HYPA MIND PTE. LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023

HYPA MIND PTE. LTD.

FINANCIAL STATEMENTS

C O N T E N T S

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AUDITOR'S REPORT

China Audit Asia Pacific ShenZi (2025)001037

To the Board of Directors of Hypa Mind Pte. Ltd.,

I. Auditor's Opinion

We have audited the financial statements of Hypa Mind Pte. Ltd. (herein after referred to as "the Company"),which comprise the Company's balance sheets as at December 31, 2023, and the Company's income statements, the Company's statements of cash flow and the Company's statements of changes in owners'equity for the year ended December 31, 2023, and as well as the notes to the financial statements.

In our opinion, based on our audits, the accompanying financial statements present fairly, in all material respects, the financial position of the Company. as of December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

II. Basis for opinions

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Standards in Singapore, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

IV. .Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to express opinions on the effectiveness of internal control.

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

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting, and meanwhile, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

China Audit Asia Pacific Certified Public Accountants (Special General Partnership)

PRC Certified Public Accountant (Project Partner): Min, Li

PRC Certified Public Accountant: Yan,Zhou

Beijing, China

February 20, 2025

HYPA MIND PTE. LTD.
BALANCE SHEET
AS AT DECEMBER 31, 2023

	Note	As of December 31, 2023	As of December 31, 2022
		US$	US$
ASSETS			
Current assets			
Cash	6	1,533,845	1,274,328
Loans and advances to customers	7	5,827,285	3,682,746
Other receivables	8	6,213,896	1,406,553
Total current assets		13,575,026	6,363,627
Total Assets		13,575,026	6,363,627
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	2,273,928	1,153,940
Income tax payable	10	1,147,332	680,060
Total current liabilities		3,421,260	1,834,000
Equity			
Share capital	11	7,525	7,525
Accumulated profits		10,146,241	4,522,102
Total equity		10,153,766	4,529,627
Total liabilities and equity		13,575,026	6,363,627

The accompany notes are an integral part of the financial statements.

HYPA MIND PTE. LTD.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		US$	US$
Revenue	12	**37,155,281**	**21,137,373**
Cost of services	13	(8,092,659)	(4,363,888)
Other income	14	514,224	68,409
Other operating expenses	15	(2,293,855)	(983,485)
Impairment of financial assets		(20,239,551)	(10,615,559)
Finance cost		(84,707)	(4,145)
Profit before tax		6,958,733	5,238,705
Income tax expenses	10	(1,334,594)	(721,075)
Profit for the year		5,624,139	4,517,630

The accompany notes are an integral part of the financial statements.

HYPA MIND PTE. LTD.
CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECMEBER 31, 2023

	2023	2022
	US$	US$
Operating activities		
Profit before tax	6,958,733	5,238,705
Adjustments for:		
Allowances for credit losses on loans	20,239,551	10,615,559
Interest income	(514,224)	(68,409)
Interest expense	84,707	4,145
Operating cash flows before movements in working capital	26,768,767	15,790,000
Loan and advances, and other receivables	(22,384,090)	(14,298,276)
Trade and other payables	(590,660)	1,039,625
Cash used in operations	3,794,017	2,531,349
Income taxes paid	(867,322)	(41,015)
Net cash used in operating activities	2,926,695	2,490,334
Investing activities		
Interest received	435,447	19,242
Loan to third party	(909,357)	(1,350,000)
Advance to third party	(3,819,209)	-
Net cash used in investing activities	(4,293,119)	(1,330,758)
Financing activities		
Loan from third party	1,630,826	100,000
Interest paid to third party	(4,885)	-
Net cash from financing activities	1,625,941	100,000
Net increase in cash	259,517	1,259,576
Cash at beginning of year	1,274,328	14,752
Cash at end of year (Note 7)	1,533,845	1,274,328

The accompany notes are an integral part of the financial statements.

HYPA MIND PTE. LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital (Note 11)	Accumulated Profit	Total
	US$	US$	US$
Balance as of January 1, 2022	7,525	4,472	11,997
Total comprehensive income:			
Profit for the year	-	4,517,630	4,517,630
Balance as of December 31, 2022	7,525	4,522,102	4,529,627
Total comprehensive income:			
Profit for the year	-	5,624,139	5,624,139
Balance as of December 31, 2023	7,525	10,146,241	10,153,766

The accompany notes are an integral part of the financial statements.

HYPA MIND PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

1 REPORTING ENTITY

Hypa Mind Pte. Ltd. (the "Company") (Registration Number: 201619442C) is a private limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 135 Middle Road, #02-27, Bylands Building, Singapore 188975.

