



# 利通太平洋金融控股有限公司 Net Pacific Financial Holdings Limited



ANNUAL  
REPORT  
2022

## Every Effort Put In Will Translate Into Gains



## CORPORATE PROFILE

Net Pacific Financial Holdings Limited 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, Hong Kong Special Administrative Region and beyond.

Our robust business networks and established track record give us the competitive advantage to offer a suite of financing services, including working capital financing via asset-backed loans, as well as mezzanine loans, which are secured by either floating or fixed charge over certain assets or shares of the borrower and/or guaranteed by the major shareholder of the borrower.

As we set our sights on a sustainable growth for our financing business, our focus is on optimising our investments in companies that have good fundamentals and growth potential as and when opportunities arise while maintaining a prudent operational approach. To minimise any downside risks to our Group, investments will be made in the form of convertible loans or preferred shares with capital protection structure.

With long-term stability as our goal, we strive to create value to our clientele by offering strategic and timely financing advisory services, and identify investment opportunities that are built on the Group's specialised financing skills and industry acumen.

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This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

# 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 report on the Group's business overview and financial performance for the financial year ended 31 December 2022 ("**FY2022**").

## FY2022 Key Financial Highlights

For FY2022, the Group registered a revenue of HK\$3.3 million, which is comparable to that recorded for the financial year ended 31 December 2021 ("**FY2021**") as the Group's loan portfolio remained largely unchanged.

Other income in FY2021 was higher due to the gain on settlement of the loans to Australian borrowers.

Total administrative expenses of the Group was lower in FY2022 compared to FY2021, which was mainly due to higher professional fees incurred in FY2021 as the Group had been seeking advice from the legal advisors and consultants on ways to settle the loans from the Australian borrowers.

Other expenses in FY2022 comprised mainly the foreign exchange loss arising from the revaluation of the Group's other receivables denominated in Australian Dollars ("**AUD**") as AUD continued to depreciate against HK\$ in FY2022.

The Group recorded a reversal of over-provision of impairment loss of HK\$4.2 million arising from the deed of settlement and release, which was entered into on 6 August 2021, between Jetwin Investment Pty Ltd and the three remaining borrowers located in Australia.

As a result, the Group reported a loss of HK\$3.5 million in FY2022 as compared to a net profit of HK\$0.5 million in FY2021.

## Looking Ahead

The Group is closely monitoring the developments of the global economy amidst the recent fallout of global financial institutions, as well as geopolitical tensions in Europe and the U.S.. In terms of the Hong Kong Special Administrative Region and the People's Republic of China ("**PRC**") markets, we expect them to remain weak albeit the PRC credit market

showing signs of recovering at a slower pace. This is largely due to the level of profitability and liquidity of potential and existing customers being affected by global market volatility and uncertainties.

To date, no exceptional issues arising from our customers were noted and we will continue to maintain a close watch on any global economic fallout that may affect and impact our customers' operations and business developments.

The Group had ceased to grant loans, and thus its exposure, in Australia after reaching a settlement with the remaining three borrowers on the recovery of the outstanding Australian loans as announced on 6 August 2021.

Moving forward, the Group is focused on ensuring adequate liquidity and maintaining financial strength to sustain its operations and business growth. With that, the Directors will remain prudent in deploying capital, as well as exercising stringent due diligence for new investments in 2023.

As the Group's financing business targets small and medium-sized companies, we believe that this will continue to present opportunities for our financing business. At the same time, the Directors are mindful of the current market sentiment and have been making efforts to ensure that the Group's investment and credit risks are well managed. Despite the challenging economic landscape, we envisage pockets of opportunities to be present and we will continue to explore and review such opportunities to diversify our business so as to boost growth and enhance shareholder value. The Group will make the necessary announcements to keep shareholders apprised of any material developments on this front.

## Acknowledgement

As the Group emerges from recent challenging times, we would like to express our appreciation to the management team, business partners and associates for rendering your support to the Group. To our shareholders, we thank you for standing steadfast with the Group amidst uncertain times.

Thank you.

## 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 April 2021. 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 the general manager 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.

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

### 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 SGX-ST. Mr Ong is also a non-executive director of GBA Holdings Limited (Stock code: 261). Mr Ong is also an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982), Denox Environmental & Technology Holdings Limited (Stock Code: 1452) and Smart Globe Holdings Limited (Stock Code: 1481 previously 8485), all of which are listed on the SEHK. Previously, Mr Ong was an independent non-executive director of O-Net Technologies (Group) Limited (Stock Code: 877) from 2010 to 2020 and Man Wah Holdings Limited (Stock Code: 1999) from 2010 to 2022, both 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 30 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.

### 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 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

# BOARD OF DIRECTORS

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.

## 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 April 2021. Mr Tso is also the Chairman of the Audit Committee and Risk Management Committee, a member of the Remuneration Committee and a member of the Nominating Committee of the Company.

Mr Tso has over 15 years of experience in accounting and finance. Mr Tso was an independent director of KTL Global Limited, a company listed on the SGX-ST, and is currently an independent director of China Jicheng Holdings Ltd. (Stock Code: 1027), a company listed on the SEHK.

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.

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

## FRANCIS LEE FOOK WAH

*Independent Non-Executive Director*

Mr Francis Lee Fook Wah (“**Mr Francis Lee**”) was appointed to the Board on 17 May 2012. Mr Francis Lee was last re-elected as a Director on 28 April 2022. Mr Francis Lee is also the Chairman of the Remuneration Committee, a member of the Audit Committee and the Risk Management Committee and a member of the Nominating Committee of the Company.

Mr Francis Lee is currently the chief financial officer and executive director of Vibrant Group Limited, a company listed on the SGX-ST. Mr Francis Lee is also currently an independent director of three (3) other companies listed on the SGX-ST, namely Pavillon Holdings Limited, Asiaphos Limited and Joyas International Holdings Limited. He is also a non-executive non-independent director of Figtree Holdings Limited, a company listed on the SGX-ST.

Mr Francis Lee was the chief financial officer of OKH Global Ltd., a company listed on the SGX-ST, from 2015 to 2017. Mr Francis Lee had also served as an independent director of Jes International Holdings Limited, Metech International Limited and Sheng Siong Group Ltd, all of which are listed on the SGX-ST. Between 2005 and 2011, Mr Francis Lee was an executive director, finance director and chief financial officer of Man Wah Holdings Limited (Stock Code: 1999) (“**Man Wah**”), a company listed on the SEHK, where he was responsible for the overall accounting functions and matters relating to its corporate regulatory compliance and reporting for the group. He remained on the board of Man Wah as a non-executive director until February 2012. Prior to that from 2001 to 2005, Mr Francis Lee was a credit and relationship manager with Bank of China Limited and also served as an investment and project manager with AP Oil International Limited. Mr Francis Lee began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer, before moving on to Oversea-Chinese Banking Corporation Limited in 1993 as an assistant manager conducting credit analyses and subsequently moved on to Deutsche Morgan Grenfell Securities as a dealer’s representative managing clients’ investment portfolios from 1994 to 2001.

Mr Francis Lee graduated from The National University of Singapore with a Bachelor’s degree in Accountancy in 1990 and obtained a Master’s degree in Business Administration (Investment and Finance) from The University of Hull in 1993. Mr Francis Lee is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Francis Lee is also a member of the Singapore Institute of Directors.

## WU HOUGUO

*Independent Non-Executive Director*

Mr Wu Houguo (“**Mr Wu**”) was first appointed to the Board on 25 February 2013. Mr Wu was last re-elected as a Director on 26 June 2020. Mr Wu is also a member of the Audit Committee and Risk Management Committee, a member of the Nominating Committee and a member of the Remuneration Committee of the Company.

Mr Wu is currently an investment adviser at Hejun Consulting Group, responsible for project management and equity fund raising activities, and a lawyer with Beijing Kang De Law Office since 2021. Mr Wu is also the general manager of Foshan He Yang Investment Management Ltd., Co. since March 2014, and the executive affairs representative appointed by Guangdong He Yang Equity Investment Co. (Limited Partners) since May 2014.

Prior to that, Mr Wu was a lawyer with Beijing Ming Hua Law Office (2009 to 2021), and the chief asset manager of Goal Achievers Limited (a subsidiary of Credit Suisse) (2005 to 2008). Between 1997 and 2005, Mr Wu was the vice president of the asset security branch of the Bank of China Limited and was principally responsible for credit management.

Mr Wu will be rotated for re-election 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.

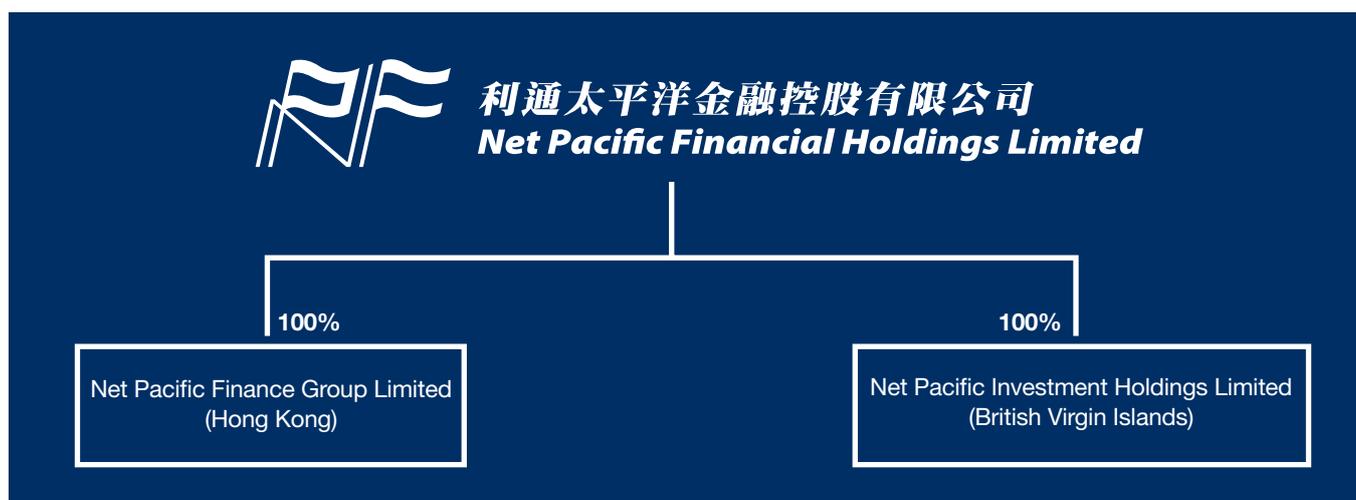
### Chong Kian Lee

*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



# 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 2022 (“**FY2022**”) 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.

## 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.*

<p>Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance.</p> <p>The Board is responsible for corporate governance and the overall strategy of the Group. Its roles include:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(iii) supervising the management of the business and affairs of the Group;</li> <li>(iv) identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;</li> <li>(v) setting the Company’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;</li> <li>(vi) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and</li> <li>(vii) approving the corporate strategy, annual budgets, acquisitions and disposals.</li> </ul> <p>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.</p>	<p>Provision 1.1</p>
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# CORPORATE GOVERNANCE REPORT

<p>Induction, training and development of new and existing Directors</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>During FY2022, 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.</p> <p>Pursuant to Rule 406(3)(a) of the Catalyst 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.</p> <p>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.</p>	<p>Provision 1.2</p> <p>Catalist Rule 406(3)(a)</p>
<p>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.</p>	<p>Provision 1.3</p>

# CORPORATE GOVERNANCE REPORT

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

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.

