

HONG KONG – SINGAPORE BUSINESS ASSOCIATION

Association's registration no: S94SS0078K
(Incorporated in the Republic of Singapore)

REPORT AND FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2023

HONG KONG – SINGAPORE BUSINESS ASSOCIATION

(Association's registration no: S94SS0078K)

REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Committee

Dennis Chiu	Chairman	
Philip Chan Man Ping	President	(Resigned on 5 February 2024)
Reading Mei Pang	Vice-President	
Ye Yunsheng	Vice-President	
Wilson Chu Wai Shun	Honorary Treasurer	
Lee Siong Tek	Honorary Secretary	
Andrew Chan Yue Wing	Committee Member	
Au Chi Yin Ulrica	Committee Member	
Ha Yu Ho	Committee Member	
Huang Yanting	Committee Member	
Florence Tan Suk Phern	Committee Member	
Loi Boon Sim	Committee Member	
Yan Mee Hoon	Committee Member	
John Wong	Committee Member	

Registered office

8 Marina View,
#14-01 Asia Square Tower 1,
Singapore 018960.

Honorary Auditor

Goh Geok Lin

Banker

The Hong Kong and Shanghai Banking Corporation Ltd

HONG KONG – SINGAPORE BUSINESS ASSOCIATION

(Association's registration no: S94SS0078K)

REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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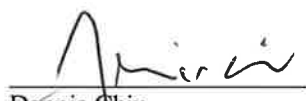
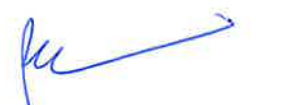
HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee: -

- (i) the accompanying financial statements of the Hong Kong – Singapore Business Association (the Association) set out on pages 5 to 27 are properly drawn up in accordance with the provision of the Society Act 1966 (the Act) and Financial Reporting Standards in Singapore (FRSs), so as to give a true and fair view of the financial position of the Association as at 31 December 2023 and of the financial performance, changes in funds and cash flows of the Association for the financial year then ended; and
- (ii) at the date of this statements, there are reasonable grounds to believe that the Association will be able to pay its debts when they fall due.

ON BEHALF OF THE MANAGEMENT COMMITTEE


Dennis Chiu
Chairman
Wilson Chu Wai Shun
Honorary Treasurer

Date : 3 May 2024

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE
MEMBERS OF HONG KONG – SINGAPORE BUSINESS ASSOCIATION**

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Hong Kong – Singapore Business Association (the Association), which comprise the statement of financial position as at **31 December 2023**, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the the state of affairs of the Association as at 31 December 2023 and the results, changes in funds and cash flows of the Association for the year ended on that date.

Basis for Opinion

I conducted the audit in accordance with Singapore Standards on Auditing (SSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association 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 my audit of the financial statements in Singapore, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ACRA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee set out on page 1.

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

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

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE
MEMBERS OF HONG KONG – SINGAPORE BUSINESS ASSOCIATION

Responsibilities of Management and Management Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSS, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Management Committee is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

**INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE
MEMBERS OF HONG KONG – SINGAPORE BUSINESS ASSOCIATION**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Association have been properly kept in accordance with those Regulations.

There was no fund-raising appeal held during the financial year ended 31 December 2023.



Goh Geok Lin
Honorary Auditor

Singapore
Date : 3 May 2024

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	4	-	712
CURRENT ASSETS			
Trade and other receivables	5	117,424	37,937
Cash and cash equivalents	6	19,277	67,167
		136,701	105,104
TOTAL ASSETS		<u>136,701</u>	<u>105,816</u>
FUNDS			
Balance at beginning of year		80,479	71,367
Total comprehensive (loss)/income for the year		(55,939)	9,112
Balance at end of year		24,540	80,479
LIABILITIES			
CURRENT LIABILITIES			
Other payables	7	112,161	25,337
TOTAL LIABILITIES		<u>112,161</u>	<u>25,337</u>
TOTAL FUNDS AND LIABILITIES		<u>136,701</u>	<u>105,816</u>

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

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Income			
Subscription fees		28,670	25,545
Net surplus from other functions	8	17,126	49,690
Government grant		202	1,757
		<u>45,998</u>	<u>76,992</u>
Other operating expenses	9	(101,937)	(67,880)
(Loss)/profit before income tax		<u>(55,939)</u>	<u>9,112</u>
Income tax expense	10	-	-
(Loss)/profit for the year		<u>(55,939)</u>	<u>9,112</u>
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss)/income for the year		<u><u>(55,939)</u></u>	<u><u>9,112</u></u>

