Shanaya
Designed for Recycling

SUPPORTING THE CIRCULAR ECONOMY GROWTH

ANNUAL REPORT **2021**

TABLE OF **CONTENTS**

2	Group Structure
3	What We Do
4	Joint Message from Chairman & CEO
7	Board of Directors
9	Key Management
11	Operating & Financial Review
16	Corporate Information
17	Corporate Governance Report
42	Financial Report
109	Statistics of Shareholdings
111	Notice of Annual General Meeting
117	Information on Directors Seeking Re-election

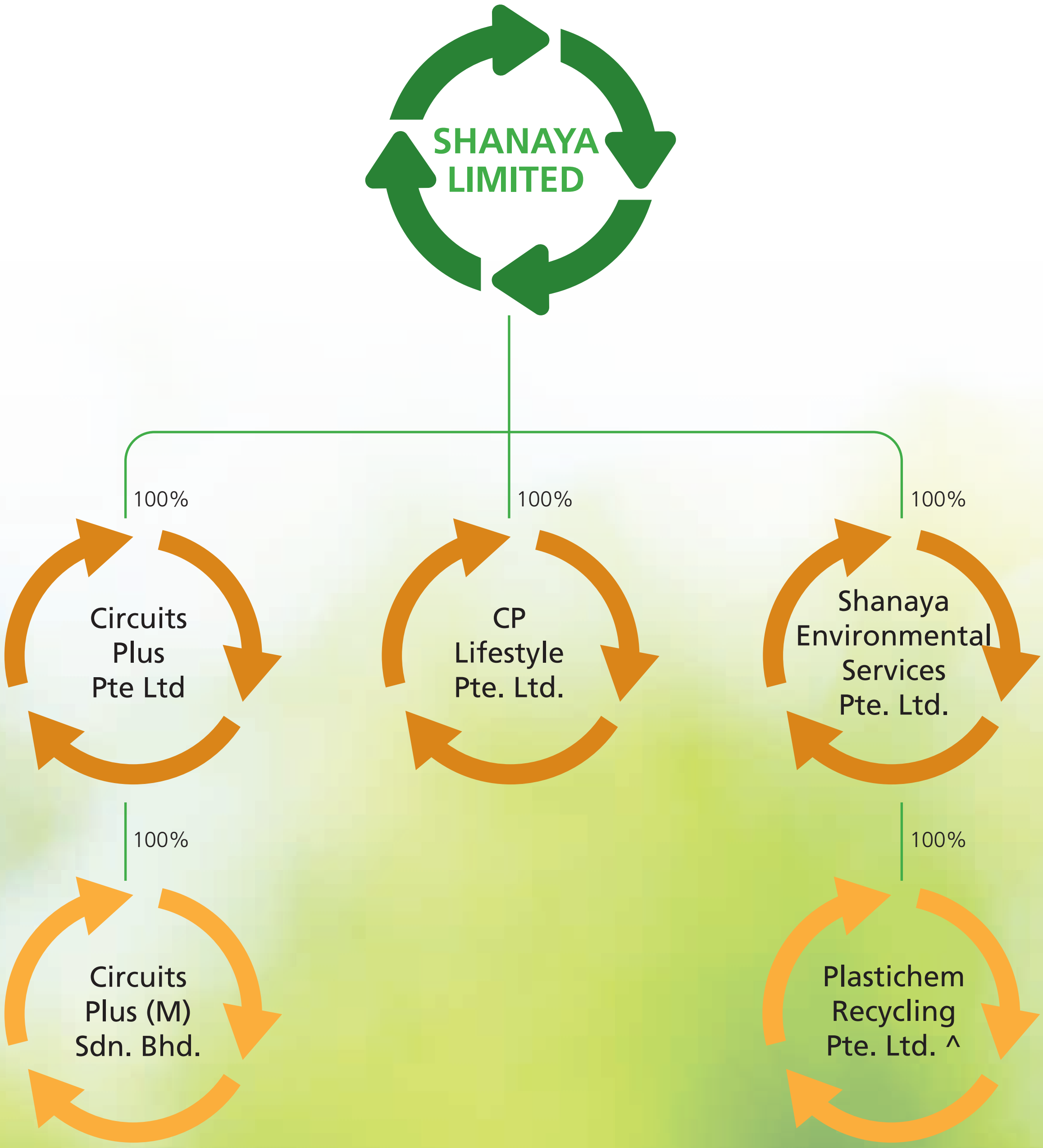
OUR MISSION

To provide our customers with innovative solutions tailored to their specific needs and supporting the Circular Economy.