## Board Composition

The Board comprises eight (8) Directors as shown in the table below:

Name	Designation	Position	Composition of Board Committees			
			AC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	RMC <sup>(1)</sup>
Chung Wai Man	Independent Chairman	Non-Executive	–	Chairman	–	–
Zhou Wen Jie	Non-Independent Director	Non-Executive	–	–	–	–
Ong Chor Wei @ Alan Ong	Executive Director and Chief Executive Officer	Executive	–	–	–	–
Ben Lee	Non-Independent Director	Non-Executive	–	Member	–	–
Chin Fook Lai	Non-Independent Director	Non-Executive	–	–	–	–
Tso Sze Wai	Lead Independent Director	Non-Executive	Chairman	Member	Member	Chairman
Francis Lee Fook Wah	Independent Director	Non-Executive	Member	Member	Chairman	Member
Wu Houguo	Independent Director	Non-Executive	Member	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 five (5) 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, are Independent 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 1.4

Catalist Rule 406(3)(c)

Catalist Rule 406(3)(e)

Catalist Rule 1204(10B)

# CORPORATE GOVERNANCE REPORT

<p>The 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 "<b>Constitution</b>") also provides for meetings of the Directors to be conducted via telephone conferencing, video conferencing or other means of simultaneous communication.</p> <p>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.</p> <p>The attendances of the Directors at the Board and various Board Committee meetings held in FY2022 are as follows:</p> <table border="1" data-bbox="129 719 1286 1155"> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>RMC</th> <th>RC</th> <th>NC</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held in FY2022</td> <td>4</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td><b>Name of Directors</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chung Wai Man</td> <td>4</td> <td>^4</td> <td>^4</td> <td>^1</td> <td>1</td> </tr> <tr> <td>Zhou Wen Jie</td> <td>3</td> <td>^3</td> <td>^3</td> <td>^1</td> <td>^1</td> </tr> <tr> <td>Ong Chor Wei @ Alan Ong</td> <td>4</td> <td>^4</td> <td>^4</td> <td>^1</td> <td>^1</td> </tr> <tr> <td>Ben Lee</td> <td>3</td> <td>^3</td> <td>^3</td> <td>^1</td> <td>1</td> </tr> <tr> <td>Chin Fook Lai</td> <td>4</td> <td>^4</td> <td>^4</td> <td>^1</td> <td>^1</td> </tr> <tr> <td>Tso Sze Wai</td> <td>4</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Francis Lee Fook Wah</td> <td>4</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Wu Houguo</td> <td>4</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>^ By Invitation</p> <p>Directors with multiple listed board representations confirm that sufficient time and attention were given to the affairs of the Company in FY2022. The NC has evaluated and concurs with the Directors on the above.</p>		Board	AC	RMC	RC	NC	Number of meetings held in FY2022	4	4	4	1	1	<b>Name of Directors</b>						Chung Wai Man	4	^4	^4	^1	1	Zhou Wen Jie	3	^3	^3	^1	^1	Ong Chor Wei @ Alan Ong	4	^4	^4	^1	^1	Ben Lee	3	^3	^3	^1	1	Chin Fook Lai	4	^4	^4	^1	^1	Tso Sze Wai	4	4	4	1	1	Francis Lee Fook Wah	4	4	4	1	1	Wu Houguo	4	4	4	1	1	<p>Provision 1.5</p>
	Board	AC	RMC	RC	NC																																																														
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Francis Lee Fook Wah	4	4	4	1	1																																																														
Wu Houguo	4	4	4	1	1																																																														
<p>The Management circulated Board papers to the Directors prior to each Board meeting on financial, business and corporate issues.</p> <p>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.</p>	<p>Provision 1.6</p>																																																																		
<p>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.</p> <p>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. The Company Secretary attends all meetings of the Board and Board Committees and ensures that board procedures, applicable rules and regulations are followed.</p>	<p>Provision 1.7</p>																																																																		

# CORPORATE GOVERNANCE REPORT

## 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

The four (4) Independent Directors of the Company are namely Mr Chung Wai Man, Mr Tso Sze Wai, Mr Francis Lee Fook Wah and Mr Wu Houguo (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 at the date of this Corporate Governance Report, Mr Francis Lee Fook Wah and Mr Wu Houguo have served on the Board for an aggregate period of more than nine (9) years as they were first appointed to the Board on 17 May 2012 and 25 February 2013 respectively.

That said, pursuant to Transitional Practice Note 3 Transitional Arrangements Regarding the Tenure Limit for Independent Directors of the Catalist Rules, Rule 406(3)(d)(iv) of the Catalist Rules only takes effect for the Company’s annual general meeting for the financial year ending on or after 31 December 2023. In this regard, Mr Francis Lee Fook Wah and Mr Wu Huoguo may still be considered independent until the conclusion of the Company’s annual general meeting for the financial year ending on or after 31 December 2023 if they meet the requirements under Rules 406(3)(d)(i) and (ii) of the Catalist Rules.

Given that Mr Francis Lee Fook Wah has served on the Board as an Independent Non-Executive Director for more than nine (9) years, the question of whether he is independent was subject to more rigorous scrutiny. The Board, in consultation with the NC, considered Mr Francis Lee Fook Wah to be independent as he has continually demonstrated strong independence in character and judgement and contributed effectively by providing impartial and automomous views, and which, coupled with his familiarity with the business of the Group, has proven himself to be a valuable member of the Board.

Provision 2.1

Catalist Rule 406(3)(d)

## CORPORATE GOVERNANCE REPORT

<p>Given that Mr Wu Houguo has served on the Board as an Independent Non-Executive Director for more than nine (9) years, the question of whether he is independent was subject to more rigorous scrutiny. The Board, in consultation with the NC, considered Mr Wu Houguo to be independent as he has continually demonstrated strong independence in character and judgement and contributed effectively by providing impartial and autonomous views, and which, coupled with his familiarity with the business of the Group, has proven himself to be a valuable member of the Board.</p> <p>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 Francis Lee Fook Wah and Mr Wu Houguo are independent in accordance with the 2018 Code and the Catalist Rules and are able to exercise independent judgement.</p>																																					
<p>The Chairman of the Board, Mr Chung Wai Man, is independent. Independent Directors make up at least one-third of the Board.</p> <p>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.</p>	Provision 2.2																																				
<p>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 Francis Lee Fook Wah and Mr Wu Houguo.</p>	Provision 2.3																																				
<p>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 ("<b>Diversity Policy</b>"), with the NC responsible for reviewing and assessing the Board composition on behalf of the Board and recommending the appointment of new directors.</p> <p>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.</p> <p>In recognition of the importance and value of gender diversity in the composition of the Board, the Company plans to have at least one (1) female director on the Board by next AGM. The Company also targets to maintain a minimum of 20% female representation on the Board within the next 3 to 5 years, while bearing in mind that the Board's needs may change over time.</p> <p>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:</p> <table border="1" data-bbox="129 1590 1284 2065"> <thead> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>Accounting or finance</td> <td>6</td> <td>75%</td> </tr> <tr> <td>Business management</td> <td>8</td> <td>100%</td> </tr> <tr> <td>Legal or corporate governance</td> <td>6</td> <td>75%</td> </tr> <tr> <td>Relevant industry knowledge or experience</td> <td>7</td> <td>88%</td> </tr> <tr> <td>Strategic planning experience</td> <td>8</td> <td>100%</td> </tr> <tr> <td>Customer based experience or knowledge</td> <td>6</td> <td>75%</td> </tr> <tr> <td>Information Technology</td> <td>4</td> <td>50%</td> </tr> <tr> <td colspan="3"><b>Gender</b></td> </tr> <tr> <td>Male</td> <td>8</td> <td>100%</td> </tr> <tr> <td>Female</td> <td>–</td> <td>–</td> </tr> </tbody> </table>		Number of Directors	Proportion of Board	<b>Core Competencies</b>			Accounting or finance	6	75%	Business management	8	100%	Legal or corporate governance	6	75%	Relevant industry knowledge or experience	7	88%	Strategic planning experience	8	100%	Customer based experience or knowledge	6	75%	Information Technology	4	50%	<b>Gender</b>			Male	8	100%	Female	–	–	Provision 2.4
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# CORPORATE GOVERNANCE REPORT

<p>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 provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity in order to avoid groupthink and foster constructive debate.</p> <p>The NC will continue to review the Diversity Policy to ensure its effectiveness, and will, as and when necessary, recommend 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.</p> <p>Separately, the Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <p>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.</p>	
<p>Non-Executive Directors and Independent Directors, led by the Lead Independent Non-Executive Director, meet as and when necessary, without the presence of the Management in FY2022. 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.</p>	<p>Provision 2.5</p>
<p><b>Principle 3: Chairman and Chief Executive Officer</b></p> <p><i>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.</i></p>	
<p>The role of the Independent Non-Executive Chairman of the Board and the Chief Executive Officer (the “<b>CEO</b>”) are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.</p> <p>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.</p> <p>In particular, the Chairman’s duties include:</p> <ul style="list-style-type: none"> <li>(a) setting out the corporate directions of the Company;</li> <li>(b) leading the Board to ensure its effectiveness on all aspects of its role;</li> <li>(c) setting the agenda for Board meetings and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;</li> <li>(d) promoting a culture of openness and debate at the Board;</li> <li>(e) ensuring accurate, timely and clear information flow to Directors;</li> <li>(f) ensuring effective communication with Shareholders;</li> <li>(g) encouraging constructive relations between the Board and the Management;</li> <li>(h) facilitating effective contribution of the Non-Executive Directors;</li> <li>(i) encouraging constructive interactions between the Executive Director and the Non-Executive Directors; and</li> <li>(j) promoting high standards of corporate governance.</li> </ul>	<p>Provision 3.1</p>

# CORPORATE GOVERNANCE REPORT

<p>Mr Ong Chor Wei @ Alan Ong, the CEO of the Group, is primarily responsible for the Group's day-to-day operations, strategic planning, major decision-making as well as developing the business and vision of the Group.</p> <p>The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO.</p> <p>Mr Chung Wai Man and Mr Ong Chor Wei @ Alan Ong are not immediate family members.</p>	<p>Provision 3.2 Catalist Rule 1204(10A)</p>												
<p>The Board has appointed a Lead Independent Non-Executive Director, Mr Tso Sze Wai, to provide leadership in situations where the Chairman is conflicted.</p> <p>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.</p>	<p>Provision 3.3</p>												
<p><b>Principle 4: Board Membership</b></p> <p><i>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.</i></p>													
<p>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:</p> <ul style="list-style-type: none"> <li>(a) reviewing the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;</li> <li>(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;</li> <li>(c) reviewing the Board structure, size and composition regularly;</li> <li>(d) reviewing training and professional development programs for the Board and its Directors;</li> <li>(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</li> <li>(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.</li> </ul>	<p>Provision 4.1 Catalist Rule 406(3)(e)</p>												
<p>The NC comprises five (5) Directors, of which four (4) are Independent Non-Executive Directors:</p> <table border="1" data-bbox="129 1581 1281 1821"> <thead> <tr> <th>Name of Director</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Chung Wai Man</td> <td>Chairman, Independent Non-Executive Chairman</td> </tr> <tr> <td>Francis Lee Fook Wah</td> <td>Member, Independent Non-Executive Director</td> </tr> <tr> <td>Wu Houguo</td> <td>Member, Independent Non-Executive Director</td> </tr> <tr> <td>Ben Lee</td> <td>Member, Non-Independent Non-Executive Director</td> </tr> <tr> <td>Tso Sze Wai</td> <td>Member, Lead Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The Lead Independent Non-Executive Director, Mr Tso Size Wai, is a member of the NC. The NC for FY2022 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.</p>	Name of Director	Position	Chung Wai Man	Chairman, Independent Non-Executive Chairman	Francis Lee Fook Wah	Member, Independent Non-Executive Director	Wu Houguo	Member, Independent Non-Executive Director	Ben Lee	Member, Non-Independent Non-Executive Director	Tso Sze Wai	Member, Lead Independent Non-Executive Director	<p>Provision 4.2</p>
Name of Director	Position												
Chung Wai Man	Chairman, Independent Non-Executive Chairman												
Francis Lee Fook Wah	Member, Independent Non-Executive Director												
Wu Houguo	Member, Independent Non-Executive Director												
Ben Lee	Member, Non-Independent Non-Executive Director												
Tso Sze Wai	Member, Lead Independent Non-Executive Director												

# CORPORATE GOVERNANCE REPORT

<p><b>Selection and appointment of Directors</b></p> <p>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.</p> <p>Suitable candidates are sourced through the recommendations of the Directors or the Management or through other external sources. 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.</p> <p><b>Re-appointment of Directors</b></p> <p>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. All the directors have submitted themselves for re-appointment at least once every three (3) years.</p> <p>The NC, with Mr Chung Wai Man, Mr Tso Sze Wai and Mr Wu Houguo abstaining from the deliberations, has recommended to the Board the re-election of Mr Chung Wai Man, Mr Tso Sze Wai and Mr Wu Houguo, who are retiring by rotation pursuant to Regulation 89 of the Constitution at the forthcoming annual general meeting for the financial year ended 31 December 2022 ("<b>AGM</b>").</p> <p>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.</p> <p>Further details on the directors standing for re-election can be found on pages 25 to 31 of this Annual Report.</p>	<p>Provision 4.3</p>
<p>The Independent Non-Executive Directors have confirmed that:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> <li>(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.</li> </ul> <p>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.</p> <p>In addition, as disclosed under Principle 2.1 of this Corporate Governance Report, Mr Francis Lee Fook Wah and Mr Wu Houguo, being Independent Non-Executive Directors who have served on the Board for more than nine (9) years, were subject to re-election which were duly approved at the annual general meeting of the Company held on 28 April 2021. In light of Transitional Practice Note 3 Transitional Arrangements Regarding the Tenure Limit for Independent Directors of the Catalist Rules, all independent Directors who have served on the Board for more than nine (9) years as at the Company's annual general meeting for financial year ending December 2023 will no longer be deemed independent.</p>	<p>Provision 4.4</p>

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

<p>The NC ensures that new Directors are aware of their duties and obligations.</p> <p>The NC has reviewed the individual Director assessment conducted for FY2022 and the Directors' overall conduct and participation at the Board meetings in FY2022 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.</p> <p>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.</p> <p>For the foregoing reasons, the NC is satisfied that in FY2022, all Directors, including Directors with multiple listed board representations and other principal commitments, have diligently discharged their duties.</p> <p>The listed company directorships and principal commitments, of each Director have been disclosed under the "Board of Directors" section of this Annual Report.</p>	<p>Provision 4.5</p>
<p><b>Principle 5: Board Performance</b></p> <p><i>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.</i></p>	
<p>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.</p> <p>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.</p> <p>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.</p> <p>During FY2022, the Board has not engaged any external facilitator to advise on assessment processes or related matters.</p>	<p>Provision 5.1</p> <p>Provision 5.2</p>
<p><b>REMUNERATION MATTERS</b></p> <p><b>Principle 6: Procedures for Development Remuneration Policies</b></p> <p><i>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.</i></p>	