The principal activity of the Company is that of information technology services and fixed income investment activities .

The financial statements of the Company for the years ended December 31, 2023 was authorised for issuance by the Board of Directors on February 20, 2025.

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The term "IFRS" also includes International Accounting Standards (IASs) and the related interpretations of the interpretations committees (Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC)).

The Company's financial statements have been prepared on a historical cost basis.

The financial statements of the Company are presented in United States Dollar (US$ or USD). The functional currency of the Company is USD..

3. ADOPTION OF NEW AND REVISED STANDARDS

The Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements for the first time for the financial year ended December 31, 2023. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 for the first time for the year ended December 31, 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to IAS 12 for the first time on January 1, 2023. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The adoption of the above standards and interpretations did not have a material impact on the financial statements for the year ended December 31, 2023.

New and revised IFRS Accounting Standards in issue but not yet effective

At December 31, 2023, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 10 and IAS 28	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

[1] Effective for annual periods beginning on or after January 1, 2024, with early application permitted.
[2] Effective for annual periods beginning on or after January 1, 2025, with early application permitted.
[3] Effective date is deferred indefinitely.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

4 MATERIAL ACCOUNTING POLICIES INFORMATION

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- 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.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the “other operating expenses/income” line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Financial instruments are classified into the three stages based on the changes in credit quality since the initial recognition as summarised below:

- ECL measurement for the Stage 1 financial instruments will be based on a 12-month horizon, while those in the Stage 2 and 3 categories will be measured based on the lifetime of the instruments.

- Financial instruments that are non-credit impaired on initial recognition are classified in "Stage 1" and its credit risk is continuously monitored by the Company.

- If a significant increase in credit risk since initial recognition is identified, the financial instruments will be transferred to "Stage 2" and remain as non-credit impaired. Further details on "significant increase in credit risk" is described below.

- If financial instrument is credit impaired, the financial instrument will be transferred to "Stage 3".

<u>Measurement of ECL</u>

The measurement of ECL is a function of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The 12-month PDs and lifetime PDs respectively represent the PD occurring over the next 12 months and the remaining maturity of the instrument. These inputs are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For loans given to individual customers, the Company measures ECL on a collective basis as they share similar economic risk characteristics.

<u>Definition of default</u>

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 4).

The Company considers the following as constituting an event of default:

- the borrower is past due more than 30 days on any material credit obligation to the Company; or

- the borrower is unlikely to pay its credit obligations to the Company in full.

This definition of default is used by the Company for accounting purposes as well as for internal credit risk management purposes.

<u>Significant increase in credit risk</u>

In assessing whether the credit risk of an asset has significantly increased, the Company takes into account reasonable and supportable qualitative and quantitative factors and forward looking information. In line with regulatory guidelines, customers' utilisation of relief measures due to economic impact does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customers' risk of default continues to be performed holistically, taking into consideration the customers' ability to make payments based on the rescheduled payments and their creditworthiness the long term.

<u>Credit-impaired financial assets</u>

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 default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lenders 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.

<u>Write-off policy</u>

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

Presentation of allowance for ECL in the financial statements

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets

The Company recognises an impairment loss and gain upon reversal of allowance in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

PROVISION

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION

<u>Provision of technical services</u>

Revenue from technical services is recognized based on the five-step approach outlined below.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company is engaged in providing technical service to its clients. Revenue from contracts with customers is recognized when the control of service is transferred to customers. The amount of revenue to be recognized is measured based on consideration which the Company expects to receive in exchange for its services. The consideration that the Company receives in exchange for its services may be fixed or variable. Variable consideration is only recognized to the extent it is highly probable that a significant reversal will not occur.

fixed income investment activities .

Interest income are recognised in the profit or loss as they accrue, taking into account the effective yield of the asset or an applicable fixed or floating rate. Where charges (such as upfront fee) are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to the profit or loss is to spread the income over the period in which the repayments are due using the effective interest rate method (Refer to *Financial Instruments* for accounting policy in relation to effective interest method). For financial assets that have become credit-impaired to subsequent to initial recognition, the Company apply the effective interest rate to the amortised cost of the financial assets. If the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the aforementioned method was applied, the Company, in subsequent reporting periods, calculate the interest revenue by applying the effective interest rate to the gross carrying amount.

FOREIGN CURRENCIES

In preparing the financial statements of the Company, transactions in currencies other than the Functional Currency of the Company (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

TAXATION

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Offsetting

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise cash on hand, deposits with maturity less than 3 months and bank balances, restricted cash, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Critical judgements in applying the Company's accounting policies

Management is of the opinion that the application of judgement is not expected to have a significant effect on the amounts recognised in the financial statements, except as follows:

<u>Significant increase of credit risk</u>

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for assets for Stage 2 and Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk.