OUR VISION

To be an integrated solutions provider of environmental services centered on the four pillars of Reduce, Recycle, Recover and Reuse.

GROUP **STRUCTURE**



^ Incorporated on 26 January 2022.

WHAT **WE DO**

Shanaya Group is principally engaged in the provision of waste management and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer, treatment and disposal services to mainly the shipping and cruise industries in Singapore. It carries out its operations through its wholly-owned subsidiary, Shanaya Environmental Services Pte. Ltd. ("**SES**").

Waste management services

SES is licensed by National Environmental Agency ("**NEA**") as a general waste collector to handle waste such as unwanted furniture, electrical appliances, construction and renovation debris, bulky waste, non-putrefiable waste, recyclable waste, food waste (excluding used cooking oil), market waste and waste with a high organic content and which is putrefiable, pursuant to its General Waste Collector Licence (Class A and Class B). As part of the comprehensive suite of waste management and disposal services offered to its customers, SES also collects pyrotechnics from ships for safe disposal under the license of Singapore Police Force.

As far as possible, SES segregates the collected waste at its waste handling facilities at 27 Kian Teck Drive, Singapore 628844 ("**Kian Teck Facility**") and/or 3A Tuas South Street 15, Singapore 636845 ("**Tuas Facility**"), where recyclable materials are segregated from the general waste stream, to be sold to recycling companies at commercial value. These recyclable materials are mainly old corrugated carton boxes, wooden pallets, ferrous and non-ferrous metal scrap, plastic and metallic drums, ropes, pipes, batteries, PVC cables and e-waste.

Kian Teck Facility

Sitting on land area of 2,211.3 square metres, the Kian Teck Facility allows SES to handle industrial, commercial and electronic waste with a permitted design capacity of 50 tonnes per day. As part of the Group's growth plan, certain section of the premises has been earmarked for biomedical waste handling operations and additions and alterations works has been commenced to repurpose it for the new operations which is slated to begin by the first half of FY2022.

Tuas Facility

In May 2021, SES moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the new facility. Occupying a bigger land space of 8,829.6 square meters, the Tuas Facility provides the Group an edge to scale up its existing operations given its larger capacity of handling 220 tonnes of industrial, commercial and electronic waste per day and a storage limit of up to 500 tonnes of waste within the facility at any given time. Location-wise, the Tuas Facility will be within close proximity to the Tuas mega port, which is slated to open progressively from 2021 and targeted by the authorities for completion by 2040.

The larger capacity at Tuas Facility allows the Group to set up an integrated, scalable waste management plant for sorting general waste and treating toxic industrial waste. For general waste handling, Eddy Current System, overhead magnetic separator and other related modular waste sorting machineries have been installed and will be fine-tuned to automate certain processes of general waste sorting. The Group believes this lays the foundation towards growing its recycling revenue and decreasing its waste disposal volume and cost – incidentally contributing to the Circular Economy.

On the toxic industrial waste handling, SES had, on 26 January 2022, obtained licence from NEA for the collection of (i) oil sludge and oily water from cruise and ships, (ii) waste lead-acid batteries, and (iii) polyvinyl Chloride (PVC). The license allows the Group to generate income from both oil waste collection service and the sale of recovered oil.

In alignment with its strategic posture towards deeper engagement in the Circular Economy, the Group had taken steps to explore opportunities of doing more in the recycling space:

i) *Conversion of food waste into biogas for energy and fertilizer for urban farming use*

On 23 December 2021, SES had linked a business collaboration agreement with TRIA Pte. Ltd. to explore synergistic opportunities in organic recycling (aerobic and anaerobic digestion) for food waste and packaging waste.

ii) *Conversion of plastic waste into useable products such as fuel oil and carbon black for industrial use*

On 27 December 2021, SES had entered into a memorandum of understanding with P. Restorer Pte. Ltd. to set up and operate the business of chemical recycling of plastic waste for industrial use.

JOINT MESSAGE FROM **CHAIRMAN & CEO**

"We focused on implementing a business strategy that would align with our Vision, and which would capitalize on opportunities in the new landscape of the Circular Economy that had been reshaped by the pandemic."

Dear Shareholders,

The completion of the reverse takeover ("**RTO**") of CPH Ltd. on 18 August 2021 marked a watershed year for the Company. CPH Ltd. was deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020. The RTO was pursued to inject new business into CPH Ltd. through the acquisition of Shanaya Environmental Services Pte. Ltd. which had a profitable track record in waste management and recycling as detailed in the Company's Circular dated 29 June 2021.

We are pleased to present Shanaya Limited's Annual Report for the financial year ended 31st December 2021 and it is our first report post-RTO of CPH Ltd.