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

<p>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:</p> <p>(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</p> <p>(b) specific remuneration packages for each individual Director and key management personnel.</p> <p>The RC considers all aspects of remuneration, including termination terms, to ensure that they are fair.</p>	<p>Provision 6.1 Catalist Rule 406(3)(e)  Provision 6.3</p>								
<p>The RC comprises three (3) Directors, of which all are Independent Non-Executive Directors:</p> <table border="1" data-bbox="137 763 1289 925"> <thead> <tr> <th>Name of Director</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Francis Lee Fook Wah</td> <td>Chairman, Independent Non-Executive Director</td> </tr> <tr> <td>Tso Sze Wai</td> <td>Member, Lead Independent Non-Executive Director</td> </tr> <tr> <td>Wu Houguo</td> <td>Member, Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The RC Chairman, Mr Francis Lee Fook Wah, is an Independent Non-Executive Director.</p>	Name of Director	Position	Francis Lee Fook Wah	Chairman, Independent Non-Executive Director	Tso Sze Wai	Member, Lead Independent Non-Executive Director	Wu Houguo	Member, Independent Non-Executive Director	<p>Provision 6.2</p>
Name of Director	Position								
Francis Lee Fook Wah	Chairman, Independent Non-Executive Director								
Tso Sze Wai	Member, Lead Independent Non-Executive Director								
Wu Houguo	Member, Independent Non-Executive Director								
<p>In FY2022, the Company did not engage any external remuneration consultant to advise on remuneration matters.</p>	<p>Provision 6.4</p>								
<p><b>Principle 7: Level and Mix of Remuneration</b></p> <p><i>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</i></p>									
<p>Except for Cheung Ting Chor who was paid an annual incentive bonus and fixed consultancy fees, the Executive Director and key management personnel of the Group were paid a fixed salary and an annual incentive bonus.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Provision 7.1</p>								
<p>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.</p>	<p>Provision 7.2</p>								
<p>The remuneration of the Directors and key management personnel for FY2022 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.</p>	<p>Provision 7.3</p>								

# CORPORATE GOVERNANCE REPORT

## 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.

### Amount of remuneration

Provision 8.1

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 FY2022 are as follows:

Directors	Amount of remuneration (S\$'000)
Chung Wai Man	21.5
Zhou Wen Jie	17.5
Ong Chor Wei @ Alan Ong <sup>(1)</sup>	59.5
Ben Lee	17.5
Chin Fook Lai	17.5
Tso Sze Wai	21.5
Francis Lee Fook Wah	21.5
Wu Houguo	17.5

Breakdown of remuneration <sup>(2)</sup>	Salary %	Bonus %	Fees %	Other %	Total %
<b>Directors</b>					
Chung Wai Man	–	–	100	–	100
Zhou Wen Jie	–	–	100	–	100
Ong Chor Wei @ Alan Ong	61	29	10	–	100
Ben Lee	–	–	100	–	100
Chin Fook Lai	–	–	100	–	100
Tso Sze Wai	–	–	100	–	100
Francis Lee Fook Wah	–	–	100	–	100
Wu Houguo	–	–	100	–	100
Cheung King Kwok	–	–	100	–	100
Wong Chun Hung	–	–	100	–	100
<b>Key management personnel<sup>(3)</sup></b>					
Below S\$250,000					
Cheung Ting Chor	–	26	–	74	100
Chong Kian Lee	89	11	–	–	100

### Notes:

- (1) Ong Chor Wei @ Alan Ong is both an Executive Director and the CEO 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) 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 FY2022 was S\$198,000.

# CORPORATE GOVERNANCE REPORT

<p><u>Policy and criteria for setting remuneration</u></p> <p>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.</p> <p>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</p> <p>The Directors' fees of up to S\$152,000 for FY2022 had been approved by Shareholders at the Company's AGM for FY2021. The Board had accepted the RC's recommendations of Directors' fees of up to S\$152,000 for FY2023. The Directors' fees include a base fee of S\$17,500 for each Director and additional fees of S\$4,000 to the Chairman of AC, RMC, NC and RC for their additional responsibilities as Chairman of the Board Committees.</p>	
<p>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 FY2022.</p>	<p>Provision 8.2</p>
<p>There were no termination, retirement and post-employment benefits that was granted to Directors, the CEO and the key management personnel in FY2022, other than the standard contractual notice period termination payment.</p> <p><u>Employee Share Option Scheme</u></p> <p>The Company's employee share option scheme (the "<b>Net Pacific Share Option Scheme</b>") adopted on 15 February 2011, has since expired on 14 February 2021.</p> <p>Since the commencement of the Net Pacific Share Option Scheme, 28,750,000 share options ("<b>Options</b>") 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.</p> <p>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.</p>	<p>Provision 8.3</p>
<p><b>ACCOUNTABILITY AND AUDIT</b></p> <p><b>Principle 9: Risk Management and Internal Control</b></p> <p><i>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</i></p>	



# CORPORATE GOVERNANCE REPORT

**Principle 10: Audit Committee**

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

<p>The AC has a written terms of reference and its duties and responsibilities include, among others, the following:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) reviewing at least annually the adequacy and effectiveness of the Company’s internal controls and risk management systems;</li> <li>(c) reviewing the assurance from the CEO and the Financial Controller on the financial records and financial statements;</li> <li>(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;</li> <li>(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company’s internal audit function; and</li> <li>(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 32 to 37 of the Sustainability Report for more information on our whistleblowing policy.</li> </ul>	<p>Provision 10.1 Catalist Rule 406(3)(e)</p>								
<p>The AC comprises the following members, all of whom, including the Chairman of the AC, are Independent Non-Executive Directors:</p> <table border="1" data-bbox="137 1281 1295 1442"> <thead> <tr> <th>Name of Director</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Tso Sze Wai</td> <td>Chairman, Lead Independent Non-Executive Director</td> </tr> <tr> <td>Francis Lee Fook Wah</td> <td>Member, Independent Non-Executive Director</td> </tr> <tr> <td>Wu Houguo</td> <td>Member, Independent Non-Executive Director</td> </tr> </tbody> </table> <p>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 FY2022, briefings were also provided by the external auditors to the AC members and the Board on the new developments and changes in accounting standards.</p>	Name of Director	Position	Tso Sze Wai	Chairman, Lead Independent Non-Executive Director	Francis Lee Fook Wah	Member, Independent Non-Executive Director	Wu Houguo	Member, Independent Non-Executive Director	<p>Provision 10.2</p>
Name of Director	Position								
Tso Sze Wai	Chairman, Lead Independent Non-Executive Director								
Francis Lee Fook Wah	Member, Independent Non-Executive Director								
Wu Houguo	Member, Independent Non-Executive Director								
<p>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.</p>	<p>Provision 10.3</p>								

# CORPORATE GOVERNANCE REPORT

<p><u>Internal audit function</u></p> <p>The Company has outsourced its internal audit function to an independent external professional accounting firm, David Ho &amp; 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 FY2022.</p> <p>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.</p> <p>The AC is satisfied that the internal audit function in FY2022 is independent, effective and adequately resourced.</p>	<p>Provision 10.4</p> <p>Catalist Rule 719(3)</p> <p>Catalist Rule 1204(10C)</p>
<p>The AC has met with the Company's external auditors without the presence of the Management at least once in FY2022 to review the scope and results of the audit, as well as the independence and objectivity of the external auditors.</p> <p>The AC has met with the Company's internal auditors without the presence of the Management at least once in FY2022 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.</p>	<p>Provision 10.5</p>
<p>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.</p>	<p>Catalist Rule 712</p> <p>Catalist Rule 715</p>
<p>The amount payable to the external auditors relating to the provision of audit services for FY2022 amounted to approximately S\$100,000. There were no non-audit services performed by the Company's external auditors in FY2022.</p> <p>Having reviewed the fees paid for FY2022, 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.</p>	<p>Catalist Rule 1204(6)</p>
<p><b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b></p> <p><b>Principle 11: Shareholder Rights and Conduct of General Meetings</b></p> <p><i>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.</i></p>	
<p>There was only one (1) general meeting held in FY2022 which was the annual general meeting for FY2021. 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.</p> <p>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.</p> <p>Due to the Covid-19 restriction orders in Singapore, Shareholders were not be able to attend the annual general meeting for FY2021 in person. A shareholder (whether individual or corporate) had to appoint the Chairman of the Meeting his/her/its proxy to attend, speak and vote on his/her/its behalf at the annual general meeting if such Shareholder wishes to exercise his/her/its voting rights at the annual general meeting. In addition, where a Shareholder is a relevant intermediary (as defined under Section 181 of the Companies Act, as amended), such Shareholder will be entitled to appoint the Chairman of the Meeting as his proxy to attend, speak and vote in his stead.</p>	<p>Provision 11.1</p>

# CORPORATE GOVERNANCE REPORT

<p>Shareholders were unable to ask questions live at the annual general meeting for FY2021. Shareholders submitted their questions, at least 72 hours prior to the annual general meeting, via the Online Pre-Registration Form or by post to the Chairman of the Meeting and the Company addressed all substantial and relevant questions received (including questions from Securities Investors Association (Singapore)) prior to or at the annual general meeting and published responses to those questions on SGXNET and the Company's website.</p>	
<p>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.</p> <p>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.</p>	<p>Provision 11.2</p>
<p>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.</p> <p>Similar to the AGM for FY2021, 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 e-AGM for FY2022.</p> <p>All Directors of the Company attended the annual general meeting for FY2021 held on 28 April 2022. No extraordinary general meeting was held in FY2022.</p>	<p>Provision 11.3</p>
<p>Regulation 73 of the 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. However, in view of the Covid-19 restriction orders in Singapore, Shareholders who wished to exercise his/her/its voting rights at the annual general meeting for FY2022 had to appoint the Chairman of the Meeting as his/her/its proxy to attend, speak, and vote on his/her/its behalf at the annual general meeting for FY2022.</p>	<p>Provision 11.4</p>
<p>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 <a href="http://www.netpac.com.sg">www.netpac.com.sg</a> and on SGXNET at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> within one (1) month from the date of the AGM.</p>	<p>Provision 11.5</p>
<p>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.</p> <p>No dividend was declared or recommended for FY2022 because the Group was not profitable in FY2022.</p>	<p>Provision 11.6  Catalist Rule 704(23)</p>
<p><b>Principle 12: Engagement with Shareholders</b></p>	
<p><i>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.</i></p>	
<p>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.</p> <p>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.</p>	<p>Provision 12.1</p>

# CORPORATE GOVERNANCE REPORT

<p>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 – <a href="http://www.netpac.com.sg">www.netpac.com.sg</a>.</p> <p>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 <a href="mailto:admin@netpac.com.sg">admin@netpac.com.sg</a>.</p>	
<p>The Company has an investor relations policy which allows for an ongoing exchange of views so as to promote regular, effective and fair communication with Shareholders.</p> <p>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.</p> <p>Shareholders with queries may reach the Company by writing to <a href="mailto:admin@netpac.com.sg">admin@netpac.com.sg</a>.</p> <p>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.</p>	<p>Provision 12.2</p> <p>Provision 12.3</p>
<p><b>MANAGING STAKEHOLDERS RELATIONSHIPS</b></p>	
<p><b>Principle 13: Engagement with Stakeholders</b></p>	
<p><i>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.</i></p>	
<p>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.</p> <p>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 <a href="mailto:admin@netpac.com.sg">admin@netpac.com.sg</a> wherein the senior management will address the stakeholders’ queries as appropriate.</p>	<p>Provision 13.1</p>
<p>In FY2022, 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 <a href="mailto:admin@netpac.com.sg">admin@netpac.com.sg</a>.</p>	<p>Provision 13.2</p>
<p>The Company maintains a current corporate website, <a href="http://www.netpac.com.sg">www.netpac.com.sg</a>, 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.</p>	<p>Provision 13.3</p>

# CORPORATE GOVERNANCE REPORT

<b>Company's Compliance of Explanation</b>	<b>Catalist Rule</b>
<p><b>Dealing in Company's Securities</b></p> <p>In FY2022, the Management circulated reminders to Directors and officers of the Company via emails on the following:</p> <ul style="list-style-type: none"> <li>(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 FY2022;</li> <li>(b) that an officer should not deal in the Company's securities on short-term considerations; and</li> <li>(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).</li> </ul> <p>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.</p>	1204(19)
<p><b>Sustainability Reporting</b></p> <p>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 2022 Sustainability Report can be found at pages 32 to 37 of this Annual Report.</p>	711A
<p><b>Material Contracts and Interested Person Transactions ("IPTs")</b></p> <p>There were no material contracts entered into by the Company or any of its subsidiaries in FY2022 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.</p> <p>There were no IPTs with value of S\$100,000 and more entered in FY2022.</p>	1204(8)  1204(17)
<p><b>Conflicts of Interests</b></p> <p>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.</p> <p>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.</p>	

## CORPORATE GOVERNANCE REPORT

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 2022, 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

No fees relating to non-sponsorship activities or services were paid/payable to the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2022.

