)**	**73,043**
At 31 December 2022				
Other receivables [(1)]	12-month ECL	23	–	23
Amounts due from subsidiaries (non-trade)	12-month ECL	134,079	(54,500)	79,579
		134,102	(54,500)	79,602

[(1)] Excluded prepayment

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

(1) Loans and advances and other receivables

The expected credit loss on loans and advances and other receivables are estimated by reference to payment history, current financial situation of the borrower, borrower-specific information obtained directly from the borrower and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the borrower operates at the reporting date.

Loans and advances and other receivables are written off when there is no reasonable expectation of recovery. Expected credit losses and reversal of expected credit losses are presented on the face of the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. The allowance for expected credit losses is disclosed in Note 14.

(2) Amounts due from subsidiaries

The use of loans and advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. In determining the ECL, management has taken into account the finances and business performance of the subsidiaries, and a forward-looking analysis of the financial performance of projects undertaken by these subsidiaries. For the non-trade amounts due from subsidiaries which are repayable on demand, expected credit losses are determined based on the availability of accessible and highly liquid assets of the subsidiaries for repayment if they are demanded at the reporting date. The impairment assessment for ECL is disclosed in Note 14.

(3) Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Expected credit loss on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Financial assets that are neither past due nor impaired
As of 31 December 2023, other receivables and amounts due from subsidiaries (non-trade) for the Company of HK$73,043,000 (2022 - HK$79,602,000) and loans and advances and other receivables for the Group of HK$49,337,000 (2022 - HK$59,971,000) are neither past due nor impaired. Based on historical default rates, the Group believes that no expected credit losses is necessary in respect of these balances not past due as they mainly arise from borrowers that have a good credit record with the Group.

Financial assets that are past due but not impaired
As of 31 December 2023 and 2022, other receivables of HK$2,183,000 (2022 - HK$4,307,000) are past due but not impaired.

Financial assets that are past due and/or impaired
As of 31 December 2023, amounts due from subsidiaries (non-trade) for the Company of HK$61,498,000 (2022 - HK$54,500,000) are impaired. The Company determines that it is not probable to collect all principal and interest due according to the contractual terms of the transaction. As at 31 December 2023, other receivables of HK$1,964,000 are past due and impaired. The impairment assessed is disclosed in Note 14.

22 Financial risk management (Cont'd)

22.4 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

An ageing analysis of loans and advances at the reporting date is as follows:

The Group	**2023 HK$'000**	2022 HK$'000
Not past due	**27,600**	27,600
Past due less than 1 month	**–**	–
Past due more than 1 month but less than 2 months	**–**	–
Past due more than 2 months	**–**	–
	27,600	27,600

An ageing analysis of other receivables at the reporting date is as follows:

The Group	**2023 HK$'000**	2022 HK$'000
Not past due	**21,737**	32,371
Past due less than 1 month	**–**	–
Past due more than 1 month but less than 2 months	**–**	–
Past due more than 2 months	**2,183**	4,307
	23,920	36,678

22.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

As at 31 December 2023 and 2022, the Group does not hold any quoted or marketable financial instruments and thus is not exposed to any movement in market prices.

22.6 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and equivalent deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Management believes that it will have the necessary liquidity by scaling its business activities, collections from investments, loans and advances and /or raising funds as it deemed appropriate.

22 Financial risk management (Cont'd)

22.6 Liquidity risk (Cont'd)

The table summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

		Contractual undiscounted cash flows			
The Group	**Carrying amount HK$'000**	**Total HK$'000**	**Less than 1 year HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**
31 December 2023					
Other payables [1]	**6,814**	**6,814**	**6,814**	**–**	**–**
Lease liabilities	**2,035**	**2,244**	**636**	**1,608**	**–**
	8,849	**9,058**	**7,450**	**1,608**	**–**
31 December 2022					
Other payables	5,376	5,376	5,376	–	–
The Company					
31 December 2023					
Other payables	2,122	2,122	2,122	–	–
31 December 2022					
Other payables	1,511	1,511	1,511	–	–

(1) Excluded contract liabilities

23 Financial instruments

23.1 Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	**Financial assets (Carried at amortised cost) HK$'000**	**Total HK$'000**
31 December 2023		
Financial assets		
Loans and advances	**27,600**	**27,600**
Other receivables [1]	**23,920**	**23,920**
Cash and cash equivalents	**47,246**	**47,246**
	98,766	**98,766**