The difficult global economic environment, together with Covid-19 controls on travel, quarantine, social distancing, and mobility, had badly impacted many businesses, especially those that are dependent on tourism and retail services. FY2021 was a year characterized by extraordinary challenges in the Group's business environment in which the cruise industry in Singapore was almost at a standstill for most of the year. As a result, the Group's business was significantly impacted.

In the face of the difficult business conditions, our agility in navigating operational challenges, the robustness of our business model, as well as the dedication, experience and hard work of our Management and staff enabled us to mitigate the impact on our business. We stayed focused on our Vision to be an integrated solutions provider of environmental services; centered on the four pillars of Reduce, Recycle, Recover and Reuse. With the several business development initiatives made in the latter part of the year, we laid the foundation for sustainable growth. In this first Joint Message from the Chairman & CEO, we wish to share details on the nature of our business and progress made to better enhance our engagement with Shareholders.

Overview

Despite the challenges that we faced, the Group's revenue managed to increase by $0.44 million, or 7%, from $5.94 million in FY2020, to $6.38 million in FY2021. At the bottom line, the Group reported a net loss of $4.71 million for FY2021, reversing from a net profit of $0.77 million for FY2020. Excluding the acquisition-related costs of the RTO of CPH Ltd, the Group would have incurred a net loss of $0.43 million for FY2021.

Towards the fourth quarter of FY2021, the Group initiated several measures to diversify and expand its revenue base. This included the commencement of operations at Tuas South Street 15 which adds to the operational capacity we have at Kian Teck Drive. The Tuas South facility brings together in one single location the bulk of all our business activities, serving as general waste disposal facility, waste sorting plant, toxic industrial waste processing plant, open storage area as well as the Group's corporate headquarter. This will increase the efficiency of our operations as well as ensure better quality control for all the services that we provide. Our Kian Teck facility has space allocated for the bio-medical waste treatment and renovation is now underway to repurpose it for the new business with commencement of operations targeted by 2Q2022.

Our people-first culture

The first response to the challenges posed by the Covid-19 pandemic was to safeguard the wellbeing of our staff. After ensuring their safety and wellbeing, we focused on implementing a business strategy that would align with our Vision, and which would capitalize on opportunities in the new landscape of the Circular Economy that had been reshaped by the pandemic.

Our business is scalable

The environmental services industry is a scalable business and when revenue increases, tangible economies of scale can be generated. The amount of waste generated has a high positive correlation with the level of human economic activity which underpins the resilience of the waste management industry. As the economy recovers from the pandemic, we would expect economy of scale to be reaped as the demand for our services increases.

The Covid-19 pandemic's impact on labor supply and worker mobility highlighted the need for high efficiency in waste collection and disposal processes. We analyzed various types of disposable waste considering the cost of disposal per ton, the treatment process required, the scope for mechanization, the content that can be expected to be recovered for recycling, and the revenue that can be generated from the sale of each type of recycled waste and with this data, planned our business strategy for 2022.

Our business is about productivity and value-add

Given the higher labour intensity and low value-add associated with traditional waste management services, productivity and hence, profit margin, can be low. However, the waste management business which the Group has embarked on allows for a natural progression to higher value-add integrated environmental solutions. This is because different types of waste require different forms of collection, disposal, recycling, and recovery for resale; thereby providing the opportunity for differentiated pricing to create a balanced portfolio of services that will smoothen our income streams.

Waste management is a unique business where customers pay to the waste management company for the collection and disposal of their waste, while at the same time providing the waste management company with the raw materials to produce recycled materials that can be sold. In such a situation, customers tend to expect a high quality of service from us. During the year, we articulated and documented our quality control procedures for all aspects of waste management i.e. from collection to disposal, and recycling to recovery and resale. All our staff have and continue to undergo training relevant to their job scope to upskill their technical proficiency and customer servicing. This is important as they are the frontline in our engagement with customers.

Business developments and sustainability

The Group is expanding its green footprint as it rolls out more services in the recycling space.

On the toxic industrial waste management front, the Group had, on 26 January 2022, obtained the license from NEA (National Environment Agency) for the collection of (i) oil sludge and oily water from cruise ships and other vessels, (ii) waste lead-acid batteries, and (iii) polyvinyl chloride (PVC). With the license, the Group has started collecting and treating oil sludge and oily water waste, generating income from both oil waste collection service and the sale of recovered oil.

On the bio-medical waste management front, the Group had placed an order for the bio-medical waste treatment plant which is slated to arrive by May 2022. Upon installation and commissioning at the Kian Teck facility, and subject to the approval by the relevant authorities, the Group hopes to commence operation and to generate income from the treatment of biomedical waste by the first half of FY2022.