In assessing whether the credit risk of an asset has significantly increased, the Company takes into account reasonable and supportable qualitative and quantitative factors and forward looking information. In line with regulatory guidelines, customers' utilisation of relief measures due to economic impact does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customers' risk of default continues to be performed holistically, taking into consideration the customers' ability to make payments based on the rescheduled payments and their creditworthiness in the long term.

<u>Models and assumptions used</u>

The Company uses roll-rate models and assumptions in estimating ECL. Under roll-rate model, ECL are determined by using historical trends in credit quality indicators such as delinquency rates. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in the model, including past model adjustments and assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

<u>Provision for expected credit losses of loan receivables</u>

The following are key estimations that the management has used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/customer segment and determining the forward-looking information relevant to each scenario: When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default: PD constitutes a key input in measuring ECL. PD 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.

- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The economic uncertainties have imposed a greater degree of judgement in estimating the ECL and the inputs used are inherently subject to change, which may materially change our estimate of Stage 1 and Stage 2 allowance for credit losses in future periods.

To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in our modelled results, we applied expert credit judgement in determining significant increases in credit risk since origination and our probability weighted allowance for credit losses. We applied quantitative and qualitative adjustments for the impacts of the macroeconomic scenarios.

6 CASH

	2023	2022
	US$	US$
Cash at bank	1,533,845	1,274,328

7 LOANS AND ADVANCES TO CUSTOMER

	2023	2022
	US$	US$
Gross loan receivable	10,248,559	5,271,499
Less: Allowances for doubtful debt	(4,421,274)	(1,588,753)
Net Loan receivable	5,827,285	3,682,746

8 OTHER RECEIVBALES

	2023	2022

	US$	US$
Loan to third party	2,259,357	1,350,000
Interest receivable	127,944	49,167
Advances to third party	3,819,209	-
Others	7,386	7,386
	6,213,896	1,406,553

Loan receivable bears interest at 5.5% to 20% per annum, unsecured and repayable on demand.

9 TRADE AND OTHER PAYABLES

	2023	2022
	US$	US$
Trade payable	450,042	1,136,897
Loan payable	1,730,826	-
Interest payable	83,967	4,145
Others	9,093	12,898
	2,273,928	1,153,940

Trade payables are non-interest bearing and the average credit period on purchase of services are 60 days.

Loan payable bears interest at 11.08% to 17.65%, unsecured and repayable on demand.

10 INCOME TAX

Tax expenses for the financial years ended December 31, 2023 and 2022 are made up of:

	2023	2022
	US$	US$
Current tax	1,147,332	680,060

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% for 2023 and 2022.

The total charge for the year can be reconciled to the profit before tax as follows:

	2023	2022
	US$	US$
Profit before tax	6,958,733	5,238,705
Income tax expense calculated at 17%	1,182,985	890,579
Effect of non-deductible expenses and non-taxable income	151,609	(169,504)
	1,334,594	721,075

11 SHARE CAPITAL

	2023	2022	2023	2022
	No. of shares		US$	US$
Ordinary shares, issued and paid up				
As of beginning and end of year	100	100	7,525	7,525

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions, and rank equally with respect to the Company's residual assets.

12 REVENUE

	2023	2022
	US$	US$
Interest income recognised using effective interest method	37,151,247	19,979,338
Technical service income	-	1,158,035
	37,151,247	21,137,373

13 COST OF SERVICES

	2023	2022
	US$	US$
Risk control fee	4,853,597	2,761,260
Technical service fee	3,239,062	1,602,628
	8,092,659	4,363,888

14 OTHER INCOME

	2023	2022
	US$	US$
Bank interest	12,544	909
Other interest income	501,680	67,500
	514,224	68,409

15 OTHER OPERATING EXPENSES

	2023	2022
	US$	US$
Consulting expenses	1,290,038	207,595
Professional service	927,557	67,500
Tax and surcharges	-	504,104
Others	76,260	204,286
	2,293,855	983,485

16 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

	2023	2022
	US$	US$
Financial assets		
Financial assets at amortized cost	13,575,026	6,363,627
Financial liabilities		
Financial liabilities at amortized cost	2,273,928	1,153,940

Fair value of financial assets and financial liabilities

The carrying amounts of cash, loan and advance receivables, other receivable, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Financial risk management policies and objectives

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk. There has been no change to the company's exposure to these financial risks or the manner in which these risks are managed and measured from 2022 to 2023.