	Financial liabilities (Carried at amortised cost) HK$'000	**Total HK$'000**
Financial liabilities		
Other payables [2]	**6,814**	**6,814**
Lease liabilities	**2,035**	**2,035**
	8,849	**8,849**

(1) Excluded prepayment
(2) Excluded contract liabilities

23 Financial instruments (Cont'd)

23.1 Accounting classifications of financial assets and financial liabilities (Cont'd)

The Group

31 December 2022	Financial assets (Carried at amortised cost) HK$'000	Total HK$'000
Financial assets		
Loans and advances	27,600	27,600
Other receivables [(1)]	36,678	36,678
Cash and cash equivalents	38,827	38,827
	103,105	103,105

	Financial liabilities (Carried at amortised cost) HK$'000	Total HK$'000
Financial liabilities		
Other payables	5,376	5,376

The Company

31 December 2023	Financial assets (Carried at amortised cost) HK$'000	Total HK$'000
Financial assets		
Other receivables [(1)]	**73,043**	**73,043**
Cash and cash equivalents	**1,108**	**1,108**
	74,151	**74,151**

	Financial liabilities (Carried at amortised cost) HK$'000	Total HK$'000
Financial liabilities		
Other payables	**2,122**	**2,122**

The Company

31 December 2022	Financial Assets (Carried at amortised cost) HK$'000	Total HK$'000
Financial assets		
Other receivables [(1)]	79,602	79,602
Cash and cash equivalents	805	805
	80,407	80,407

	Financial liabilities (Carried at amortised cost) HK$'000	Total HK$'000
Financial liabilities		
Other payables	1,511	1,511

[(1)] Excluded prepayment

24 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

24.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of fair value hierarchy. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 : 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); and
Level 3 : inputs for the assets or liability that are not based on observable market data.

24.2 Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of financial assets and liabilities at their amortised costs with a maturity of less than one year (including loans and advances and other receivables (excluding prepayments), cash and cash equivalents and other payables) approximate their fair values because of the short period to maturity. Management has determined the fair value of these financial instruments to closely approximate their carrying amount at the reporting date.

The fair value of the non-current receivables is an approximation to their carrying values at the reporting date. They are estimated by discounted cash flow analysis using discount rate based on market rate for similar instrument at inception.

The Company and the Group do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

Lease liabilities

The fair value disclosure of lease liabilities is not required.

Properties held by Jetwin (Level 3)

The following table shows the professional valuer's valuation technique used in measuring the fair value of properties held by Jetwin, as well as the significant unobservable inputs used.

Valuation technique	**Inter-relationship between key unobservable inputs and fair value measurement**	**Significant unobservable inputs**
	The estimated fair value would increase (decrease) if:	
Direct comparison method	Price per square meter was higher (lower)	Price per square meter of market comparables:
	- Fully completed apartment	- 31 December 2022 - HK$23,101 to HK$31,078 **- 31 December 2023 – HK$25,505 to HK$31,266**
	- Residential apartment under improvement	- 31 December 2022 - HK$17,061 to HK$60,214 **- 31 December 2023 – HK$18,787 to HK$58,739**

24 Fair value measurement (Cont'd)

24.3 Financial assets and financial liabilities subject to offsetting arrangements

(a) Set-off of balances with subsidiaries (the Company)

The subsidiaries regularly pay expenses on behalf of the Company. Both parties have arrangements to settle intercompany balances due to or due from each other on a net basis. The amounts of due to and due from subsidiaries that are set-off are as follows:

The Company	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
31 December 2023	**HK$'000**	**HK$'000**	**HK$'000**
Amounts due from subsidiaries (non-trade)	**168,060**	**(33,552)**	**134,508**
Amounts due to subsidiaries (non-trade)	**(33,552)**	**33,552**	**–**
	134,508	**–**	**134,508**
31 December 2022			
Amounts due from subsidiaries (non-trade)	155,038	(20,959)	134,079
Amounts due to subsidiaries (non-trade)	(20,959)	20,959	–
	134,079	–	134,079

(b) Set-off of balances with Jetwin (the Group)

There are no balances which are set-off for the financial years ended 31 December 2023 and 2022.

(c) Set-off of balances with Underwriters (the Group)

No underwriting expenses were incurred during the financial years ended 31 December 2023 and 2022. Both parties have arrangements to settle the balances due to or due from each other on a net basis. There are no balances which are off-set for the financial years ended 31 December 2023 and 2022.