To broaden its income streams further, the Group entered into a memorandum of understanding with P. Restorer Pte. Ltd. on plastic-to-chemical recycling (please refer to the Company's announcement dated 27 December 2021). Plastic-to-chemical recycling is an important component of the Circular Economy, with good potential for growth as the amount of plastic waste generated by human economic activity is enormous and is the subject of global concern.

JOINT MESSAGE FROM **CHAIRMAN & CEO**

"We stayed focused on our Vision to be an integrated solutions provider of environmental services; centered on the four pillars of Reduce, Recycle, Recover and Reuse."

The Group had also entered into a business collaboration agreement with TRIA Pte. Ltd. for the recycling of food waste and food packaging waste (please refer to the Company's announcement dated 23 December 2021). The amount of food waste and food packaging waste generated in Singapore is, and will continue to be, significant to support this business initiative.

Outlook

With effect from 1 April 2022, the Singapore Government has reopened its borders to all fully vaccinated travellers, removed all vaccinated travel lanes and transitioned to the new simplified vaccinated travel framework which allows all fully vaccinated travellers, as well as children aged 12 and below, to enter Singapore with just a pre-departure Covid-19 test. On that note, looking ahead, we are cautiously optimistic that the Singapore cruise industry may gradually return to normalcy, setting the Group on a recovery track for its cruise waste management. In recognition of the challenges and uncertainty, the Group will also take a more prudent approach towards maintaining a healthy balance sheet and liquidity position.

As the world recalibrates to a post-pandemic new normal, we look forward to developing our 2022-2024 Strategic Growth Plan. We are confident of the capability to write a new chapter in Shanaya's story. But we will also need to be mindful of the headwinds that we will face amid the prevailing inflationary trends. Rising labor costs is one of our main concerns and makes it all the more important why operational efficiency, high value-add and impeccable customer service are indispensable for sustainable growth. Another area of concern is the increase in utilities and diesel cost in relation to our waste collection and disposal operations. As 2022 unfolds, we look forward to constant engagement with our Shareholders. Together we shall grow Shanaya to be a leading player in the Circular Economy.

Appreciation

On behalf of the Board of Directors, we would like to express our deepest gratitude to our key management and staff for their sacrifice, dedication, resilience, and for riding through the 2021 challenges with us. We would also like to thank our business partners and customers for their unwavering support during these uncertain times. Our thanks also go to our shareholders for their trust and confidence in us.

Sincerely,

Sukhvinder Singh Chopra
Independent and Non-Executive Chairman

Mohamed Gani Mohamed Ansari
Executive Director and Chief Executive Officer

BOARD OF **DIRECTORS**

SUKHVINDER SINGH CHOPRA
Independent and Non-Executive Chairman

Mr Sukhvinder Singh Chopra was appointed to the Board on 18 August 2021. Mr Chopra is an investor, co-founder, board member, executive director and advisor in companies ranging from digital technology, technical certification, to biotech and non-profit organisations. Mr Chopra began his career in the Singapore Armed Forces ("**SAF**") and held several command appointments in support of naval, army and air operations. After the SAF, he held various management roles, including at the Lee Kuan Yew School of Public Policy and at a World Bank funded capacity building project in Afghanistan. He was the Managing Director of a private equity owned technology software and services business and was responsible for its management and business growth. On occasion he does performance coaching and training on leadership and change management. Mr Chopra has kept up to date with the latest regulatory Board requirements through his membership with the Singapore Institute of Directors. He has a Master of Business Administration from the University of Tasmania, Australia.

MOHAMED GANI MOHAMED ANSARI
Executive Director and Chief Executive Officer

Mr Mohamed Gani Mohamed Ansari is the co-founder of Shanaya Environmental Services Pte. Ltd. which was founded in 2002. He was appointed to the Board of Shanaya Limited on 18 August 2021. He is responsible for planning the Group's business strategy and providing guidance to the Management team in executing the plans to realise the strategic objectives. The Group's business strategy encompasses brand-building, market positioning, sourcing of investment, tender participation, and exploring opportunities for joint ventures, mergers and acquisitions.

Mr. Ansari has over 28 years of experience within the waste management and recycling industry. He was previously the Head of Group Business Development (2008-2010) and Executive Director (2010-2012) in Enviro-Hub Holdings Ltd, a company presently listed on the Mainboard of the SGX-ST. He is also a non-executive director of Singapore Precious Metal Refinery Pte. Ltd, Kalisp Realty Private Limited (India), Onaro Recycling Sdn Bhd & Seven Green Recycling Sdn Bhd (Malaysia) and partner of Yanasha Enterprise (Singapore).