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# CORPORATE GOVERNANCE REPORT

## Additional information on Directors seeking re-election

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
Date of appointment	13 June 2018	31 July 2020	25 February 2013
Date of last re-appointment	28 April 2021	28 April 2021	26 June 2020
Age	59	52	49
Country of principal residence	Hong Kong	Hong Kong	China
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and assessed the qualifications and working experience of Mr Chung Wai Man, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Chairman of the Company.</p> <p>Accordingly, the Board of Directors has approved the appointment of Mr Chung Wai Man as an Independent Non-Executive Chairman of the Company.</p>	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and assessed the qualifications and working experience of Mr Tso Sze Wai, is of the view that he has the requisite experience and capabilities to assume the responsibilities as the Lead Independent Non-Executive Director of the Company.</p> <p>Accordingly, the Board of Directors has approved the appointment of Mr Tso Sze Wai as the Lead Independent Non-Executive Director of the Company.</p>	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and assessed the qualifications and working experience of Mr Wu Huoguo, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company.</p> <p>Accordingly, the Board of Directors has approved the appointment of Mr Wu Huoguo as an Independent Non-Executive Director of the Company.</p>
Whether the appointment is executive and if so, please state the area of responsibility	No	No	No
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Independent Non-Executive Chairman and Chairman of the Nominating Committee	Lead Independent Non-Executive Director, Chairman of the Audit Committee and Risk Management Committee, and Member of the Nominating Committee and Remuneration Committee	Independent Non-Executive Director, Member of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee

# CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
Professional memberships / qualifications	<p>Member of The Hong Kong Institute of Certified Public Accountants</p> <p>Fellow member of Association of Chartered Certified Accountants in the UK</p> <p>Bachelor's degree (Honours) in social sciences from the University of Hong Kong</p> <p>Master's degree in international business management from the City University of Hong Kong</p>	<p>Postgraduate diploma in Computing and Information System from University of Western Sydney, Australia</p> <p>Member of The Hong Kong Institute of Certified Public Accountants</p> <p>Bachelor of Commerce from University of New South Wales, Australia</p>	<p>Bachelor in Jurisprudence, Zhongnan College of Economics, China</p> <p>Master in Law, Zhongnan University of Economics and Law, China</p> <p>Qualified Fund Practitioners, China</p> <p>Legal Professional Qualification, China</p>
Working experience and occupation(s) during the past 10 years	<p>2021- present Yipei Global Capital Limited – General Manager</p> <p>2019 - 2023 Huapei Global Capital Limited – Vice General Manager and Chief Financial Officer</p> <p>2017 - 2019 China Taihe Group Limited - Chief Financial Officer</p> <p>2016 – 2017 Legend Strategy International Holdings Group Company Limited - Chief Financial Officer</p> <p>2013 – 2015 Sunny Arts International Holdings Limited - Chief Financial officer</p>	<p>2014 - 2019 Green Energy Group Limited – Company Secretary</p> <p>2011 - 2014 Qingmei Group Holdings Limited - Chief Financial Officer</p>	<p>2021 to present Beijing Kang De Law Office – Lawyer</p> <p>2008 to 2021 Beijing Ming Hua Law Office – Lawyer</p>
Shareholding interest in the Company and its subsidiaries	No	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
Conflict of Interest (including any competing business)	No	No	No

# CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
Other Principal Commitments Including Directorships	<p><b>Past (for the past 5 years)</b></p> <p>NIL</p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>- E Lighting Group Holdings Limited</li> <li>- Shandong Fengxiang Co., Ltd.</li> </ul>	<p><b>Past (for the past 5 years)</b></p> <ul style="list-style-type: none"> <li>- C Linked Limited</li> <li>- KTL Global Limited</li> </ul> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>- China Jicheng Holdings Limited</li> <li>- China Asia Valley Group Limited</li> <li>- Hop Fung Group Holdings Limited</li> </ul>	<p><b>Past (for the past 5 years)</b></p> <p>NIL</p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>- Xin Tai Investments Holding Co., Ltd</li> </ul>
(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
(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

# CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(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
(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
(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

# CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
(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
(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
(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
(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

# CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
(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
(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
(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
(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

## CORPORATE GOVERNANCE REPORT

Details	Name of Director		
	Chung Wai Man	Tso Sze Wai	Wu Huoguo
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.
If yes, please provide details or prior experience.	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

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## INTRODUCTION

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 2022 (“**FY2022**”) focuses on the material environmental, social and governance (“**ESG**”) factors. The Sustainability Report has been prepared in accordance with Rules 711A, 711B and Practice Note 7F: Sustainability Reporting Guide of the Listing Manual (Section B: Rules of Catalist) (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and where applicable to Net Pacific and its businesses, reference has also been drawn from the internationally-recognised Global Reporting Initiative (“**GRI**”) Standards and the Singapore Exchange Sustainability Reporting Guide, which represent the global best practice for reporting on a range of economic, environmental and social impacts.

The Group is committed to maintaining our operations in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders, including our shareholders and investors, employees, customers etc. The following sections discuss the material ESG factors we have identified through discussions and workshops conducted with key management personnel. The material ESG factors identified have also been reviewed and validated by the Board. As our Company is principally engaged in the provision of financing services in a typical office setup, this Sustainability Report shall discuss the material ESG factors relating to our financing services business.

Pursuant to Rule 711B(3) of the Catalist Rules, 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.

In view of SGX’s enhanced listing rules that all issuers must provide climate reporting on a ‘comply or explain’ basis in their sustainability reports from FY2022 onwards, we will be taking steps in subsequent years to include climate-related disclosures in our Sustainability Report, with the aim of reporting on climate-related financial information that may be of interest to our stakeholders and strengthen our approach to managing any climate-related risks.

## 1. ENVIRONMENTAL

The Group is principally engaged in the provision of financing services in a typical office setup and its business activities do not have 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.

### a. Energy Consumption

#### Electricity Consumption

As we are principally engaged in the financing services 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 CO<sub>2</sub> equivalent emissions is minimal. 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.

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 adjust the air-conditioner to an appropriate temperature to maximize energy efficiency and to minimize our consumption of electricity. We will also encourage our employees to turn off their monitors and computers when they leave the office either 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.

Electricity consumption serves as a main source of energy usage in the building where our office is located. In FY2022, electricity intensity accounted for less than 10 KWh/m<sup>2</sup> of our total occupied area, meeting our target set of maintaining the electricity intensity of 10KWh/m<sup>2</sup> of our total occupied area. Moving forward, we target to maintain the current energy intensity in the financial year ending 31 December 2023 (“**FY2023**”).

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## Emissions

The operations of our business do not directly consume any fuel nor do we own any vehicles, therefore we do not have associated emissions 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. Bulk of our operations involve mobile telecommunication and such means of communication has become essential since the COVID-19 pandemic.

## Water Consumption

Notwithstanding that we do not consume a significant amount of water in our daily business operations, we recognize 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 the 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.

## Waste Generation

Due to our business nature, we do not produce any hazardous waste during the course of our 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.

## b. Creating an Eco-friendly Office

### Go Green in the Office

We are 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;
- Optimize the use of natural light and ventilation by making use of all available windows and outlets in our office area; and
- Procure energy-efficient electrical appliances.

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.

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## 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. 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 run, we would maintain our lean business model so that resource consumption can be minimized at the source, and to explore management models, innovations and technological advancements so that we could further minimise the resource consumption, whenever practicable.

## 2. SOCIAL

### a. 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.

Due to the low headcount in the Company, no targets had been set for FY2022 on turnover as it is impractical to do so. There will likewise be no target set in FY2023 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.

### b. Training and Development

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 10 CPD hours in 2022 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 2023. All our Directors have attended the required sustainability training at the date of this report.

In FY2022, each employee received an average of more than 10 training hours, meeting the target set of an average of 10 training hours for each employee. In FY2023, we target to maintain the same target average of 10 training hours for each employee.

### c. Labour Standards

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. The total employees' costs incurred by us for FY2022 as compared with FY2021 have been disclosed in the financial statements.

There were no incidences of non-compliance with applicable labour standards in FY2022. We target to maintain the record of zero incidence of non-compliance in FY2023.

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## d. Employee Communication

Open communication is an important element in achieving effective workplace management. Proper communication with the employees is very important for the employees to understand our business strategies and future development.

We encourage employees to voice their opinions through various communication channels at all levels. We provide suggestion boxes and communication meetings where employees can express their concerns and suggestions. Information, opinions and suggestions gathered from the employees are followed up by our Executive Director for discussion with senior management.

We encourage our employees to discuss any issues and problems they may identify directly with their supervisors. We have the whistle-blowing policy whereby an employee can inform the Chairman of the Audit Committee of any suspected wrong doings and other irregularities that they may identify.

## e. Corporate Citizenship

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 FY2023, we target to grant leave to our management and employees to participate in volunteering activities, if required.

## 3. GOVERNANCE

### a. 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 of directors, whoever appropriate. The senior management or board of directors 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. 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 ed 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 Audit & Risk Management Committee (“**ARMC**”) via email or by post. Reports deemed significant by the ARMC Chairman after consultation with the Independent Non-Executive Chairman of the Board will be duly investigated by an investigation committee comprising independent members appointed by the ARMC. The committee 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 ARMC is responsible for oversight and monitoring of whistleblowing.

There was no whistle-blowing report received in FY2022 and the Company targets the same record for FY2023.

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## b. Service Responsibility

We are committed to providing high quality services to our clients. We have obtained the relevant business licenses required for the provision of our 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. We strive to ensure that clients' 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 clients' businesses. Legal compliance and effective communication with our clients are of utmost importance to our business operations as our reputation is of tremendous importance to us, and such compliance and meticulous handling of clients' 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 clients and transparency in such communications distinguishes us from our competitors in that our clients are able to rely on our services and products with assurance. This gives us an edge in the long-run, 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.

As far as we are aware, our clients are mainly companies that are not involved in the business of direct emission that we are aware of and going forward, we would look for clients positively with carbon offsetting projects offering carbon credits, where possible if available, as part of our contribution towards for contributing to our a green environment going forward.

## c. Controls on business operation

We have implemented controls on our business operation to ensure sustainability: all of our loan cases must be reviewed by the Audit 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.

No expected credit loss ("ECL") has been provided for in FY2022, while a reversal in respect of ECL previously provided for amounting to HK\$4.2 million was recorded during FY2021 after the Board had reached a final settlement in relation to the Australian loans.

As of the reporting date of FY2022, we have cash and cash equivalents for HK\$38.8 million (FY2021: HK\$40.9 million) with an outstanding portfolio of loans and advances of HK\$27.6 million (FY2021: HK\$27.6 million). The Board has been conservative under the current business environment for managing potential ECL risks and would only expand the loans and advances portfolio when suitable opportunities are identified. Interest income received in FY2022 amounted to HK\$3.3 million compared with HK\$3.3 million recorded in FY2021 which we would expect to maintain in FY2023.

During FY2022, we have conducted annual internal audit review on our financing business activities focusing on our Anti-Money Laundering and Counter-Terrorist Financing internal control procedures and documentation and management has put in place the resulting suggested improvements.

## d. Privacy and Data Protection

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 unauthorized 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 FY2022. We target to maintain the record of zero incidence of non-compliance in FY2023.

# SUSTAINABILITY REPORT

For the financial year ended 31 December 2022

## BOARD STATEMENT

Our Board considers sustainability issues to be an integral part of our strategic formulation. In the preparation of this Sustainability Report, our Board has reviewed and considered among others, the determination of the material ESG factors discussed in this Sustainability Report and has overseen the management in monitoring these material ESG factors.

There were no incidences of non-compliance with all the applicable laws and regulations standards in FY2022. We target to maintain the record of zero incidence of non-compliance in FY2023.

We hope that the information disclosed in this Sustainability Report, read together with information in the other sections of the Annual Report, will provide the reader with a holistic view of the operations of our Company. We will continue to monitor, review and upgrade our material ESG factors from time to time and improve our Sustainability Report whenever practicable in the future in order to create long-term value for our stakeholders.

# FINANCIAL STATEMENTS

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# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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 2022.

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 2022 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)
Francis Lee Fook Wah	(Independent Non-executive director)
Wu Houguo	(Independent Non-executive director)

## 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 1.1.2022	As at 31.12.2022	As at 1.1.2022	As at 31.12.2022

## The Company

	Number of ordinary shares			
Zhou Wen Jie	119,750,600	<b>119,750,600</b>	–	–
Ben Lee <sup>(1)</sup>	–	–	120,000,000	<b>120,000,000</b>
Ong Chor Wei @ Alan Ong <sup>(2)</sup>	3,150,000	<b>3,150,000</b>	53,700,000	<b>53,700,000</b>
Chin Fook Lai	69,022,400	<b>69,022,400</b>	–	–
Francis Lee Fook Wah	1,025,000	<b>1,025,000</b>	–	–

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 2023.

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.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

## 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)  
Francis Lee Fook Wah  
Wu Hougou

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 2022 and the consolidated financial statements of the Group for the financial year ended 31 December 2022 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 2022

## 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: 13 June 2023

# INDEPENDENT AUDITOR'S REPORT

To the members of Net Pacific Financial Holdings Limited

## 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 2022, 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 a summary of significant accounting policies.

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 20, during the current financial year, management became aware that the controlling shareholder cum director of the Company held shares in an entity which currently has investments in the Australian borrowers. Furthermore, management also noted that it had not been disclosed 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 to date, and that 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* for the relevant financial years.

Despite the above, management had determined there is 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.

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

As disclosed in Note 2(d) and Note 13, 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 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.
- (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.

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 for the current year and corresponding years ended 31 December 2019 to 31 December 2021 and the related disclosures.

# INDEPENDENT AUDITOR'S REPORT

To the members of Net Pacific Financial Holdings Limited

## Basis for Disclaimer of Opinion (Cont'd)

### (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. 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 2022 and 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 for the year ended 31 December 2022 and the relevant corresponding years and the related disclosures.