25 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group defines capital as shareholders' equity. The Group regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected loan financing opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitors capital using Gearing Ratio, which is net debt divided by total equity. Net debt represents the aggregate of other payables and lease liabilities, less cash and cash equivalents.

There were no changes in the Group's approach to capital management during the year.

25 Capital management (Cont'd)

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group	2023 HK$'000	2022 HK$'000
Other payables (Note 17)	**7,222**	5,376
Lease liabilities (Note 18)	**2,035**	–
Less: Total cash and cash equivalents (Note 15)	**(47,246)**	(38,827)
Net debt # (A)	**(37,989)**	(33,451)
Equity attributable to owner of the Company (B)	**92,077**	97,594
Gearing ratio (A)/(B) (%)	**#**	#

Not applicable as the Group had a net cash position as at 31 December 2023 and 31 December 2022.

26 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

(1) Financing Business

The financing segment is the business of the provision of financing services in the PRC, the Hong Kong Special Administrative Region and Australia, which include the provision of working capital financing, asset-backed loans, mezzanine loans and investments in companies with good fundamentals and growth potential.

(2) Investment

The investment segment is the business of investing in short term financial instruments using cash on hand pending further loan disbursement or investment opportunities under the Financing Business. There is no operating segment that has been aggregated to form this reportable operating segment.

(3) Golf Business

The golf segment is the business of sale of golf simulators and the operation of indoor golf simulator venues.

26 Operating segments (Cont'd)

Segment information provided to management for reportable segments is as follows:

	Financing Business		Golf Business		Corporate		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
Income from operations of indoor golf simulator venue	**–**	**–**	**15**	**–**	**–**	**–**	**15**	**–**
Interest income	**3,312**	3,312	**–**	–	**–**	–	**3,312**	3,312
External revenue	**3,312**	3,312	**15**	–	**–**	–	**3,327**	3,312
Segment profit / (loss)	**235**	317	**(312)**	–	**(5,364)**	(3,596)	**(5,441)**	(3,279)
Loss before tax							**(5,441)**	(3,279)
Income tax expense							**(76)**	(243)
Loss for the year							**(5,517)**	(3,522)
Segment assets	**89,691**	102,277	**10,567**	–	**1,175**	881	**101,433**	103,158
Consolidated total assets							**101,433**	103,158
Segment liabilities	**3,889**	4,053	**3,345**	–	**2,122**	1,511	**9,356**	5,564
Consolidated total liabilities							**9,356**	5,564
Other material items:								
Depreciation of plant and equipment	**–**	–	**11**	–	**6**	6	**17**	6
Depreciation of right-of-use assets	**–**	–	**49**	–	**–**	33	**49**	33
Foreign exchange loss	**12**	2,138	**–**	–	**11**	–	**23**	2,138
Impairment loss on other receivables	**1,964**	–	**–**	–	**–**	–	**1,964**	–

Geographical segments

Income and non-current assets information based on the geographical locations of customers are as follows:

	Singapore		PRC and HKSAR		British Virgin Islands		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
External services	**–**	–	**2,727**	2,712	**600**	600	**3,327**	3,312
	–	–	**2,727**	2,712	**600**	600	**3,327**	3,312
Non-current assets	**3**	9	**2,633**	–	**1,996**	3,671	**4,632**	3,680

<u>Segment results</u>

Performance of each segment is evaluated based on the profit or loss for each segment.

<u>Segment assets</u>

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the asset attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

26 Operating segments (Cont'd)

Geographical segments (Cont'd)

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Information about major customer

Interest income of approximately HK$3,312,000 (2022 - HK$3,312,000) are derived from three (2022 - three) external customers and are attributable to the Financing Business.

27 Subsequent Events

(i) The Company has on 31 January 2024 entered into a shareholder's loan agreement with Ben Sports and Management Limited ("Ben Sports HK") ("SLA"), pursuant to which the Company has agreed to provide up to RMB 9,000,000 ("Loan") to Ben Sports HK as working capital purposes in furtherance of the business of the Golf Business, including enhancement of existing equipment, and expansion plans.