Mr. Ansari holds a Master of Business Administration (Marketing) degree from the Annamalai University (India), a Bachelor of Commerce degree from Madurai Kamaraj University (India) and a Diploma in Business Management/ Administration from the College of Professional Management (Britain).

LEE TEONG SANG
Independent and Non-Executive Director

Mr Lee Teong Sang was first appointed to the Board on 16 September 2004 and was last re-elected on 9 July 2021. Mr Lee holds a Bachelor of Pharmacy Degree from the University of London and a Master of Business Administration Degree from the University of Sheffield, UK. Mr Lee has more than 30 years of working experience in banking, equity research and investor relations.

He is currently the principal consultant of Cyrus Capital Consulting. Mr Lee is also an Independent Director of New Wave Holdings Ltd. and a director of Cyrus Corporation Pte Ltd, Kyrus Investment Pte. Ltd. and Scent Loft Pte. Ltd.

BOARD OF **DIRECTORS**

TITO SHANE ISAAC
Independent and Non-Executive Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and last re-elected on 28 September 2020. Mr Isaac is a practicing advocate and solicitor with 25 years of experience in legal practice. He is the founder and managing partner of Tito Isaac & Co LLP, now a full-service 35-lawyer firm, which he founded in 1999 as a one-lawyer practice. Mr Isaac is the firm's leading litigator with extensive trial and appellate experience, having advocated for individuals and corporations from a range of industries in complex, multi-jurisdictional matters. He is a Fellow of the Singapore Institute of Arbitrators; and a Master Mediator as appointed by the Ministry of Law. For his contributions to the legal profession, he has received appreciation awards from The Minister of Law, Singapore in 2008 and 2014. For representing a Korean citizen, Mr Isaac also received an appreciation award from the Minister of Foreign Affairs and Trade, Republic of Korea in 2012. Mr Isaac is also an Independent Non-Executive Director of New Wave Holdings Ltd. and an Independent Non-Executive Director of Hiap Tong Corporation Ltd.

ONG KIAN SOON
Non-Executive Director

Mr Ong Kian Soon was first appointed as an Executive Director of the Company on 29 December 1998. He was re-designated as the Non-Executive Director of the Company with effect from 1 July 2011 and was last re-elected on 28 September 2020. Mr Ong has more than 40 years of experience in the areas of accounting, finance, administration and sales. He is also an Executive Director of New Wave Holdings Ltd.

KEY **MANAGEMENT**

SHITTHI NABESATHUL BATHURIA D/O ABDUL HAMID
Chief Administrative Officer

Ms. Shitthi Nabesathul Bathuria D/O Abdul Hamid is responsible for overseeing the administration, human resources, IT, data security, and system integration functions of the Group.

Ms. Shitthi has extensive experience in the waste management and recycling industry and is the co-founder and Director of the Group's subsidiary Shanaya Environmental Services Pte Ltd. Over the last 28 years Ms. Shitthi has held several finance-focused positions including as an Accountant at APL Logistic Pte Ltd (2009-2010), Senior Finance Executive at the Lee Kuan Yew School of Public Policy (2005-2009), Accounts Executive at the People's Association (2004-2005), Finance Executive at Alexandra Hospital (2000-2003) Senior Accounts Officer at National University Hospital (1998-1999), Accounts Executive at Specargo Forwarding (S) Pte Ltd (1994-1997), and Accounts Assistant at Singapore General Hospital (1988-1994).

Ms. Shitthi has a Bachelor of Science Degree in Accounting & Finance from the University of London. She is a non-executive director of Singapore Precious Metal Refinery Pte Ltd, Yanasha Trading Sdn Bhd, Onaro Recycling Sdn Bhd, Seven Green Recycling Sdn Bhd and is a Partner of Yanasha Enterprise.

SIVAKUMAR MARTIN S/O SIVANESAN
Chief Operating Officer

Mr. Sivakumar Martin S/O Sivanesan is responsible for managing the Group's operations. This includes matters relating to vehicle fleet, logistics and warehouse management. He also ensures compliance with the Group's management systems and the regulations of the environmental services industry including licences and permits.

Mr. Martin has been a director of the Group's subsidiary Shanaya Environmental Services Pte Ltd since 2013 and his additional duties include business development, marketing, sales, public relations, and customer relations. He represents Shanaya Environmental Services Pte. Ltd. at the Waste Management and Recycling Association of Singapore.