### (4) Accuracy of the expected credit losses, gain on settlement and foreign exchange differences of the loans to Australian borrowers in respect of the financial year ended 31 December 2021

On 6 August 2021, Jetwin Investment Pty Ltd ("Jetwin") had entered into a deed of settlement and release with the Australian borrowers ("2021 Deed") pursuant to which all parties to the 2021 Deed would release each other from the performance of any and all of their obligations under the loan agreements between Jetwin and the three Australian borrowers. Under the 2021 Deed, cash of AUD 4.2 million and the ownership in three properties in Australia had been transferred to Jetwin as settlement of the loans previously granted by the Group through Jetwin.

As highlighted in our auditor's report dated 11 April 2022, as a result of the qualification on the accuracy and recoverability of the carrying value of the loans to the three Australian borrowers of HK\$18,585,000 for the financial year ended 31 December 2020, we were unable to determine whether the opening balances as at 1 January 2021 were fairly stated. Accordingly, we were unable to ascertain whether the reversal of expected credit losses of HK\$4,165,000, gain on settlement of loan of HK\$221,000 and foreign exchange loss of HK\$837,000 arising from the translation of the carrying amounts of the loans to these three Australian borrowers denominated in Australian dollars at the date of settlement to its functional currency (Hong Kong dollars) reported in the consolidated statement of profit or loss and other comprehensive income was fairly stated for the financial year ended 31 December 2021. Since opening balances of the carrying values of the loans due from the Australian borrowers affect the determination of the results of operations, we were unable to determine whether any adjustments to the results of operations and/or opening retained earnings might be necessary for the financial year ended 31 December 2021. Our audit opinion on the financial statements for the year ended 31 December 2021 was modified accordingly.

Our opinion on the current year's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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

As at 31 December 2022, included in Other receivables (Note 13) is a net carrying value of non-trade amounts due from a subsidiary recorded at the Company level of HK\$58,299,000 (2021: HK\$60,646,000). In performing the expected credit loss assessment for the financial year ended 31 December 2022, 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 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\$4,179,000 made during the financial year ended 31 December 2022 and the carrying value of the amounts due from the subsidiary of HK\$58,299,000 as at 31 December 2022.

The auditor's report dated 11 April 2022 for the financial year ended 31 December 2021 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.

# INDEPENDENT AUDITOR'S REPORT

To the members of Net Pacific Financial Holdings Limited

## 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, 13 June 2023

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	The Group		The Company	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Plant and equipment	9	9	15	9	15
Right-of-use assets	10	–	33	–	33
Other receivables	13	3,671	–	–	–
Investment in subsidiaries	11	–	–	1,069	1,069
		<b>3,680</b>	48	<b>1,078</b>	1,117
<b>Current Assets</b>					
Loans and advances	12	27,600	27,600	–	–
Other receivables	13	33,051	41,147	79,646	83,795
Cash and cash equivalents	14	38,827	40,891	805	2,655
		<b>99,478</b>	109,638	<b>80,451</b>	86,450
<b>Total assets</b>		<b>103,158</b>	109,686	<b>81,529</b>	87,567
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	15	145,105	145,105	145,105	145,105
Accumulated losses		(47,511)	(43,989)	(65,087)	(59,500)
<b>Total equity</b>		<b>97,594</b>	101,116	<b>80,018</b>	85,605
<b>Current Liabilities</b>					
Other payables	16	5,376	8,377	1,511	1,929
Lease liabilities	17	–	33	–	33
Current tax payable		188	160	–	–
		<b>5,564</b>	8,570	<b>1,511</b>	1,962
<b>Total liabilities</b>		<b>5,564</b>	8,570	<b>1,511</b>	1,962
<b>Total equity and liabilities</b>		<b>103,158</b>	109,686	<b>81,529</b>	87,567

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 2022

	Note	2022 HK\$'000	2021 HK\$'000
Interest on loans and advances	3	3,312	3,312
Other income	4	352	512
Administrative expenses		(4,805)	(5,163)
Other expenses	5	(2,138)	(2,013)
Reversal for impairment loss of loans and advances	12	-	4,165
(Loss) / profit before taxation	6	(3,279)	813
Income tax expense	7	(243)	(278)
<b>(Loss) / profit for the year</b>		<b>(3,522)</b>	535
Other comprehensive income, net of nil tax		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(3,522)</b>	535
 (Loss) / earnings per share attributable to equity holders of the Company (Hong Kong cents):			
- Basic	8	(0.67)	0.10
- Diluted	8	(0.67)	0.10

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 2022

	Share capital HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total attributable to equity holders of the Company HK\$'000
At 1 January 2021	145,105	340	(44,864)	100,581
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	535	535
<b>Transactions with owners, recognised directly in equity</b>				
- Transfer from share option reserve to accumulated losses upon expiry of share options	–	(340)	340	–
<b>Total transaction with owners</b>	–	(340)	340	–
At 31 December 2021	<b>145,105</b>	<b>–</b>	<b>(43,989)</b>	<b>101,116</b>
<b>Total comprehensive loss for the year</b>				
Loss for the year	–	–	<b>(3,522)</b>	<b>(3,522)</b>
<b>At 31 December 2022</b>	<b>145,105</b>	<b>–</b>	<b>(47,511)</b>	<b>97,594</b>

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 2022

	Year ended 31 December 2022	Year ended 31 December 2021
Note	HK\$'000	HK\$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/profit before taxation	(3,279)	813
Adjustments for:		
Depreciation of plant and equipment	6, 9	6
Depreciation of right-of-use assets	6, 10	33
Gain on settlement of loan	4	-
Gain on termination of lease	4, 6	-
Reversal for impairment loss of loans and advances	12	-
Interest income	3	(3,312)
Interest expense on lease liabilities	5	-
Unrealised exchange differences		476
Operating loss before working capital changes	(6,076)	(5,922)
Changes in other receivables		5,238
Changes in other payables		(3,001)
Cash used in operations	(3,839)	(3,077)
Dividend received		240
Interest received		2,223
Income tax paid	(179)	(420)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,555)</b>	<b>165</b>
<b>Cash Flows from Investing Activity</b>		
Acquisition of plant and equipment		-
<b>Net cash used in investing activity</b>	<b>-</b>	<b>(18)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of principal portion of lease liabilities (Note A)		(33)
Interest paid (Note A)		-
<b>Net cash used in financing activities</b>	<b>(33)</b>	<b>(81)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,588)</b>	<b>66</b>
Cash and cash equivalents at beginning of year	40,891	41,707
Effect of exchange rate fluctuations on cash held	(476)	(882)
<b>Cash and cash equivalents at end of the year</b>	<b>38,827</b>	<b>40,891</b>

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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 2022

Note A:

	As at 1 January 2022 HK\$'000	Repayment of interest HK\$'000	Lease payment HK\$'000	Interest expense HK\$'000	New Lease HK\$'000	Termination of leases S\$'000	As at 31 December 2022 HK\$'000
<b>Lease Liabilities (Note 17)</b>	<b>33</b>	–	(33)	–	–	–	–
	As at 1 January 2021 HK\$'000	Repayment of interest HK\$'000	Lease payment HK\$'000	Interest expense HK\$'000	New Lease HK\$'000	Termination of leases S\$'000	As at 31 December 2021 HK\$'000
Lease Liabilities (Note 17)	188	(5)	(76)	5	79	(158)	33

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1 General information

The consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 December 2022 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. The principal activities of the subsidiaries are as stated in Note 11 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\$3,522,000 respectively (2021 – net profit and total comprehensive income of HK\$535,000 respectively) during the year ended 31 December 2022. The Group's accumulated losses amounted to HK\$47,511,000 (2021 - HK\$43,989,000) as at 31 December 2022.

The Group has cash and cash equivalents of HK\$38,827,000 (2021 - HK\$40,891,000). 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 after the financial year ended 31 December 2022 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)") including related interpretations promulgated by the Accounting Standards Council ("ASC"), 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 2022, 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)
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
<i>Annual Improvements to SFRS(I)s 2018-2020:</i>		
Amendment to SFRS(I) 1	<i>Subsidiary as a First-time Adopter</i>	1 January 2022
Amendment to SFRS(I) 9	<i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>	1 January 2022
Amendment to SFRS(I) 1-41	<i>Taxation in Fair Value Measurements</i>	1 January 2022

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 SFRS(I) 17	<i>Classification of Liabilities as Current or Non-current Insurance Contracts</i>	1 January 2024 1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 17	<i>Initial Application of SFRS(I) 17 and SFRS(I) 9- Comparative Information</i>	1 January 2023
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 20, during the current financial year, management became aware that the controlling shareholder cum director of the Company held shares in an entity which currently has investments in the Australian borrowers. Furthermore, management also noted that it had not been 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 to date, 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*.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Significant judgements in applying accounting policies (Cont'd)

#### (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.

### 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 of HK\$79,579,000 (2021 - HK\$83,692,000) 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\$4,179,000 (2021 - reversal of impairment allowance of HK\$1,016,000) was recorded during the financial year. The carrying amount of the Company's amounts due from subsidiaries is disclosed in Note 13 to the financial statements. As at 31 December 2022, 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\$30,337,000 (2021: HK\$34,839,000) as at 31 December 2022. 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 13 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 2022.

#### (c) 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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies

### 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.

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.

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### 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:

Office equipment	3 years
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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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (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 income tax recoverable) 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 instruments 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### Financial instruments (Cont'd)

#### (b) Financial assets (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.

##### 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### Financial instruments (Cont'd)

#### (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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### Leases (Cont'd)

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

(b) Right-of-use asset (Cont'd)

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:

Office premises	1-2 years
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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 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### 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.
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### 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:

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.

### 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, which comprise 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(e) Significant accounting policies (Cont'd)

### 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 Interest on loans and advances

The principal activities of the Group consist of the provision of financing and investment holding services.

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<u>PRC and Hong Kong</u>		
Interest on loans and advances	<b>2,712</b>	2,712
<u>British Virgin Islands</u>		
Interest on loans and advances	<b>600</b>	600
	<b>3,312</b>	3,312

## 4 Other income

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Gain on settlement of loan	–	221
Gain on termination of lease	–	9
Others *	<b>352</b>	282
	<b>352</b>	512

\* Included in other income is an amount of HK\$310,000 (2021: HK\$263,000) of net rental income derived from the leasing of some of the properties held by Jetwin during the financial year ended 31 December 2022.

## 5 Other expenses

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Foreign exchange losses	<b>2,138</b>	2,008
Interest expense on lease liabilities	–	5
	<b>2,138</b>	2,013

The foreign exchange loss recognised in the current year of HK\$2,138,000 (2021 - HK\$2,008,000) are mainly derived from the translation of financial assets balances denominated in Australian dollar at the reporting date as the Australian dollar depreciated against Hong Kong dollar.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6 (Loss)/Profit before taxation

The Group	Note	2022 HK\$'000	2021 HK\$'000
(Loss)/Profit before taxation has been arrived at after (crediting)/charging:			
Depreciation of plant and equipment	9	6	8
Depreciation of right-of-use assets	10	33	77
Audit fees paid/payable to:			
Auditors of the Company		520	558
Other auditors		35	35
Gain on termination of lease	4	-	(9)
Sponsor fee		377	383
Operating lease expenses		46	46
Directors of the Company			
- Salaries and bonuses		222	228
- Fees		869	883
Key management personnel (non-directors)			
- Salaries and bonuses		866	666
- Central Provident Fund		86	86
		<b>2,043</b>	<b>1,863</b>

## 7 Taxation

The Group	2022 HK\$'000	2021 HK\$'000
Current tax expense		
Current year provision	411	461
Over provision of tax in respect of prior years	(168)	(183)
	<b>243</b>	<b>278</b>

### 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	2022 HK\$'000	2021 HK\$'000
(Loss) / profit before taxation	<b>(3,279)</b>	813
Income tax using applicable tax rates	(24)	(272)
Tax effect on non-deductible expenses	8	42
Tax effect on non-taxable income	(2)	(28)
Tax rebate	(10)	(10)
Tax losses disallowed	233	567
Over provision of tax in respect of prior years	(168)	(183)
Others	206	162
	<b>243</b>	<b>278</b>

### Unrecognised deferred tax assets

As at 31 December 2022, the aggregate amount of unutilised tax losses of the Group amounted to HK\$54,507,000 (2021 - HK\$50,328,000) 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.

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	16.5%	Full tax
- Net Pacific Investment Holdings Limited ("NPIHL")	British Virgin Islands	0%	Full tax

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 8 (Loss) / Earning per share

### The Group

The basic loss / earning per share is calculated based on the Group's losses / profits attributable to the equity holders of the Company divided by the weighted average number of shares in issue of 525,630,328 (2021 - 525,630,328) shares during the financial year.