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

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Accumulated Funds S\$	Total Funds S\$
Balance as at 1 January 2022	71,367	71,367
Total comprehensive income for the year	9,112	9,112
Balance as at 31 December 2022 and 1 January 2023	80,479	80,479
Total comprehensive loss for the year	(55,939)	(55,939)
Balance as at 31 December 2023	24,540	24,540

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

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before income tax		(55,939)	9,112
Adjustments for:			
Depreciation of property, plant and equipment		712	713
Impairment loss on trade receivables		-	3,292
Operating profit before change in working capital		(55,227)	13,117
Changes in working capital:			
Trade and other receivables		(79,487)	(33,169)
Other payables		86,824	17,416
Cash used in operations		(47,890)	(2,636)
Income tax paid		-	-
Cash flow used in operating activities		(47,890)	(2,636)
Net decrease in cash and cash equivalents		(47,890)	(2,636)
Cash and cash equivalents as at beginning of the year		67,167	69,803
Cash and cash equivalents as at end of the year	6	19,277	67,167

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

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorized for issue in accordance with a resolution of the Management Committee on 3 May 2024.

1. GENERAL INFORMATION

Hong Kong – Singapore Business Association is registered in Singapore with its registered address at 8 Marina View, #14-01 Asia Square Tower One, Singapore 018960. The principal activities of the Association are to facilitate the successful networking between businessmen of Singapore and Hong Kong, to provide information on trade and joint ventures and assistance in business matching, and to widen business opportunities and exchange of ideas and experiences through contact with fellow members and invited persons.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Association have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs).

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Singapore Dollar (S\$), which is the Association's functional currency. All financial information presented in Singapore Dollar has been rounded to the dollar, unless otherwise indicated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Management is of the opinion that there are no significant judgements made in applying accounting policies and no key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. BASIS OF PREPARATION - CONTINUED

(e) Adoption of new and amended standards and interpretation

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Association has adopted all the new and amended standards which are relevant to the Association and are effective for the annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Association.

(f) Standards issued but not yet effective

The Association has not adopted the following standards applicable to the Association that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 116 <i>Leases</i> : Lease liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Non-current liabilities with Covenants	1 January 2024
Amendments to FRS 7 <i>Statement of Cash Flows</i> and FRS 107 <i>Financial Instruments: Disclosures</i> : Supplier Finance Arrangements	1 January 2024
Amendments to FRS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025

The Management Committee expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue recognition

Revenue is measured based on the consideration to which the Association expects to be entitled in exchanges for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(a) Revenue recognition - Continued

Revenue is recognised when the Association satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Subscription fees

Subscription fees are recognised as a performance obligation satisfied over time.

Annual dinner and other functions events

Revenue from annual dinner and other functions events are recognised when the services have been performed and rendered.

(b) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(b) Taxes – Continued

(ii) Deferred tax - Continued

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of transaction, does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Foreign currencies

(i) Functional and presentation currency

The functional currency of the Association is Singapore Dollar (SGD). As subscriptions and expenses are denominated primarily in SGD, receipt from operations are usually retained in SGD, the Management Committee are of the opinion that the SGD reflects the economic substance of the underlying events and circumstances relevant to the Association.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(c) Foreign currencies - Continued

(ii) Foreign currencies transactions and balances

Foreign currency transactions are measured in the functional currency of the Association and are recorded on initial recognition in the functional currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into SGD at the exchange rates ruling at the reporting date. Exchange gains and losses arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised profit or loss.

(d) Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Useful lives

Computer	3 years
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The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(e) Impairment of non-financial assets - Continued

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss

(f) Financial instruments

(i) Financial assets

The Association's principal financial assets are cash and cash equivalents and trade and other receivables.

Initial recognition and measurement

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

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

Subsequent measurement

• **Debts instruments**

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Association only has debt instruments at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(f) Financial instruments - Continued

(i) Financial assets - Continued

Subsequent measurement - Continued

• **Debts instruments - Continued**

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) Financial liabilities

The Association's principal financial liabilities are other payables.