Prior to joining the Group, Mr. Martin held senior positions at Cleanway Disposal Services Pte Ltd and was a Director of AL Resources Pte. Ltd., Toh Ban Seng Contractor Pte Ltd and Ban Tiong Soon Contractor Pte. Ltd from 1997 to 2013. Mr. Martin was a Partner at Fast Trax Logistics from 1995-1997.

KEY **MANAGEMENT**

PERUMAL S/O GOPAL
Chief Sales Officer

Mr. Perumal S/O Gopal is the Group's Chief Sales Officer and is responsible for formulating sales and marketing strategies, brand planning and business development. His duties also include customer service and relationships. Mr. Gopal's duties also include contracts management, project management and staff training.

Mr. Gopal has more than 17 years of experience in the waste management industry. Mr. Gopal held the position of Senior Operations Executive at Applied Logistics Pte Ltd (1985-2005), where he supervised the logistics and transportation functions of the company. His additional duties include the care and servicing of the company's customers. Prior to joining Applied Logistics, Mr. Gopal was a Sales Executive at Cleanway Disposal Services Pte Ltd from 2005 to 2013 and an Executive Director of Cleanway from September 2013 to January 2014.

Mr. Gopal has been an Executive Director of the Group subsidiary Shanaya Environmental Services Pte Ltd since 2017.

LOY SUAN CHOO
Chief Financial Officer

Mr Loy Suan Choo is the Chief Financial Officer at Shanaya Limited. He is responsible for the overall finance functions and accounting matters of the Group, including annual budgeting, enterprise risk management, investment appraisal, implementation of internal controls and corporate compliance matters.

Mr. Loy has over 25 years of experience in accounting, audit, and corporate finance. Prior to joining the Group in 2021, he was the Group Chief Financial Officer at Y.E.S F&B Group Pte Ltd from 2018 to 2020. He had also worked as the Group Financial Controller, and thereafter as Chief Financial Officer, at Cogent Holdings Limited from 2010 to 2018. He had also served in senior accountant or managerial capacity at MTQ Corporation Limited (from 2002 to 2009) and Acma Ltd (from 2000 to 2002). His auditing career from 1996 to 2000 includes 3 years in Ernst & Young LLP.

Mr. Loy graduated from the Nanyang Technological University with a Bachelor of Accountancy in June 1996. He is a member of the Institute of Singapore Chartered Accountants.

OPERATING & FINANCIAL **REVIEW**

Formerly known as CPH Ltd., Shanaya Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") was formed pursuant to a reverse takeover ("**RTO**") of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. ("**SES**"). The RTO was completed on 18 August 2021, and the Company changed its name to "Shanaya Limited". SES is a home-grown Singapore waste management company, specialising in the collection, transfer, and disposal of waste for industrial and commercial clients, primarily serving the shipping and cruise industries in Singapore.

Following the completion of the RTO, the principal business of the Group is those of SES. SES is regarded as the accounting acquirer (legal acquiree) and the Company as the accounting acquiree (legal acquirer). As such, the consolidated financial statements have been prepared and presented as a continuation of SES's financial statements.

The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in Singapore Financial Reporting Standards (International) SFRS(I) 3 Business Combinations ("**SFRS(I) 3**"), but it does not result in the recognition of goodwill, as the Company was deemed as a cash company and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 Share-based Payment, which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company's identifiable net assets represents a service received by the legal subsidiary, SES, and is recognised as an expense or income in the statement of comprehensive income.

The application of reverse acquisition accounting involves the following treatments:

(a) the assets and liabilities of the accounting acquirer, SES, are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;

(b) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of SES immediately before the RTO;

(d) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of SES immediately before the RTO and the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and

(e) the comparative figures presented in these consolidated financial statements of the Group are those of the financial statements of SES.

REVIEW OF THE GROUP'S PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		
	FY2021 S'000	**FY2020 S'000**	**Change %**
Revenue	6,381	5,939	7%
Other income	172	238	-28%
Employee benefits expense	(1,808)	(1,591)	14%
Amortisation of right-of-use assets	(374)	(202)	85%
Depreciation of property, plant and equipment	(678)	(334)	103%
Loss allowance on trade receivables	(79)	(23)	243%
Other operating expenses	(3,668)	(2,667)	38%
Finance costs	(405)	(288)	41%
Profit before exceptional items	(459)	1,072	n/m
Exceptional items:			
Acquisition-related cost	(1,022)	(131)	680%
Loss on reverse acquisition	(3,262)	–	n/m
(Loss)/Profit before tax	(4,743)	941	n/m
Income tax expense	32	(167)	n/m
(Loss)/Profit for the period, net of tax	(4,711)	774	n/m