(a) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

During the years ended December 31, 2023 and 2022, the Company recognised impairment loss on loans and advances to customers amounting to US$20,239,551 and US$10,615,559 respectively.

(i) Loan and advances to customers

The exposure to credit risk mainly relates to loans to individual customer through the Company's lending activities.

The Company closely monitors credit quality for these loans to manage and evaluate the Company's exposure to credit risk. Credit risk management begins with initial credit assessment and continues through to full repayment of a loan. To assess a borrower who requests a loan, the Company, among other indicators, internally developed risk models using detailed information from internal historical experience including the borrower's prior repayment history with the Company as well as other measures. The Company uses delinquency status and trends to assist in making new and ongoing credit decisions, adjust models, plan collection practices and strategies.

There is no concentration of credit risk for loan receivables.

Loss rates are calculated using methods based on the probability of a receivable progressing through successive stages of delinquency to write-off.

(ii) Cash

As of December 31, 2023 and 2022, the Company held deposits with banks of US$1,533,845 and US$1,274,328 respectively. These amounts are held with reputable banks. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

(iii) Other receivables

Amount due from related company is considered to have low credit risk because the related company has strong financial capacity to meet the contractual obligation. Accordingly, the company has applied the practical expedient under IFRS 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial.

Other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in credit risk since initial recognition, as the company has not identified any indications of adverse changes in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its repayment obligations. The loss allowance is measured at an amount equal to 12- month ECL and is determined to be immaterial.

(b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with tis financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. The Company finances it's working capital through loans from related and third parties and cash flow generated from operation.

All of the Company's financial liability are repayable on demand or due within 1 year as of December 31, 2023 and 2022.

Capital management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern.

The company's overall strategy remains unchanged from 2022. The capital structure of the company consists of net debt and equity of the company. Equity includes share capital and accumulated losses.

The company is not subject to any externally imposed capital requirements.

17 SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through February 20, 2025, the date of issuance of these financial statements. The Company did not identify any other subsequent events that would have required adjustment or disclosure in the financial statements.

营业执照

统一社会信用代码
91110108061301173Y

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名称	中审亚太会计师事务所（特殊普通合伙）
类型	特殊普通合伙企业
执行事务合伙人	王增明
经营范围	审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）
出资额	3410万元
成立日期	2013年01月18日
主要经营场所	北京市海淀区复兴路47号天行建商务大厦20层2206

中审亚太会计师事务所（特殊普通合伙）

登记机关

北京市海淀区市场监督管理局

2024年12月10日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

国家市场监督管理总局监制

会计师事务所
执业证书

名　　　称：中审亚太会计师事务所（特殊普通合伙）

仅供报告使用。

首席合伙人：王增明

主任会计师：

经营场所：北京市海淀区复兴路47号天行建商务大厦20层2206

中审亚太会计师事务所（特殊普通合伙）

组织形式：特殊普通合伙

执业证书编号：11010170

批准执业文号：京财会许可[2012]0084号

批准执业日期：2012年09月28日

证书序号：0014490

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二〇二〇年十二月四日

中华人民共和国财政部制

证书编号：100000951165
No. of Certificate

批准注册协会：中国注册会计师协会
Authorized Institute of CPAs

发证日期：1999 年 9 月 28 日
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CPA任职资格检查合格 BICPA 2010

CPA任职资格检查合格 BICPA 2011

1999 年 9 月 28 日
/y /m /d

姓名 Full name：李敏
性别 Sex：男
出生日期 Date of birth：1963年8月10日
工作单位 Working unit：中兴会计师事务所
身份证号码 Identity card No.：110108630810377

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

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Registration of a Change of Working Unit by a CPA

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2011.12

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CPA任职资格检查合格 BICPA 2015

年 月 日
/y /m /d

姓名：李敏
证书编号：100000951165

CPA任职资格检查合格 BICPA 2014

北京注册会计师协会 CPA 年检专用章

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湖北省注册会计师协会 CPA 2006年度年检专用章

经办人：陈 芳

2007年 5月 25日
年 /y 月 /m 日 /d

证书编号：No. of Certificate 420000394722

批准注册协会：Authorized Institute of CPAs 湖北省注册会计师协会

发证日期：Date of Issuance 2006 年 /y 2 月 /m 17 日 /d

姓名 Full name 周燕

性别 Sex 女

出生日期 Date of birth 1977-10-25

工作单位 Working unit 湖北天衡有限责任会计师事务所

身份证号码 Identity card No. 422204771025242

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中国注册会计师协会

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CPA任职资格检查合格 BICPA 2015
CPA任职资格检查合格 BICPA 2016

姓名：周燕
证书编号：420000394722