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Association becomes a party to the contractual provision of the financial instrument. The Association determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not a FVPL, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(f) Financial instruments - Continued

(ii) Financial liabilities - Continued

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(g) Impairment of financial assets

The Association recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association 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.

ECLs are recognised in two stages. 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 ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Association applies a simplified approach in calculating ECLs. Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Association considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(i) Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

(j) Employee benefits

(i) Defined contribution plans

The Association makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) 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 if the Association 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.

(k) 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 Association if that person:
- (i) has control or joint control of the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or of a parent of the Association.

HONG KONG – SINGAPORE BUSINESS ASSOCIATION
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

(k) Related parties - Continued

- B. An entity is related to the Association if any of the following conditions applies:
- (i) The entity and the Association 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 Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.
 - (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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any director (whether executive or otherwise) of the Association.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

4. PLANT AND EQUIPMENT

	Computer S\$
Cost	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	2,138
Accumulated depreciation	
At 1 January 2022	713
Depreciation charge	713
At 31 December 2022 and 1 January 2023	1,426
Depreciation charge	712
At 31 December 2023	2,138
Carrying amount	
At 31 December 2022	712
At 31 December 2023	-

5. TRADE AND OTHER RECEIVABLES

	<u>2023</u> S\$	<u>2022</u> S\$
Amount receivable from members	120,716	30,628
Less: Allowance for expected credit losses	(3,292)	(3,292)
	117,424	27,336
Prepayments	-	10,601
	117,424	37,937

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Trade and other receivables are denominated in Singapore Dollar.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
At beginning of financial year	3,292	-
Provision for expected credit losses (Note 9)	-	3,292
At end of financial year	3,292	3,292

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6. CASH AND CASH EQUIVALENTS

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Cash on hand	190	291
Cash at bank	19,087	66,876
	<u>19,277</u>	<u>67,167</u>

Cash and cash equivalents are denominated in Singapore Dollar.

7. OTHER PAYABLES

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Subscriptions received in advance	99,738	14,894
Accrued operating expenses	12,423	10,443
	<u>112,161</u>	<u>25,337</u>

Other payables are denominated in Singapore Dollar.

8. NET SURPLUS FROM OTHER FUNCTIONS

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Income	142,117	146,490
Expenses	(124,991)	(96,800)
	<u>17,126</u>	<u>49,690</u>

9. OTHER OPERATING EXPENSES

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Advisory fees	12,366	-
Contribution to defined contribution plans	6,782	4,789
Depreciation of property, plant and equipment	712	713
Entertainment expenses	1,536	2,081
Impairment loss on trade receivables (Note 5)	-	3,292
IT expenses	14,256	12,680
Medical fee	140	172
Printing and stationery	378	534
Professional fee	9,792	9,600
Sponsorship	10,000	-
Staff salary	43,986	33,600
Travelling and accommodation	1,267	-
Other operating expenses	613	419
	<u>101,937</u>	<u>67,880</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

10. INCOME TAX EXPENSE

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
<u>Current tax expense</u>		
Current tax	-	-
	-	-

Reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31 December 2023 and 31 December 2022 were as follow:

Reconciliation of effective tax rate

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
(Loss)/profit before income tax	(55,939)	9,112
Tax calculated using Singapore tax rate at 17% (2022:17%)	(9,510)	1,549
Adjustments:		
Non-deductible expenses	121	121
Utilisation of deferred tax assets not recognised	-	(1,670)
Deferred tax assets not recognised	9,389	-
	-	-

The Association's tax status is governed by Section 11(2) of the Singapore Income Tax Act, which may at times result in the effective rate of tax differing from the statutory rate of 17% applicable to corporation. Where the corporate tax rate results in a lower tax payable than that arising from the application of Section 11(2), the corporate tax rate may be applied. In the current year, the corporate tax rate of 17% was applied.