The Company has also on 31 January 2024 entered into a supplemental agreement to the Sales and Purchase Agreement with Ben Lee ("Vendor"), pursuant to which the Vendor had agreed to provide the undertaking below:

(a) The Vendor undertakes that in the event Ben Sports HK fails to repay, in whole or any part thereof, the interest payable on the relevant tranche of the shareholder's loans ("Loan Interest") as set out in the SLA, the Vendor shall be responsible for such Loan Interest due but not having been paid by Ben Sports HK, and shall make payment of such Loan Interest to the Company.

(b) In addition to the above, the Vendor undertakes that in the event the Company (at its sole discretion) requires the Vendor to purchase the Company's interest in Ben Sports HK (the "NET Shares") from the Company, the Vendor shall acquire the NET Shares from the Company within three (3) to six (6) months, for an amount equivalent to the shareholder's loans which has been disbursed under the SLA.

(ii) On 2 February 2024, the Company announced that it had entered into a joint venture agreement ("JVA") with Mr. Ben Lee, a Non-Independent Non-Executive Director of the Company ("Joint Venture"). Further to the JVA, a joint venture company, Net Industrial International Company Limited ("JV Company"), has been incorporated in the HKSAR. Pursuant to the JVA, the Company is the majority shareholder, holding 80% interest of the JV Company, while Mr. Ben Lee will own the remaining 20%. It was also announced by the Company on the same day that the JV Company had entered into a share transfer agreement to acquire Mr Ben Lee's 51% of the total issued and paid-up share capital of Saint Pearl Travel Products (Guangdong) Co., Ltd. ("Target Company") ("Acquisition", together with the Joint Venture, the "Proposed Joint Venture and Acquisition"), currently a wholly-owned subsidiary of Jiangmen Limingzhu Technology Co., Ltd ("Jiangmen Limingzhu"), a portion of which is held on trust for Mr. Ben Lee. The Target Company is in the business of independent research, design, production, and sale of travel hard cases made from polypropylene and polycarbonate and other innovative materials, offering a comprehensive set of travel product solutions to major brands and channels both domestically and internationally ("Luggage Business").

In accordance with the JVA, the Consideration payable by the JV Company for the Acquisition is approximately RMB 2,706,000. The Consideration was arrived at original cost of investment based on 51% of the unaudited net assets of the Target Company as at 30 June 2023.

The Company had on 23 February 2024 convened an extraordinary general meeting ("EGM") to seek approval of shareholders in relation to the Proposed Joint Venture and Acquisition and also the proposed diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

STATISTICS OF **SHAREHOLDINGS**

As at 23 April 2024

Number of shares	525,630,328
Class of shares	Ordinary shares
Voting rights of ordinary shareholders	One vote per share
Number of treasury shares	Nil
Number of suibsidiary holdings	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	63	8.08	506	0.00
100 - 1,000	113	14.51	65,978	0.01
1,001 - 10,000	140	17.97	881,807	0.17
10,001 - 1,000,000	436	55.97	69,018,430	13.13
1,000,001 AND ABOVE	27	3.47	455,663,607	86.69
TOTAL	**779**	**100.00**	**525,630,328**	**100.00**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the register of shareholders and to the best of knowledge of the Company, approximately 29.37% of the total issued ordinary shares of the Company is held by the public as at 23 April 2024 and accordingly, the Company is in compliance with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	240,518,700	45.76
2	CHIN FOOK LAI	69,022,400	13.13
3	QUAD SKY LIMITED	53,700,000	10.22
4	CHEONG YONG WAH	17,386,700	3.31
5	MAYBANK SECURITIES PTE. LTD.	17,252,700	3.28
6	CHIN FAH	8,464,350	1.61
7	DBS NOMINEES (PRIVATE) LIMITED	5,641,915	1.07
8	RSM STONE FOREST PTE LTD	4,650,000	0.88
9	OCBC SECURITIES PRIVATE LIMITED	4,204,792	0.80
10	CHIN FOOK CHOY	3,994,500	0.76
11	MO HUANSHENG	3,758,000	0.71
12	LIM TENG SAY	3,247,900	0.62
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,148,500	0.60
14	XU JIANGUO	2,000,000	0.38
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,866,455	0.36
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,710,700	0.33
17	LOO BEE KENG	1,700,001	0.32
18	PHILLIP SECURITIES PTE LTD	1,640,294	0.31
19	TAN KHEE BOON	1,546,800	0.29
20	ROMIEN CHANDRASEGARAN	1,427,900	0.27
	TOTAL	**446,882,607**	**85.01**

