

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 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Disclaimer of Opinion

(1) Completeness of related party disclosures

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

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

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

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

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

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

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

- (i) As stipulated under the Confirmation Letters, unless and until the amount due by Jetwin are fully repaid to Net Pacific Investment Holdings Limited ("NPIHL"), the sale, transfer or disposal of any or all of the Properties held by Jetwin shall only be made with the prior written consent of NPIHL amongst other terms and conditions as specified in the Confirmation Letters, with such consent being at NPIHL's absolute discretion. NPIHL may request the disposal of any or all of the Properties held by Jetwin at market rates, and Jetwin shall expeditiously comply with the request; and the terms and conditions of every disposal by Jetwin shall be as reasonably agreed by NPIHL. As such, NPIHL will be entitled to any upside of the proceeds from the sale of the Properties in excess of the original settlement consideration until all monies under the loan agreements and as agreed under the Confirmation Letters between NPIHL and Jetwin have been fully repaid.
- (ii) NPIHL also agreed to contribute towards the ongoing maintenance cost and expenses relating to the Properties held by Jetwin in accordance with the relevant percentage of the loans disbursed as specified under the Confirmation Letters. Moreover, the Group also received net rental income from Jetwin on some of the Properties which were leased out to external parties and recognised gain from the disposal of some of the Properties during the year.
- (iii) In respect of the trust accounts maintained in trust by an Australian law firm on behalf of Jetwin where the settlement proceeds were deposited into, the Australian law firm has also confirmed that it has the authority to disburse the funds from the trust accounts on the written request of the Executive director of the Company and the other loan provider who is also a controlling shareholder cum director of the Company.



INDEPENDENT AUDITOR'S REPORT

To the members of Net Pacific Financial Holdings Limited

Basis for Disclaimer of Opinion (Cont'd)

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

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

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

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

(3) Classification and measurement of amounts owing from Jetwin

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

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

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

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

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

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

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

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

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, 4 May 2024

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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

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

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

Significant judgements in applying accounting policies

(a) Completeness of related party disclosures

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

Significant judgements in applying accounting policies (Cont'd)

(b) Control of specified assets and liabilities in Jetwin

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

Critical accounting estimates and assumptions used in applying accounting policies

(a) Impairment of amounts due from subsidiaries

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

(b) Impairment of receivables due from Jetwin

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14 Other receivables

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

Note a

Other receivables comprise mainly:

- HK\$19,867,000 (2022 - HK\$30,337,000) due from Jetwin which is secured, interest-free and repayable on demand. Included in this balance is mainly receivable arising from the settlement of the loans by the borrowers in Australia to Jetwin in the form of Properties and cash under two separate deeds of settlement. During the financial year ended 31 December 2023, AUD2 million (approximately HKD\$10,162,000) in the trust accounts maintained in trust by an Australian law firm on behalf of Jetwin has been remitted to the Group. Furthermore, Jetwin has disposed 3 out of 8 Properties to third parties for a total sales price of AUD1.1 million. However, the Group's share of the proceeds of the 3 Properties have not been remitted to the Group as at 31 December 2023.
 - 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 were transferred to Jetwin as settlement of the loans previously granted by the Group to the remaining three borrowers via Jetwin. Under the Confirmation Letter dated 6 August 2021, Jetwin confirmed and agreed that all the proceeds received under the provision of the 2021 Deed and the subsequent sale of the three properties shall be paid to NPIHL in accordance with the terms and conditions as set out in the original loan agreements between the relevant parties.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14 Other receivables (Cont'd)

Note a (Cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14 Other receivables (Cont'd)

Note b

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21 Related party transactions

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

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

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

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

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

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