Fully diluted loss per share for the financial year ended 2022 were calculated on the Group's losses attributable to the equity holders of the Company divided by 525,630,328 (2021 - 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 2022 and 2021. The basic and diluted losses per share for the year ended 31 December 2022 (2021: basic and diluted earnings per share) 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:

<b>The Group</b>	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares for the purpose of		
- basic loss / earnings per share	<b>525,630,328</b>	525,630,328
- diluted loss / earnings per share	<b>525,630,328</b>	525,630,328

## 9 Plant and equipment

### The Group and The Company

### Office equipment HK\$'000

#### Cost

At 1 January 2021	31
Write-off	(31)
Additions	18
<b>At December 2021 and at 31 December 2022</b>	<b>18</b>

#### Accumulated depreciation

At 1 January 2021	26
Depreciation for the year	8
Write-off	(31)
At 31 December 2021	<b>3</b>
Depreciation for the year	<b>6</b>
<b>At 31 December 2022</b>	<b>9</b>

#### Carrying value

<b>At 31 December 2022</b>	<b>9</b>
At 31 December 2021	15

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10 Right-of-use assets

<b>The Group and The Company</b>	<b>Office premises HK\$'000</b>
<u>Cost</u>	
At 1 January 2021	329
Additions	79
Termination of lease	(329)
At 31 December 2021	<b>79</b>
Derecognition	<b>(79)</b>
<b>At 31 December 2022</b>	<b>-</b>
<u>Accumulated depreciation</u>	
At 1 January 2021	149
Depreciation for the year	77
Termination of lease	(180)
At 31 December 2021	<b>46</b>
Depreciation for the year	<b>33</b>
Derecognition	<b>(79)</b>
<b>At 31 December 2022</b>	<b>-</b>
<u>Carrying amount</u>	
<b>At 31 December 2022</b>	<b>-</b>
At 31 December 2021	33

Information about the Group's leasing activities are disclosed in Note 18.

## 11 Investment in subsidiaries

<b>The Company</b>	<b>2022 HK\$'000</b>	2021 HK\$'000
Unquoted equity shares, at cost	<b>1,069</b>	1,069

The subsidiaries are:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Effective interest held by the Company</b>		<b>Principal activities</b>
		<b>31 December 2022 %</b>	31 December 2021 %	
<u>Held by the Company</u>				
Net Pacific Finance Group Limited <sup>(a) (b)</sup>	Hong Kong Special Administrative Region of the People's Republic of China ("PRC")	<b>100</b>	100	Provision of financing services
Net Pacific Investment Holdings Limited <sup>(a) (c)</sup>	British Virgin Islands	<b>100</b>	100	Provision of financing services and investment holding

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 12 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 (2021 - three loans) to the existing borrowers via its Hong Kong subsidiary.

In prior years, the Group had offered and granted loans to external borrowers in Australia via Jetwin which was incorporated in Australia in 2013. In the last financial year ended 31 December 2021, all the principal loans to the Australian borrowers were settled.

Nature of business of borrowers	Carrying amount of loans		Country	Maturity date	Interest rate	
	2022 HK\$'000	2021 HK\$'000			2022 %	2021 %
Scrap metals trading	18,000	18,000	PRC and Hong Kong	Revolving	12	12
Trading	4,600	4,600	Hong Kong	Revolving	12	12
Investment	5,000	5,000	British Virgin Islands	Revolving	12	12
	<b>27,600</b>	<b>27,600</b>				

The Group	2022 HK\$'000	2021 HK\$'000
Loans and advances repayable within one year	27,600	27,600
Expected credit losses:		
At beginning	-	(18,235)
Reversal of over provision of allowance for expected credit losses	-	4,165
Allowance utilised upon settlement of loans	-	13,247
Foreign exchange difference	-	823
At end	-	-
Net loans and advances	<b>27,600</b>	<b>27,600</b>

Loans and advances are denominated in the following currencies:

The Group	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	27,600	27,600

Expected credit losses in respect of the loans to Australian borrowers for financial year ended 31 December 2021

On 6 August 2021, Jetwin Investment Pty Limited ("Jetwin") which facilitated the Group in granting loans to borrowers located in Australia, had entered into a deed of settlement and release (the "2021 Deed") with, inter alia, the remaining three (3) borrowers located in Australia 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 had been 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 between NPIHL and Jetwin, the latter had 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, 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 Letter. Following the settlement of the debts with the borrowers in Australia, the Group had recognised a reversal of expected credit loss of HK\$4,165,000 and a gain on settlement of HK\$221,000 during the financial year ended 31 December 2021.

Please refer to Note 21 for details of foreign currency and credit risk exposure.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13 Other receivables

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Interest receivable	1,185	96	-	-
Dividend receivable	640	880	-	-
	<b>1,825</b>	976	-	-
Expected credit losses:				
At beginning	-	(24,858)	-	-
Write-off (Note c)	-	23,737	-	-
Foreign exchange difference	-	1,121	-	-
At end	-	-	-	-
Net interest and dividend receivables	<b>1,825</b>	976	-	-
Deposits	55	23	14	15
Other receivables (Note a)	34,798	40,072	9	12
Amounts due from subsidiaries (non-trade) (Note b)	-	-	134,079	134,013
	<b>36,678</b>	41,071	<b>134,102</b>	134,040
Expected credit losses:				
At beginning	-	-	(50,321)	(51,337)
Allowance for expected credit loss	-	-	(4,179)	1,016
At end	-	-	(54,500)	(50,321)
Net other receivables	<b>36,678</b>	41,071	<b>79,602</b>	83,719
Income tax recoverable	-	36	-	36
Prepayments	44	40	44	40
Total other receivables	<b>36,722</b>	41,147	<b>79,646</b>	83,795
Presented as:				
- Non-current	3,671	-	-	-
- Current	33,051	41,147	79,646	83,795
	<b>36,722</b>	41,147	<b>79,646</b>	83,795

Note a

Other receivables comprise mainly:

- HK\$30,337,000 (2021 - HK\$34,839,000) 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.
  - 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.
  - 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 had been 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13 Other receivables (Cont'd)

### Note a (Cont'd)

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.

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 2022, 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 had 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. 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.

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:

- the 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 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\$4,307,000 (2021 - HK\$5,067,000) 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 during the year, the remaining balance would be repaid over another 24 instalments from January 2023 to December 2024, which was unsecured and interest-free.

### Note b

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 1.65% (2021 - 0.11%) 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\$4,179,000 (2021 - reversal of expected credit loss of HK\$1,016,000) on the non-trade amounts due from a subsidiary.

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Singapore dollar	67	103	67	103
Hong Kong dollar	6,173	6,051	79,579	83,692
Australian dollar	30,482	34,993	-	-
Total other receivables	36,722	41,147	79,646	83,795

Please refer to Note 21 for details of foreign currency and credit risk exposure.

### Note c

In the last financial year ended 31 December 2021, management had written off the interest receivables amounting HK\$23,737,000 following the settlement of loans by the 3 borrowers in Australia as elaborated under Note 12.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14 Cash and cash equivalents

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Cash at bank	<b>38,827</b>	40,891	<b>805</b>	2,655

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Singapore dollar	<b>1,618</b>	3,460	<b>469</b>	2,319
Hong Kong dollar	<b>32,872</b>	27,210	<b>336</b>	336
United States dollar	<b>811</b>	809	–	–
Australian dollar	<b>3,526</b>	9,412	–	–
	<b>38,827</b>	40,891	<b>805</b>	2,655

Please refer to Note 21 for details of foreign currency and credit risk exposure.

## 15 Share capital

The Group and The Company	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No. of ordinary shares		HK\$'000	HK\$'000
<b>Issued and fully paid, with no par value</b>				
Balance at beginning and at end of year	<b>525,630,328</b>	525,630,328	<b>145,105</b>	145,105
<b>The Company and The Group</b>			<b>2022</b>	2021
			<b>S\$'000</b>	S\$'000
<b>Issued and fully paid share capital denominated in original currency:</b>				
Balance at beginning and at end of year			<b>24,584</b>	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.

**Net Pacific Employee Share Option Scheme (the "Scheme")**

The Scheme was approved by the members of the Company at an extraordinary general meeting of the Company held on 15 February 2011, and provides for the grant of ordinary shares of the Company to the directors of the Company and confirmed employees of the Company and its subsidiaries.

The exercise price is based on the average of the last dealt prices of the shares of the Company on the SGX-ST for a period of five consecutive market days immediately preceding the date of grant. The options are exercisable at any time after the first anniversary of the date of grant and up to the tenth anniversary of the date of grant except in the case of options granted to non-executive directors and independent directors where the exercise period may not exceed five years from the date of grant.

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

Group and the Company	Balance at 1.1.2021	Options granted	Options exercised	Options lapsed or cancelled	Balance at 31.12.2021	Exercise price (S\$)	Exercise period
2011 Options	20,750,000	–	–	(20,750,000)	–	0.035	9.5.2012 to 8.5.2021
Exercisable	20,750,000	–	–	(20,750,000)	–		

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 15 Share capital (Cont'd)

No options were exercised since the commencement of the Scheme in 2011.

The options under the Scheme had a vesting period of one year and the share-based payment expenses were fully recognised in 2011. No further share-based payment expenses were recognised since 2011.

The Scheme had ceased upon expiry on 14 February 2021 and the options had expired on 8 May 2021.

The fair value of options granted on 9 May 2011, determined using the Black Scholes Model, was HK\$340,000. The significant inputs into the model for 2011 were the share price of S\$0.035 at the grant date, the exercise price of S\$0.035, the volatility of expected share price return of 10%, the option life shown above and the annual risk-free interest rate of 2.5%.

## 16 Other payables

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Accrued operating expense (Note a)	<b>5,376</b>	8,377	<b>1,511</b>	1,929

Note a

Included in the accrued operating expense is a balance of HK\$3,555,000 (2021: HK\$5,930,000) payable to Jetwin as at 31 December 2022.

Other payables are denominated in the following currencies:

	The Group		The Company	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Singapore dollar	<b>1,497</b>	1,912	<b>1,463</b>	1,881
Hong Kong dollar	<b>232</b>	195	<b>48</b>	48
Australian dollar	<b>3,647</b>	6,270	<b>-</b>	-
	<b>5,376</b>	8,377	<b>1,511</b>	1,929

Please refer to Note 21 for details of foreign currency risk and liquidity risk exposure.

## 17 Lease liabilities

	2022 HK\$'000	2021 HK\$'000
<b>The Group and The Company</b>		
Undiscounted lease payments due:		
- Year 1	-	39
- Year 2	-	-
- Year 3	-	-
- Year 4	-	-
	-	39
Less: Future interest cost	-	(6)
Lease liabilities	-	33
Presented as:		
- Non-current	-	-
- Current	-	33
	-	33

Total cash outflows for all leases during the year amount to HK\$33,000 (2021 – HK\$81,000).

Interest expense on lease liabilities of HK\$Nil (2021 – HK\$5,000) is recognised within “Other expenses” in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 17 Lease liabilities (Cont'd)

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

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Short-term lease	<b>46</b>	46

As at 31 December 2022, 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 18.

Please refer to Note 21 for foreign currency and liquidity risk exposure.

Lease liabilities is denominated in Singapore dollar.

## 18 Leases

### The Group as lessee

The Group has lease contracts for office premises used in its operations. In 2021, lease term of office premises of two years was reduced to one year with no renewal option.

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 10 and 17 respectively.

## 19 Commitments

### Short-term leases

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Not later than 1 year	<b>46</b>	46	-	-

## 20 Related party transactions

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

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Interest income from the borrowers <sup>(c)</sup>	-	(b)-
Fund transferred from a borrower through a related party <sup>(a)</sup>	<b>1,071</b>	2,160

<sup>(a)</sup> During the financial year ended 31 December 2022, the Group received an amount of HK\$1,071,000 (2021 -HK\$2,160,000) 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 to facilitate the funds transfer process.

<sup>(b)</sup> The transactions related to entities in which two of the Company's directors cum shareholders each hold a directorship separately. They were appointed after disbursement of loans to safeguard interest of the Group. These individuals had ceased to be a director of the borrowers in August 2021.

<sup>(c)</sup> During the current financial year, management became aware that a controlling shareholder cum director of the Company held shares in an entity which currently has investments in the Australian borrowers. Furthermore, management also noted that it had not been 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 to date, 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 Financial risk management

### 21.1 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.

### 21.2 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.

### 21.3 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) 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 and SGD.