STATISTICS OF **SHAREHOLDINGS**

As at 23 April 2024

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total	%
Zhou Wen Jie [1]	119,750,600	–	119,750,600	22.78%
Zhou Dan [1][2]	120,000,000	–	120,000,000	22.83%
Ben Lee [1][2]	–	120,000,000	120,000,000	22.83%
Quad Sky Limited [3][4]	53,700,000	–	53,700,000	10.22%
Head Quator Limited [3]	–	53,700,000	53,700,000	10.22%
Ong Chor Wei [3]	3,150,000	53,700,000	56,850,000	10.82%
Wingate Investment Corporation [4]	–	53,700,000	53,700,000	10.22%
Yung Fung Ping [4]	–	53,700,000	53,700,000	10.22%
Chan Mei Sau [4]	–	53,700,000	53,700,000	10.22%
Chin Fook Lai	69,022,400	–	69,022,400	13.13%

Notes:

(1) Zhou Wen Jie is the brother of Zhou Dan and the brother-in-law of Ben Lee.

(2) Zhou Dan is the wife of Ben Lee. Ben Lee is deemed interested in the shares held by Zhou Dan.

(3) Ong Chor Wei @ Alan Ong is deemed interested in the shares held by Quad Sky Limited by virtue of him owning 100.0% of the equity interest in Head Quator Limited which in turn owns 50.0% of the equity interest in Quad Sky Limited.

Head Quator Limited is deemed interested in the shares held by Quad Sky Limited by virtue of it owning 50% of the equity interest in Quad Sky Limited.

(4) Wingate Investment Corporation is deemed interested in the shares held by Quad Sky Limited by virtue of it owning 50% of the equity interest in Quad Sky Limited.

Yung Fung Ping and Chan Mei Sau are deemed interested in the shares held by Quad Sky Limited by virtue of them each owning 50% of the equity interest in Wingate Investment Corporation which in turn owns 50% of the equity interest in Quad Sky Limited.

NOTICE OF **ANNUAL GENERAL MEETING**

(Incorporated in the Republic of Singapore – Company Registration No. 200300326D)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Net Pacific Financial Holdings Limited (the "**Company**") will be convened and held at 1 Robinson Road #18-00 AIA Tower, Singapore 048542 on Tuesday, 21 May 2024, at 3.30 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution:

   Mr Ong Chor Wei @ Alan Ong (Retiring pursuant to Regulation 89) **(Resolution 2)**

   Mr Ong Chor Wei @ Alan Ong will, upon re-election as a Director, remain as Chief Executive Officer and Executive Director of the Company. Information on Mr Ong Chor Wei @ Alan Ong can be found on pages 2 and 27 to 39 of the annual report.

   Mr Chin Fook Lai (Retiring pursuant to Regulation 89) **(Resolution 3)**

   Mr Chin Fook Lai will, upon re-election as a Director, remain as Non-Independent Non-Executive Director of the Company. Information on Mr Chin Fook Lai can be found on pages 3 and 27 to 39 of the annual report.

3. To re-elect the following Directors retiring pursuant to Regulation 88 of the Company's Constitution:

   Mr Chak Chi Shing (Retiring pursuant to Regulation 88) **(Resolution 4)**

   *Mr Chak Chi Shing will, upon re-election as a Director, remain as Independent Non-Executive Director of the Company, Chairman of the Risk Management Committee, and member of the Audit Committee and Remuneration Committee. Information on Mr Chak Chi Shing can be found on pages 3 and 27 to 39 of the annual report. The Board considers Mr Chak Chi Shing to be independent for the purposes of Rule 704(7) of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").*

   Ms Kwok Meei Ying, Monica (Retiring pursuant to Regulation 88) **(Resolution 5)**

   Ms Kwok Meei Ying, Monica will, upon re-election as a Director, remain as Independent Non-Executive Director of the Company, member of the Audit Committee, Nominating Committee and Risk Management Committee. Information on Ms Kwok Meei Ying, Monica can be found on pages 3 and 27 to 39 of the annual report. The Board considers Ms Kwok Meei Ying, Monica to be independent for the purposes of Rule 704(7) of the Catalist Rules.