n/m not meaningful

OPERATING & FINANCIAL **REVIEW**

Group revenue increased by $0.44 million, or 7%, from $5.94 million to $6.38 million for FY2021. The improvement was mainly driven by higher recycling revenue generated as well as collection of oily waste to commence trial run on the treatment and disposal of oil sludge and oily water. Notwithstanding the Group had commenced its operations at its facility at 3A Tuas South Street 15, Singapore 636845 ("**Tuas Facility**") since mid-2021, the revenue contribution did not increase significantly as the Singapore cruise industry had not recovered during the entire FY2021, whereas in FY2020, there were 2 months of normal cruise volume during pre-COVID-19 period of January and February 2020.

Other income relates largely to Government grants. The decrease of $0.07 million, or 28%, from $0.24 million to $0.17 million for FY2021 was primarily due to the decline in the amount of grant received under the Job Support Scheme during FY2021.

Employee benefits expense increased by $0.22 million, or 14%, from $1.59 million to $1.81 million for FY2021. The increase was mainly due to salary increment and higher trip-based wages incurred to support the revenue increase.

Amortisation of right-of-use assets increased by $0.17 million, or 85%, from $0.20 million to $0.37 million for FY2021. The increase was mainly due to cessation of capitalisation of amortisation in respect of land lease at 3A Tuas South Street 15 w.e.f. 1 June 2021, partially offset by the effect of full settlement made in respect of certain motor vehicles during FY2020.

Depreciation of property, plant and equipment increased by $0.35 million, or 103%, from $0.33 million to $0.68 million for FY2021. The increases were mainly due to the commencement of depreciation w.e.f. 1 June 2021 in respect of the Tuas Facility, as well as reclassification of certain motor vehicles from right-of-use assets to property, plant and equipment for depreciation purpose following full settlement of their lease liabilities towards end of FY2020.

Other operating expenses increased by $1.00 million, or 38%, from $2.67 million to $3.67 million for FY2021. The increase was primarily attributable to the following:

(i) Increase in direct operating costs of $0.51 million, or 24%, which was disproportionately higher as compared to the revenue increase, for the following reasons:

   (a) Port subcontractor cost increased as labour cost rate increased amidst the pandemic-triggered labour shortage;

   (b) Profit margin advantage was relatively compromised during FY2021 due to the shift towards servicing more cargo shipping customers which generally had lower propensity to go beyond the concessionary charge rate for minimum volume given their typically low volume of waste discharge compared to cruise; and

   (c) Increase in purchase of scrap to generate recycling revenue.

(ii) Increase in vehicle overhead of $0.15 million, or 52%, largely due to higher diesel cost driven by higher diesel price.

(iii) Increase in general and administrative expenses of $0.33 million, or 139%, largely due to the following:

   (a) $0.09 million of allowance for impairment of right-of-use assets in recognition of the damage caused by fire in December 2021;

   (b) $0.05 million of increase in property tax associated with Tuas Facility; and

   (c) additional administrative and compliance expenses incurred after the completion of RTO in August 2021, including directors' fees of $0.05 million.

Finance costs increased by $0.12 million, or 41%, from $0.29 million to $0.41 million for FY2021. The increase was mainly due to increase in interest on term loans, lease liabilities and non-trade payables to shareholders, partially offset by absence of interest expense incurred on loan from third party.

In relation to the RTO, the Group had recognised the following exceptional one-off expenses (collectively, the "**RTO Financial Effects**") in FY2021:

(i) $1.02 million of acquisition-related cost which comprises non-recurring professional fee incurred for the reverse acquisition, an increase of $0.89 million, or 680%, from prior year's $0.13 million; and

(ii) $3.26 million of loss on reverse acquisition, representing the excess of the purchase consideration over the net identifiable assets of the Company acquired.

As a result of the above, the Group registered net loss of $4.71 million for FY2021, reversing from net profit of $0.77 million for FY2020, due mainly to the RTO Financial Effects. Excluding the RTO Financial Effects, the Group would have incurred net loss of $0.43 million for FY2021.