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

	<b>Australian dollar</b>	
	<b>2022</b>	2021
<b>The Group</b>	<b>HK\$'000</b>	HK\$'000
<b>Financial Assets</b>		
Other receivables	<b>30,482</b>	34,993
Cash and cash equivalents	<b>3,526</b>	9,412
	<b>34,008</b>	44,405
<b>Financial Liabilities</b>		
Other payables	<b>3,647</b>	6,270
	<b>3,647</b>	6,270
<b>Net currency exposure on financial assets</b>	<b>30,361</b>	38,135

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 Financial risk management (Cont'd)

## 21.3 Currency risk (Cont'd)

		United States dollar	
		2022	2021
		HK\$'000	HK\$'000
<b>The Group</b>			
<b>Financial Assets</b>			
Cash and cash equivalents		811	809
<b>Net currency exposure on financial assets</b>		<b>811</b>	<b>809</b>
		Singapore dollar	
		2022	2021
		HK\$'000	HK\$'000
<b>The Group</b>			
<b>Financial Assets</b>			
Other receivables		67	103
Cash and cash equivalents		1,618	3,460
		<b>1,685</b>	<b>3,563</b>
<b>Financial Liabilities</b>			
Other payables		1,497	1,912
Lease liabilities		-	33
		<b>1,497</b>	<b>1,945</b>
<b>Net currency exposure on financial assets</b>		<b>188</b>	<b>1,618</b>
		Singapore dollar	
		2022	2021
		HK\$'000	HK\$'000
<b>The Company</b>			
<b>Financial Assets</b>			
Other receivables		67	103
Cash and cash equivalents		469	2,319
		<b>536</b>	<b>2,422</b>
<b>Financial Liabilities</b>			
Other payables		1,463	1,881
Lease liabilities		-	33
		<b>1,463</b>	<b>1,914</b>
<b>Net currency exposure on financial (liabilities) / assets</b>		<b>(927)</b>	<b>508</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 Financial risk management (Cont'd)

### 21.3 Currency risk (Cont'd)

#### 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 2022		31 December 2021	
	Loss before tax HK\$'000	Equity HK\$'000	Profit before tax HK\$'000	Equity HK\$'000
AUD				
- strengthened 5% against HKD	(1,518)	1,518	1,907	1,907
- weakened 5% against HKD	1,518	(1,518)	(1,907)	(1,907)
USD				
- strengthened 5% against HKD	(40)	40	40	40
- weakened 5% against HKD	40	(40)	(40)	(40)
SGD				
- strengthened 5% against HKD	(9)	9	81	81
- weakened 5% against HKD	9	(9)	(81)	(81)
The Company	31 December 2022		31 December 2021	
	Loss before tax HK\$'000	Equity HK\$'000	Profit before tax HK\$'000	Equity HK\$'000
SGD				
- strengthened 5% against HKD	46	(46)	25	25
- weakened 5% against HKD	(46)	46	(25)	(25)

### 21.4 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 (2021 - three borrowers) that represented 100% (2021 - 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 \$29,313,000 (2021: \$31,172,000). 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

**21 Financial risk management (Cont'd)****21.4 Credit risk (Cont'd)**Exposure to credit risk

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

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Financial assets</b>		
Loans and advances	<b>27,600</b>	27,600
Other receivables <sup>(1)</sup>	<b>36,678</b>	41,071
Cash and cash equivalents	<b>38,827</b>	40,891
	<b>103,105</b>	109,562
<b>The Company</b>		
<b>Financial assets</b>		
Other receivables <sup>(1)</sup>	<b>79,602</b>	83,719
Cash and cash equivalents	<b>805</b>	2,655
	<b>80,407</b>	86,374

<sup>(1)</sup> Excluded prepayment and income tax recoverable

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

The Company's major classes of financial assets are other receivables (excluding prepayments and income tax recoverable), 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:

<b>The Group</b>	<b>12-month ECL</b> <b>Not credit</b> <b>impaired</b> <b>HK\$'000</b>	<b>Lifetime</b> <b>Expected</b> <b>Credit loss</b> <b>Not credit</b> <b>impaired</b> <b>HK\$'000</b>	<b>Lifetime</b> <b>Expected</b> <b>Credit loss</b> <b>Credit</b> <b>impaired</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
Loans and advances				
- neither past due nor impaired	<b>27,600</b>	-	-	<b>27,600</b>
- past due but not impaired	-	-	-	-
- past due and impaired	-	-	-	-
Other receivables, excluding Prepayments and income tax recoverable				
- neither past due nor impaired	<b>36,678</b>	-	-	<b>36,678</b>
- past due but not impaired	-	-	-	-
- past due and impaired	-	-	-	-
Gross amount	<b>64,278</b>	-	-	<b>64,278</b>
Stage 3 loss allowances	-	-	-	-
<b>At 31 December 2022</b>	<b>64,278</b>	-	-	<b>64,278</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 Financial risk management (Cont'd)

### 21.4 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

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 and income tax recoverable				
- neither past due nor impaired	41,071	–	–	41,071
- past due but not impaired	–	–	–	–
- past due and impaired	–	–	–	–
Gross amount	68,671	–	–	68,671
Stage 3 loss allowances	–	–	–	–
<b>At 31 December 2021</b>	<b>68,671</b>	<b>–</b>	<b>–</b>	<b>68,671</b>

The Company	12-month/ Lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying Amount HK\$'000
<b>At 31 December 2022</b>				
Other receivables <sup>(1)</sup>	<b>12-month ECL</b>	<b>23</b>	<b>–</b>	<b>23</b>
Amounts due from subsidiaries (non-trade)	<b>12-month ECL</b>	<b>134,079</b>	<b>(54,500)</b>	<b>79,579</b>
		<b>134,102</b>	<b>(54,500)</b>	<b>79,602</b>
<b>At 31 December 2021</b>				
Other receivables <sup>(1)</sup>	12-month ECL	27	–	27
Amounts due from subsidiaries (non-trade)	12-month ECL	134,013	(50,321)	83,692
		134,040	(50,321)	83,719

<sup>(1)</sup> Excluded prepayment and income tax recoverable

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 reconciliation of the closing loss allowances as at the reporting date to the opening loss allowances are disclosed in Note 12 and Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 Financial risk management (Cont'd)

### 21.4 Credit risk (Cont'd)

#### Exposure to credit risk (Cont'd)

#### (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 investments and 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 13.

#### (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 2022, other receivables and amounts due from subsidiaries (non-trade) for the Company of HK\$79,602,000 (2021 - HK\$83,719,000) and loans and advances and other receivables for the Group of HK\$64,278,000 (2021 - HK\$68,671,000) 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 2022 and 2021, there are no financial assets that are past due but not impaired.

#### **Financial assets that are past due and/or impaired**

As of 31 December 2022, amounts due from subsidiaries (non-trade) for the Company of HK\$54,500,000 (2021 - HK\$50,321,000) 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.

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

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Not past due	<b>27,600</b>	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	-	-
	<b>27,600</b>	27,600

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

<b>The Group</b>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Not past due	<b>36,678</b>	41,071
Past due less than 1 month	-	-
Past due more than 1 month but less than 2 months	-	-
Past due more than 2 months	-	-
	<b>36,678</b>	41,071

### 21.5 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 2022 and 2021, the Group does not hold any quoted or marketable financial instruments and thus is not exposed to any movement in market prices.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

**22 Financial instruments****22.1 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****31 December 2022****Financial assets**

Loans and advances  
Other receivables <sup>(1)</sup>  
Cash and cash equivalents

Financial assets (Carried at amortised cost) HK\$'000	Total HK\$'000
27,600	27,600
36,678	36,678
38,827	38,827
<b>103,105</b>	<b>103,105</b>

**Financial liabilities**

Other payables

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

<sup>(1)</sup> Excluded prepayment and income tax recoverable

**The Group****31 December 2021****Financial assets**

Loans and advances  
Other receivables <sup>(1)</sup>  
Cash and cash equivalents

Financial assets (Carried at amortised cost) HK\$'000	Total HK\$'000
27,600	27,600
41,071	41,071
40,891	40,891
<b>109,562</b>	<b>109,562</b>

**Financial liabilities**

Other payables  
Lease liabilities

Financial liabilities (Carried at amortised cost) HK\$'000	Total HK\$'000
8,377	8,377
33	33
<b>8,410</b>	<b>8,410</b>

<sup>(1)</sup> Excluded prepayment and income tax recoverable

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22 Financial instruments (Cont'd)

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

#### The Company

31 December 2022

#### Financial assets

Other receivables <sup>(1)</sup>  
Cash and cash equivalents

Financial assets (Carried at amortised cost)	Total
HK\$'000	HK\$'000
79,602	79,602
805	805
<b>80,407</b>	<b>80,407</b>

#### Financial liabilities

Other payables

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

#### The Company

31 December 2021

#### Financial assets

Other receivables <sup>(1)</sup>  
Cash and cash equivalents

Financial assets (Carried at amortised cost)	Total
HK\$'000	HK\$'000
83,719	83,719
2,655	2,655
<b>86,374</b>	<b>86,374</b>

<sup>(1)</sup> Excluded prepayment and income tax recoverable

#### The Company

31 December 2021

#### Financial liabilities

Other payables  
Lease liabilities

Financial liabilities (Carried at amortised cost)	Total
HK\$'000	HK\$'000
1,929	1,929
33	33
<b>1,962</b>	<b>1,962</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 23 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.

### 23.1 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.

### 23.2 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 and income tax recoverable), 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
	<i>The estimated fair value would increase (decrease) if:</i>	
Direct comparison method	Price per square meter was higher (lower) - Fully completed apartment	Price per square meter of market comparables: - 31 December 2021: HK\$25,678 to HK\$30,293 - <b>31 December 2022: HK\$23,101 to HK\$31,078</b>
	- Residential apartment under improvement	- 31 December 2021: HK\$18,477 to HK\$51,094 - <b>31 December 2022: HK\$17,061 to HK\$60,214</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 23.3 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 HK\$'000	Gross amounts offset in the statement of financial position HK\$'000	Net amounts in the statement of financial position HK\$'000
<b>31 December 2022</b>			
Amounts due from subsidiaries (non-trade)	155,038	(20,959)	134,079
Amounts due to subsidiaries (non-trade)	(20,959)	20,959	–
	<b>134,079</b>	<b>–</b>	<b>134,079</b>
<b>31 December 2021</b>			
Amounts due from subsidiaries (non-trade)	152,849	(18,836)	134,013
Amounts due to subsidiaries (non-trade)	(18,836)	18,836	–
	<b>134,013</b>	<b>–</b>	<b>134,013</b>

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

There are no balances which are set-off for the financial years ended 31 December 2022 and 2021.

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

No underwriting expenses were incurred during the financial years ended 31 December 2022 and 2021. 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 2022 and 2021.

## 24 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 24 Capital management (Cont'd)

The Group	2022	2021
	HK\$'000	HK\$'000
Other payables (Note 16)	5,376	8,377
Lease liabilities (Note 17)	-	33
Less: Total cash and cash equivalents (Note 14)	(38,827)	(40,891)
Net debt # (A)	(33,451)	(32,481)
Equity attributable to owner of the Company (B)	97,594	101,116
Gearing ratio (A)/(B) (%)	#	#

# Not applicable as the Group had a net cash position as at 31 December 2022 and 31 December 2021.

## 25 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.

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

	Financing Business		Investment		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Interest income by segments</b>								
Total interest income by segments	3,312	3,312	-	-	-	-	3,312	3,312
External interest income	3,312	3,312	-	-	-	-	3,312	3,312
<b>Segment (loss) / profit</b>	<b>317</b>	<b>4,378</b>	<b>-</b>	<b>-</b>	<b>(3,596)</b>	<b>(3,565)</b>	<b>(3,279)</b>	<b>813</b>
(Loss) / profit before tax							(3,279)	813
Income tax expense							(243)	(278)
<b>(Loss) / profit for the year</b>							<b>(3,522)</b>	<b>535</b>
Segment assets	102,277	106,880	-	-	881	2,806	103,158	109,686
Consolidated total assets							103,158	109,686
Segment liabilities	4,053	6,608	-	-	1,511	1,962	5,564	8,570
Consolidated total liabilities							5,564	8,570
<b>Other material items:</b>								
Reversal for expected credit losses of loans and advances	-	(4,165)	-	-	-	-	-	(4,165)
Gain on settlement of loan	-	(221)	-	-	-	-	-	(221)
Depreciation of plant and equipment	-	-	-	-	6	8	6	8
Depreciation of right-of-use assets	-	-	-	-	33	77	33	77
Foreign exchange loss	2,138	2,008	-	-	-	-	2,138	2,008
Gain on termination of lease	-	-	-	-	-	(9)	-	(9)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 25 Operating segments (Cont'd)

### Geographical segments

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

	Singapore		PRC and Hong Kong		British Virgin Islands		Australia		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Income</b>										
External services	-	-	2,712	2,712	600	600	-	-	3,312	3,312
<b>Non-current assets</b>	<b>9</b>	48	-	-	3,671	-	-	-	3,680	48

### Segment results

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

### Segment assets

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.

### 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 (2021 - HK\$3,312,000) are derived from three (2021 - three) external customers and are attributable to the Financing Business.

## STATISTICS OF SHAREHOLDINGS

As at 22 May 2023

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 subsidiary holdings	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	63	7.98	506	0.00
100 - 1,000	112	14.07	64,378	0.01
1,001 - 10,000	139	17.62	894,507	0.17
10,001 - 1,000,000	437	56.91	68,547,038	13.04
1,000,001 AND ABOVE	27	3.42	456,123,899	86.78
<b>TOTAL</b>	<b>778</b>	<b>100.00</b>	<b>525,630,328</b>	<b>100.00</b>

## 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 22 May 2023 and accordingly, the Company is in compliance with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalyst.