4. To approve the payment of additional Directors' fees of S$39,562 for the financial year ended 31 December 2023.
   [See Explanatory Note (i)] **(Resolution 6)**

5. To approve the payment of the sum of up to S$238,000 to be paid to all Directors as Directors' fees for the financial year ending 31 December 2024, such fees to be paid half-yearly in arrears. (2023: S$152,000) **(Resolution 7)**

6. To re-appoint Foo Kon Tan LLP, Chartered Accountants of Singapore, as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue new Shares in the capital of the Company and/or instruments**

   "That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Catalist Rule 806, authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue new shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require new Shares to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding the authority conferred by this Resolution may have ceased to be in force, allot and issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of new Shares (including shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new Shares to be allotted and issued other than on a *pro rata* basis to Shareholders of the Company (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with subparagraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be allotted and issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed after adjusting for:-

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Any adjustments made in accordance with sub-paragraphs (2)(a) or (2)(b) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Chong Kian Lee
Joint Company Secretaries
Singapore, 4 May 2024

Explanatory Notes:

(i) The shareholders of the Company had, during the annual general meeting ("**Annual General Meeting**" or "**AGM**") held on 28 June 2023, approved the payment of the sum of up to S$152,000 to be paid to all Directors as Directors' fees for the financial year ended 31 December 2023. The Board of Directors proposed the payment of additional Directors' fees of S$39,562 as recognition for additional work done in light of the increase in business activities in 2023 including but not limited to the acquisition of Ben Sports and Management Limited, and preliminary work relating to the joint venture agreement with Mr. Ben Lee and acquisition of 51% of Saint Pearl Travel Products (Guangdong) Co., Ltd., which required increased time and significant contributions from certain Directors.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of the passing of Ordinary Resolution 9 until the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to allot and issue new Shares and Instruments in the Company. The aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 9), to be allotted and issued pursuant to Ordinary Resolution 9 shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of Ordinary Resolution 9. For the allotment and issue of new Shares other than on a *pro rata* basis to shareholders of the Company, the aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 9), to be allotted and issued pursuant to Ordinary Resolution 9 shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of Ordinary Resolution 9. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Important Notes to Shareholders on arrangements for the Annual General Meeting:

1. The Annual General Meeting will be held physically at 1 Robinson Road #18-00 AIA Tower, Singapore 048542 on Tuesday, 21 May 2024, at 3.30 p.m.. **There will be no option for Shareholders to participate virtually.**

2. The Annual Report for the financial year ended 31 December 2023 (the "**FY2023 Annual Report**"), together with this Notice of AGM, the accompanying Proxy Form, and Request Form have been made available on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements and the website of the Company at the URL https://www.netpac.com.sg/announcement-2024. A hardcopy of the FY2023 Annual Report will not be sent to shareholders. However, this Notice of AGM and accompanying Proxy Form and Request Form, will be mailed to all Shareholders. Shareholders may request printed copies of the FY2023 Annual Report by completing and returning the Request Form no later than 14 May 2024.

3. Arrangements relating to submission of comments, queries and/or questions to the Chairman of the AGM in advance of and at the AGM of the Company, addressing of substantial and relevant comments, queries and/or questions at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms and during the AGM, and voting physically or appointing proxy(ies) (including the Chairman of the AGM) to vote at the AGM of the Company, are set out in this Notice of AGM.

4. The Company has decided that the forthcoming AGM will be held at 1 Robinson Road #18-00 AIA Tower, Singapore 048542. There will be no option for Shareholders to participate virtually at the AGM. Shareholders (whether individual or corporate) may vote at the AGM by themselves or may appoint proxy(ies) (including the Chairman of the AGM) to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

5. A Shareholder:

   (a) who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM on his/her/its behalf. Where such Shareholder's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy;

   (b) who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM on his/her/its behalf, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's form of proxy appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Where a member appoints more than (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" shall have the same meaning ascribed to it in Section 181 of the Companies Act 1967.

6. CPF/SRS investors:

   (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on 9 May 2024 (that is, at least seven (7) working days before the date of the AGM).

7. Duly appointed proxy(ies), including the Chairman of the AGM acting as proxy, need not be a Shareholder of the Company. A Shareholder may choose to appoint the Chairman of the AGM as his/her/its proxy.

8. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered office at 35 Selegie Road, #10-25, Parklane Shopping Mall, Singapore 188307; or

   (b) if submitted by email, in Portable Document Format (PDF) format to the Company at admin@netpac.com.sg,

   in either case, by 3.30 p.m. on 18 May 2024 (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.