Unrecognised tax losses

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Association has unrecognised tax losses of S\$111,925 (2022: S\$56,696) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
<u>Financial assets measured at amortised cost</u>			
Trade and other receivables (excluding prepayments)	5	117,424	27,336
Cash and cash equivalents	6	19,277	67,167
Total financial assets measured at amortised cost		136,701	94,503
<u>Financial liabilities measured at amortised cost:</u>			
Other payables (excluding subscriptions received in advance)	7	12,423	10,443
Total financial liabilities measured at amortised cost		12,423	10,443

(b) Financial risk management objectives and policies

The main risks arising from the Association's financial instruments are interest rate, foreign exchange, liquidity risks and credit risk. The policies of managing each of these risks are summarised below:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Association has no significant interest-bearing assets and liabilities. Consequently, the Association's income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchanges rates. The Association's exposure to foreign currency risk is minimal as all transactions are dealt with in functional currency.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS – CONTINUED

(b) Financial risk management objectives and policies - Continued

(iii) Liquidity risk

Liquidity risk refers to the risk that the Association is unable to meet its obligations when fall due. The Association monitors its cash flow and its collection on a regular basis as a means of managing liquidity risk.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		<u>Contractual undiscounted cash flows</u>	
	<u>Carrying amount</u>	<u>Total</u>	<u>Within 12 months</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<u>2023</u>			
Other payables (excluding subscriptions received in advance)	12,423	12,423	12,423
<u>2022</u>			
Other payables (excluding subscriptions received in advance)	10,443	10,443	10,443

(iv) Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in a financial loss to the Association. The Association's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and cash equivalents), the Association minimises credit risk by dealing exclusively with high credit rating counterparties

The Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Association has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS – CONTINUED

(b) Financial risk management objectives and policies - Continued

(iv) Credit risk - Continued

To minimise credit risk, the Association has developed and maintained the Association's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Association's own records to rate its debtors. The Association considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Association determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Association categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS – CONTINUED

(b) Financial risk management objectives and policies - Continued

(iv) Credit risk - Continued

The Association's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Association's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
31 December 2023						
Trade receivables	5	Note I	Lifetime ECL (simplified)	120,716	(3,292)	117,424
					<u>(3,292)</u>	
31 December 2022						
Trade receivables	5	Note I	Lifetime ECL (simplified)	30,628	(3,292)	27,336
					<u>(3,292)</u>	

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS – CONTINUED

(b) Financial risk management objectives and policies - Continued

(iv) Credit risk - Continued

Trade receivables (Note 1)

For trade receivables, the Association has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Association determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables					
	Not past due	≤30 days	Days past due		>90 days	Total
	S\$	S\$	31-60 days	61-90 days	S\$	S\$
31 December 2023						
Estimated total gross carrying amount at default	88,240	203	8,002	18,110	6,161	120,716
ECL	-	-	-	-	(3,292)	(3,292)
						<u>117,424</u>
31 December 2022						
Estimated total gross carrying amount at default	13,268	14,068	-	-	3,292	30,628
ECL	-	-	-	-	(3,292)	(3,292)
						<u>27,336</u>

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Association's performance to developments affecting a particular industry.

Exposure to credit risk

The Association has no significant concentration of credit risk. The Association has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS – CONTINUED

(c) Fair value of financial instruments

There are no other differences between the book value and the fair value of the Association's financial assets and liabilities. The Association does not engage in transactions involving financial derivatives.

The carrying amounts of financial assets and financial liabilities of the Association recorded at amortised cost in the financial statements approximate their fair value due to their short-term nature.

12. FUND MANAGEMENT

The Association's objective when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern and to achieve its objectives over the longer term. The Association's funds comprise accumulated profits. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

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DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Income		
Subscription fees	28,670	25,545
Net surplus from other functions	17,126	49,690
Government grant	202	1,757
	<u>45,998</u>	<u>76,992</u>
Less: <u>Operating expenses</u>		
Adviser to chairman	12,366	-
Bank charges	109	-
CPF & SDL	6,782	4,789
Depreciation of property, plant and equipment	712	713
Entertainment expenses	1,536	2,081
Impairment loss on trade receivables	-	3,292
IT expenses	14,256	12,680
Medical fee	140	172
PayPal charges	454	368
Postage charges	115	36
Printing and stationery	378	534
Professional fee	9,792	9,600
Sponsorship	10,000	-
Staff salary	43,986	33,600
Travel & accommodation	1,267	-
Transport charges	44	15
	<u>101,937</u>	<u>67,880</u>
(Loss)/profit before income tax	<u>(55,939)</u>	<u>9,112</u>

The above statement does not form part of the unaudited financial statements of the association and is prepared for management purposes only.