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	240,516,700	45.76
2	CHIN FOOK LAI	69,022,400	13.13
3	QUAD SKY LIMITED	53,700,000	10.22
4	MAYBANK SECURITIES PTE. LTD.	17,902,800	3.41
5	CHEONG YONG WAH	17,386,700	3.31
6	CHIN FAH	8,464,350	1.61
7	DBS NOMINEES (PRIVATE) LIMITED	5,900,915	1.12
8	STONE FOREST PTE LTD	4,650,000	0.88
9	CHIN FOOK CHOY	3,994,500	0.76
10	MO HUANSHENG	3,758,000	0.71
11	OCBC SECURITIES PRIVATE LIMITED	3,593,292	0.68
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,248,500	0.62
13	LIM TENG SAY	3,247,900	0.62
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,777,155	0.53
15	MEHTA VIMESH PIYUSH	2,000,000	0.38
16	PHILLIP SECURITIES PTE LTD	1,889,686	0.36
17	LOO BEE KENG	1,700,001	0.32
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,547,200	0.29
19	IFAST FINANCIAL PTE. LTD.	1,308,700	0.25
20	TAN GEK POEY	1,306,200	0.25
	<b>TOTAL</b>	<b>447,914,999</b>	<b>85.21</b>

## STATISTICS OF SHAREHOLDINGS

As at 22 May 2023

### SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total	%
Zhou Wen Jie <sup>(1)</sup>	119,750,600	–	119,750,600	22.78%
Zhou Dan <sup>(1) (2)</sup>	120,000,000	–	120,000,000	22.83%
Ben Lee <sup>(1) (2)</sup>	–	120,000,000	120,000,000	22.83%
Quad Sky Limited <sup>(3)(4)</sup>	53,700,000	–	53,700,000	10.22%
Head Quator Limited <sup>(3)</sup>	–	53,700,000	53,700,000	10.22%
Ong Chor Wei <sup>(3)</sup>	3,150,000	53,700,000	56,850,000	10.82%
Wingate Investment Corporation <sup>(4)</sup>	–	53,700,000	53,700,000	10.22%
Yung Fung Ping <sup>(4)</sup>	–	53,700,000	53,700,000	10.22%
Chan Mei Sau <sup>(4)</sup>	–	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 by way of electronic means on 28 June 2023 (Wednesday) at 2.30 pm, for the following purposes:

## AS ORDINARY BUSINESS

- To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. **(Resolution 1)**

- To re-elect the following Directors retiring pursuant to Regulation 89 of the Company’s Constitution:

Mr Wu Houguo (Retiring pursuant to Regulation 89) **(Resolution 2)**

*Mr Wu Houguo will, upon re-election as a Director, remain as Independent Non-Executive Director and a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee of the Company. Information on Mr Wu Houguo can be found on page 13 and 24 to 30 of the annual report. The Board considers Mr Wu Houguo 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**”).*

Mr Chung Wai Man (Retiring pursuant to Regulation 89) **(Resolution 3)**

*Mr Chung Wai Man will, upon re-election as a Director, remain as Independent Non-Executive Chairman of the Company and a Chairman of the Nominating Committee of the Company. Information on Mr Chung Wai Man can be found on page 13 and 24 to 30 of the annual report. The Board considers Mr Chung Wai Man to be independent for the purposes of Rule 704(7) of the Catalist Rules.*

Mr Tso Sze Wai (Retiring pursuant to Regulation 89) **(Resolution 4)**

*Mr Tso Sze Wai will, upon re-election as a Director, remain as Lead Independent Non-Executive Director of the Company, Chairman of the Audit and Risk Management Committee, and member of the Nominating Committee and Remuneration Committee of the Company. Information on Mr Tso Sze Wai can be found on page 13 and 24 to 30 of the annual report. The Board considers Mr Tso Sze Wai to be independent for the purposes of Rule 704(7) of the Catalist Rules.*

- To approve the payment of the sum of up to S\$152,000 to be paid to all Directors as Directors’ fees for the financial year ending 31 December 2023, such fees to be paid half-yearly in arrears. (2022: S\$152,000). **(Resolution 5)**
- 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 6)**
- 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:

- 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:

- allot and issue new shares in the capital of the Company (“**Shares**”) (whether by way of rights, bonus or otherwise); and/or
  - 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

# NOTICE OF ANNUAL GENERAL MEETING

(Incorporated in the Republic of Singapore – Company Registration No. 200300326D)

- (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 (i)]* **(Resolution 7)**

By Order of the Board

Gn Jong Yuh Gwendolyn  
Chong Kian Lee  
Joint Company Secretaries  
Singapore, 13 June 2023

# NOTICE OF ANNUAL GENERAL MEETING

(Incorporated in the Republic of Singapore – Company Registration No. 200300326D)

## Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the passing of Ordinary Resolution 7 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 7), to be allotted and issued pursuant to Ordinary Resolution 7 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 7. 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 7), to be allotted and issued pursuant to Ordinary Resolution 7 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 7. 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:

- The Annual General Meeting (“AGM”) is being convened, and will be held, 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. Printed copies of this Notice of AGM and the Annual Report for the financial year ended 31 December 2022 (the “FY2022 Annual Report”) will not be sent to members. Instead, this Notice of AGM, Proxy Form and the FY2022 Annual Report may be accessed at the Company’s website at the URL <https://www.netpac.com.sg/announcement-2023> and <https://www.netpac.com.sg/annual-report>. This Notice of AGM, Proxy Form and the FY2022 Annual Report are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the proceedings of the AGM of the Company may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of or live at the AGM of the Company, addressing of substantial and relevant questions prior to or at the AGM of the Company and voting live at the AGM by appointing proxy(ies) (including the Chairman of the Meeting) at the AGM of the Company, are set out in the Company’s accompanying announcement dated 13 June 2023. This announcement may be accessed at the Company’s website at the URL <https://www.netpac.com.sg/announcement-2023> by clicking on the hyperlink titled “Notice of AGM, Proxy Form and Accompanying Announcement” and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- As the AGM will be held via electronic means, a member will not be able to attend the AGM in person.**
- Voting at the AGM.** Voting for all resolutions will be conducted by a poll. A member or his/her/its duly appointed proxy(ies) (including the Chairman of the Meeting) shall vote live and online (in real time) by logging into the URL <https://conveneagm.com.sg/netpac2023>.

A member may submit a Proxy Form appointing proxy(ies) (including the Chairman of the Meeting), as his/her/its proxy to attend, speak and vote live and online (in real time) on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such member wishes to exercise his/her/its voting rights at the AGM.

The Proxy Form for the AGM of the Company may be accessed at the Company’s website at the URL <https://www.netpac.com.sg/announcement-2023> and <https://www.netpac.com.sg/annual-report> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting) as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy(ies) for that resolution will be treated as invalid. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS operators to submit their votes by 5.00 p.m. on 16 June 2023, being at least seven (7) working days before the date of the AGM.

Duly appointed proxy(ies), including the Chairman of the Meeting acting as proxy, need not be a member of the Company.

- The Proxy Form must be submitted to the Company in the following manner:
  - if submitted by post, be deposited at the registered office of the Company at **35 Selegie Road #10-25, Singapore 188307**; or
  - if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [admin@netpac.com.sg](mailto:admin@netpac.com.sg).

in either case, at least **72 hours** before the time fixed for holding the AGM of the Company and/or any adjournment thereof. A member who wishes to submit the Proxy Form must first download, 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. **Members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

# NOTICE OF ANNUAL GENERAL MEETING

(Incorporated in the Republic of Singapore – Company Registration No. 200300326D)

6. **Submission of questions in advance of the AGM.** Members who wish to ask questions are to submit their questions to the Chairman of the Meeting in advance of the AGM of the Company. Members may submit their questions via online platform at the URL <https://conveneagm.com/sg/netpac2023> or by post to the registered office of the Company, at 35 Selegie Road #10-25 Singapore 188307, by **2.30 p.m. on 20 June 2023**. For more details on the submission of questions in relation to the resolutions to be tabled at the AGM, please refer to the accompanying announcement dated 13 June 2023 to this Notice of AGM titled “*Annual General Meeting of the Company to Be Held By Way of Electronic Means on Wednesday, 28 June 2023 At 2.30 pm. (Singapore Time)*”.
7. **Submission of textual questions live at the AGM.** Members of the Company or their duly appointed proxy(ies) may raise textual comments, queries and/or questions during the AGM via the online platform hosting the live audio-visual webcast or live audio-only stream.
8. The Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.netpac.com.sg/announcement-2023>. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM.
9. Copies of the minutes of the AGM will be uploaded on the Company’s corporate website at the URL <https://www.netpac.com.sg/announcement-2023> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> within one (1) month from the date of the AGM.

## PERSONAL DATA PRIVACY:

By submitting a proxy form appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any AGM laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”); (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

(Company Registration Number: 200300326D)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

### IMPORTANT:

- The Annual General Meeting is being convened, and will be held, by way of 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.
- The Notice of Annual General Meeting is also accessible (a) via publication on the Company's website at the URL <https://www.netpac.com.sg/announcement-2023>; and (b) via publication on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of or live at the Annual General Meeting, addressing of substantial and relevant questions prior to or at the Annual General Meeting and voting live at the Annual General Meeting, or voting by appointing proxy(ies) (including the Chairman of the Meeting) at the Annual General Meeting, are set out in the accompanying Company's announcement dated 13 June 2023. This announcement may be accessed at the Company's website at the URL <https://www.netpac.com.sg/announcement-2023>, and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- As the Annual General Meeting will be held by way of electronic means, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must vote live at the Annual General Meeting or must appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. Notwithstanding that a member is unable to vote in person, a member may attend the Annual General Meeting in the manner as set out in the accompanying Company's announcement dated 13 June 2023.
- CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 June 2023.
- By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 June 2023.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

I/We\*, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Company Registration Number\*)  
of \_\_\_\_\_ (Address)

being member/members\* of **NET PACIFIC FINANCIAL HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			
Email Address			

and/or\*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			
Email Address			

or failing him/her\*, the Chairman of the Annual General Meeting, as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the Annual General Meeting ("AGM") to be held by way of electronic means on Wednesday, 28 June 2023 at 2.30 pm. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against, or abstain from voting on, the resolutions proposed at the AGM as indicated hereunder.

	Resolutions relating to:	For	Against	Abstain
	<b>Ordinary Business</b>			
1.	To adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022			
2.	Re-election of Mr Wu Houguo as a Director of the Company (Retiring pursuant to Regulation 89)			
3.	Re-election of Mr Chung Wai Man as a Director of the Company (Retiring pursuant to Regulation 89)			
4.	Re-election of Mr Tso Sze Wai as a Director of the Company (Retiring pursuant to Regulation 89)			
5.	Approval of payment of the sum of up to S\$152,000 to all Directors as Directors' fee for the financial year ending 31 December 2023, payable half-yearly in arrears			
6.	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			
	<b>Special Business</b>			
7.	Authority to allot and issue new Shares in the capital of the Company and/or Instruments			

\*Delete as appropriate

If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate so with a (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish for your proxy(ies) to abstain from voting on a resolution, please tick with "✓" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that your proxy(ies) is directed to abstain from voting in the "Abstain" box in respect of that resolution. In the absence of specific directions 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 \_\_\_\_\_ 2023

Total Number of Shares	Number of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)  
or Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**



## NOTES:

1. Printed copies of the Notice of Annual General Meeting and the Annual Report for the financial year ended 31 December 2022 (the "**FY2022 Annual Report**") will not be sent to members. Instead, the Notice of Annual General Meeting and the FY2022 Annual Report may be accessed at the Company's website at the URL <https://www.netpac.com.sg/announcement-2023> and <https://www.netpac.com.sg/annual-report> respectively. The Notice of Annual General Meeting and the FY2022 Annual Report are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of or live at the Annual General Meeting of the Company, addressing of substantial and relevant questions prior to or at the Annual General Meeting of the Company and voting live at the Annual General Meeting, or voting by appointing proxy(ies) (including the Chairman of the Meeting) at the Annual General Meeting of the Company, are set out in the Company's accompanying announcement dated 13 June 2023. This announcement may be accessed at the Company's website at the URL <https://www.netpac.com.sg/announcement-2023> and <https://www.netpac.com.sg/annual-report> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
4. **As the Annual General Meeting will be held by way of electronic means, a member will not be able to attend the Annual General Meeting in person.**
5. **Voting at the Annual General Meeting** Voting for all resolutions will be conducted by a poll. A member (whether individual or corporate) or his/her/its duly appointed proxy(ies) (including the Chairman of the Meeting) shall vote live and online (in real time) by logging into the URL <https://conveneagm.com/sg/netpac2023>.

A member may submit a Proxy Form appointing proxy(ies) (including the Chairman of the Meeting), as his/her/its proxy to attend, speak and vote live and online (in real time) on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.

This Proxy Form is also accessible (a) via the Company's website at the URL <https://www.netpac.com.sg/announcement-2023> and <https://www.netpac.com.sg/annual-report>; and (b) via the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting) as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting in respect of a resolution in the Proxy Form, failing which the appointment of the proxy(ies) for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 June 2023, being at least seven (7) working days before the date of the AGM.

6. Duly appointed proxy(ies), including the Chairman of the Meeting acting as proxy, need not be a member of the Company.
7. The Proxy Form must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged with the registered office of the Company at **35 Selegie Road #10-25, Singapore 188307**; or
  - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [admin@netpac.com.sg](mailto:admin@netpac.com.sg),in either case, at least **72 hours** before the time for holding the Annual General Meeting and/or any adjournment thereof. A member who wishes to submit this Proxy Form must first download, complete and sign this 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. **Members are strongly encouraged to submit the completed Proxy Form electronically via email.**
8. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the 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.
9. Where the Proxy Form is executed under the hand of an attorney duly authorised, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Act.

## GENERAL:

The Company shall be entitled to reject an instrument of proxy 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 member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register **72 hours before the time set for the Annual General Meeting**.

## PERSONAL DATA PRIVACY:

By submitting a proxy form appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any AGM laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# 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**

*(Executive Director and Chief Executive Officer)*

### **Ben Lee**

*(Non-Independent Non-Executive Director)*

### **Chin Fook Lai**

*(Non-Independent Non-Executive Director)*

### **Tso Sze Wai**

*(Lead Independent Non-Executive Director)*

### **Francis Lee Fook Wah**

*(Independent Non-Executive Director)*

### **Wu Houguo**

*(Independent Non-Executive Director)*

## **AUDIT COMMITTEE / RISK MANAGEMENT COMMITTEE:**

Tso Sze Wai (Chairman)

Francis Lee Fook Wah

Wu Houguo

## **REMUNERATION COMMITTEE:**

Francis Lee Fook Wah (Chairman)

Wu Houguo

Tso Sze Wai

## **NOMINATING COMMITTEE:**

Chung Wai Man (Chairman)

Francis Lee Fook Wah

Wu Houguo

Ben Lee

Tso Sze Wai

## **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

## **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

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