9. Shareholders may submit comments, queries and/or questions relating to the resolutions in the Notice of AGM in advance of the AGM of the Company, in the following manner:

   (a) if submitted by post, to the Company's registered office at 35 Selegie Road, #10-25, Parklane Shopping Mall, Singapore 188307; or

   (b) if submitted by way of electronic means, be submitted via email to the Company at admin@netpac.com.sg,

   in either case, by 3.30 p.m. on 12 May 2024.

10. Shareholders or (where applicable) their duly appointed proxy(ies) and representatives will also be able to raise questions at the AGM of the Company itself.

11. The Company will endeavour to address all substantial and relevant comments, queries and/or questions received from Shareholders before the AGM. The Company will publish its responses to comments, queries and/or questions on the Company's website at the URL https://www.netpac.com.sg/announcement-2024 and on SGX-ST website at the URL https://www.sgx.com/securities/company-announcements not later than 3.30 p.m. on 16 May 2024.

12. Shareholders and (where applicable) duly appointed proxies and representatives may participate in the AGM physically at 1 Robinson Road #18-00 AIA Tower Singapore 048542. There will be no option for Shareholders to participate virtually.

13. The Company will publish the minutes of the AGM on the Company's website at the URL https://www.netpac.com.sg/announcement-2024 and on SGX-ST website at the URL https://www.sgx.com/securities/company-announcements within one (1) month after the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing a proxy(ies) (including the Chairman of the AGM) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for any of the Purposes.

NET PACIFIC FINANCIAL HOLDINGS LIMITED
(Company Registration Number: 200300326D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held physically at 1 Robinson Road #18-00 AIA Tower Singapore 048542 on Tuesday, 21 May 2024, at 3.30 p.m.. There will be no option for Shareholders to participate virtually.
2. Pursuant to Section 181(1C) of the Companies Act 1967, Relevant Intermediaries (as defined in the Companies Act) may appoint more than 2 proxies to attend, speak and vote at the AGM.
3. CPF/SRS investors:
   (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on Thursday, 9 May 2024 (that is, at least seven (7) working days before the date of the AGM).
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by CPF Investors and SRS Investors.

I/We*, ____________________ (Name) ____________________ (NRIC/Passport/Company Registration Number*)

of ____ (Address)

being a member/members of Net Pacific Financial Holdings Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

or failing him/her*, the Chairman of the AGM as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM to be held at 1 Robinson Road #18-00 AIA Tower, Singapore 048542 on Tuesday, 21 May 2024, at 3.30 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the resolution to be proposed at the AGM as indicated hereunder.

** Please delete where appropriate.*

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

	Resolutions relating to:	**For****	**Against****	**Abstain****
	Ordinary Business			
1.	To adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023			
2.	Re-election of Mr Ong Chor Wei @ Alan Ong as a Director of the Company (Retiring pursuant to Regulation 89)			
3.	Re-election of Mr Chin Fook Lai as a Director of the Company (Retiring pursuant to Regulation 89)			
4.	Re-election of Mr Chak Chi Shing as a Director of the Company (Retiring pursuant to Regulation 88)			
5.	Re-election of Ms Kwok Meei Ying, Monica as a Director of the Company (Retiring pursuant to Regulation 88)			
6.	Approval of payment of additional Directors' fees of S$39,562 for the financial year ended 31 December 2023			
7.	Approval of payment of the sum of up to S$238,000 to all Directors as Directors' fees for the financial year ending 31 December 2024, payable half-yearly in arrears			
8.	Re-appointment of Foo Kon Tan LLP, Chartered Accountants of Singapore, as the Company's auditors and to authorise the Directors to fix their remuneration			
	Special Business			
9.	Authority to allot and issue new Shares in the capital of the Company and/or Instruments			

*** If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) in the box provided. Otherwise, please indicate the number of votes as appropriate. In the absence of specific directors in respect of a resolution, the appointment of proxy(ies) for that resolution will be treated as invalid.*

Voting will be conducted by poll

Dated this __________ day of __________ 2024

Total number of Shares in:	**No. of Shares**
(a) Depository Register	
(b) Register of Members	

____
Signature or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes:

1. The AGM will be held at 1 Robinson Road #18-00 AIA Tower, Singapore 048542 on Tuesday, 21 May 2024, at 3.30 p.m.. There will be no option for Shareholders to participate virtually.

2. The Annual Report for the financial year ended 31 December 2023 (the "**FY2023 Annual Report**"), together with the Notice of AGM, this Proxy Form, and Request Form have been made available on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements and the website of the Company at the URL https://www.netpac.com.sg/announcement-2024. A hardcopy of the FY2023 Annual Report will not be sent to shareholders. However, the Notice of AGM and this Proxy Form and Request Form, will be mailed to all Shareholders.

3. Arrangements relating to submission of comments, queries and/or questions to the Chairman of the AGM in advance of and at the AGM of the Company, addressing of substantial and relevant comments, queries and/or prior to the AGM and during the AGM, and voting physically or appointing proxy(ies) (including the Chairman of the AGM) to vote at the AGM of the Company, are set out in the Notice of AGM.

4. Shareholders (whether individual or corporate) may vote at the AGM by themselves or may appoint proxy(ies) (including the Chairman of the AGM) to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

5. A Shareholder:

   (a) who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM on his/her/its behalf. Where such Shareholder's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy;

   (b) who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM on his/her/its behalf, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's form of proxy appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Where a member appoints more than (2) proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" shall have the same meaning ascribed to it in Section 181 of the Companies Act 1967.

6. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

7. CPF/SRS investors:

   (a) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on 9 May 2024 (that is, at least seven (7) working days before the date of the AGM).

8. Duly appointed proxy(ies), including the Chairman of the AGM acting as proxy, need not be a Shareholder of the Company. A Shareholder may choose to appoint the Chairman of the AGM as his/her/its proxy.

9. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered office at 35 Selegie Road, #10-25, Parklane Shopping Mall, Singapore 188307; or

   (b) if submitted by email, in Portable Document Format (PDF) format to the Company at admin@netpac.com.sg,

   in either case, by 3.30 p.m. on 18 May 2024 (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.

10. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

11. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

GENERAL:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing a proxy(ies) (including the Chairman of the AGM) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for any of the Purposes.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS:

Chung Wai Man
(Independent Non-Executive Chairman)

Zhou Wen Jie
(Non-Independent Non-Executive Director)

Ong Chor Wei@Alan Ong
(Chief Executive Officer and Executive Director)

Ben Lee
(Non-Independent Non-Executive Director)

Chin Fook Lai
(Non-Independent Non-Executive Director)

Tso Sze Wai
(Lead Independent Non-Executive Director)

Chak Chi Shing
(Independent Non-Executive Director)

Kwok Meei Ying, Monica
(Independent Non-Executive Director)

AUDIT COMMITTEE :

Tso Sze Wai (Chairman)
Chak Chi Shing
Kwok Meei Ying, Monica

REMUNERATION COMMITTEE:

Tso Sze Wai (Chairman)
Ben Lee
Chak Chi Shing

NOMINATING COMMITTEE:

Chung Wai Man (Chairman)
Ben Lee
Tso Sze Wai
Kwok Meei Ying, Monica

RISK MANAGEMENT COMMITTEE:

Chak Chi Shing (Chairman)
Tso Sze Wai
Kwok Meei Ying, Monica

COMPANY SECRETARIES:

Gn Jong Yuh Gwendolyn, LLB (Hons)
Chong Kian Lee, CA

REGISTERED OFFICE:

35 Selegie Road #10-25
Singapore 188307
Tel: (65) 6542 3488
Fax: (65) 6542 1933
Website: www.netpac.com.sg

SHARE REGISTRAR:

Boardroom Corporate & Advisory Services
Pte. Ltd.
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632
Tel: (65) 6536 5355

AUDITORS:

Foo Kon Tan LLP
Public Accountant & Chartered Accountants,
Singapore
1 Raffles Place #04-61/62,
One Raffles Place Tower 2,
Singapore 048616

Partner-in-charge:
Chan Ser
(appointed from financial year ended
31 December 2019)

SPONSOR:

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay, #10-00 Collyer Quay Centre
Singapore 049318

利通太平洋金融控股有限公司
Net Pacific Financial Holdings Limited

35 Selegie Road #10-25
Singapore 188307
Tel : (65) 6542 3488
Fax : (65) 6542 1933

Suite 1415, 14/F, Leighton Centre,
77 Leighton Road, Causeway Bay,
Hong Kong
香港 銅鑼灣 禮頓道77號 禮頓中心1415室
Tel : (852) 2620 5298
Fax : (852) 2865 0122