REVIEW OF THE GROUP'S FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Group		
	31.12.2021 S'000	31.12.2020 S'000	Change %
Non-current assets	19,686	17,940	10%
Current assets	6,713	3,026	122%
Non-current liabilities	17,353	14,553	19%
Current liabilities	3,756	2,498	50%
Equity	5,290	3,915	35%

Non-current assets

Non-current assets increased by $1.75 million, or 10%, from $17.94 million as at 31 December 2020 to $19.69 million as at 31 December 2021, mainly due to the following:

(i) additional cost incurred for the construction of Tuas Facility of $0.99 million;

(ii) purchase of motor vehicles of $0.23 million;

(iii) purchase of plant and machinery largely for the general waste management and toxic waste management operations of $1.28 million; and

(iv) recognition of additional right-of-use assets in respect of new motor vehicles purchased under finance leases of $0.54 million;

partially offset by depreciation of $0.68 million, amortisation of right-of-use assets of $0.52 million (including capitalised portion), and allowance for impairment of right-of-use assets of $0.09 million.

Current assets

Current assets increased by $3.68 million, or 121%, from $3.03 million as at 31 December 2020 to $6.71 million as at 31 December 2021, mainly due to an increase in cash and bank balances of $3.81 million, offset by a decrease in trade and other receivables of $0.13 million.

Non-current Liabilities

Non-current liabilities increased by $2.80 million, 19%, from $14.55 million as at 31 December 2020 to $17.35 million as at 31 December 2021, mainly due to the following:

(i) non-trade payables to shareholders of $2.80 million in respect of the deferred payment consideration pursuant to the RTO;

(ii) drawdown of additional bank term loans of $1.32 million for purchase of new machinery and construction of Tuas Facility;

(iii) drawdown of additional bank term loans of $1.00 million for working capital purpose;

(iv) additional lease liabilities of $0.44 million arising from purchase of motor vehicles; and

(v) increase in deferred tax liabilities of $0.01 million;

partially offset by:

(i) reclassification of bank term loans from non-current to current of $2.25 million; and

(ii) reclassification of lease liabilities from non-current to current of $0.52 million.

The $2.80 million non-trade payables to shareholders represents the net present value of the $3.00 million RTO consideration payable as at 31 December 2021. The amount was treated as a non-current liability after SES's ex-shareholders (who are also the current shareholders of the Company) had agreed to the Company's deferral of the settlement due date from 18 August 2022 to 18 August 2023. Such deferral in settlement had kept the Group's current ratio at a healthy level of 1.8 as at 31 December 2021.

Current liabilities

Current liabilities increased by $1.26 million, 50%, from $2.50 million as at 31 December 2020 to $3.76 million as at 31 December 2021, mainly due to the following:

(i) drawdown of additional bank revolving loans of $0.20 million for working capital requirement;

(ii) loan of $0.79 million acquired upon completion of reverse acquisition;

(iii) reclassification from non-current portion to current portion in respect of bank term loans of $2.25 million;

(iv) reclassification from non-current to current portion in respect of lease liabilities of $0.52 million; and

(v) increase in trade and other payables of $0.31 million;

partially offset by:

(i) repayment of $2.19 million of bank loans;

(ii) repayment of $0.44 million of lease liabilities; and

(iii) decrease in income tax payable of $0.18 million.

Equity

Total equity was $5.29 million as at 31 December 2021 as compared to $3.92 million as at 31 December 2020. The increase of $1.37 million, or 35%, resulted from the increase in share capital by $8.84 million, by way of issuance of new shares pursuant to the RTO which was partially offset by:

(i) the reverse acquisition reserve of $2.76 million arising from the cash consideration payable to SES's ex-shareholders pursuant to the RTO; and

(ii) net loss of $4.71 million for FY2021.

OPERATING & FINANCIAL **REVIEW**

REVIEW OF THE GROUP'S CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group	
	FY2021 S'000	FY2020 S'000
Net cash generated from/(used in)		
- operating activities	608	2,244
- investing activities	5,495	(1,367)
- financing activities	(2,286)	(197)
Net increase in cash and cash equivalents	3,817	680
Cash and cash equivalents at beginning of year	1,085	405
Cash and cash equivalens at end of year	4,902	1,085

Operating activities

In FY2021, net cash generated from operating activities was $0.61 million after accounting for operating cash flows before working capital changes of $1.19 million and net working capital change of $0.44 million which were partially offset by tax paid of $0.14 million. The net cash outflow from working capital changes of $0.44 million resulted from a decrease in trade and other payables of $1.02 million offset by a decrease in trade and other receivables of $0.58 million.

Investing activities

In FY2021, net cash generated from investing activities was $5.49 million due to (i) proceeds from disposal of a property held-for-sale of $6.50 million; and (ii) net proceeds from reverse acquisition of $0.06 million; partially offset by (i) purchase of new plant and equipment of $0.88 million; (ii) advance payments made for acquisition of plant and equipment of $0.08 million; and (iii) additions to right-of-use assets of $0.11 million.

Financing activities

In FY2021, net cash used in financing activities was $2.28 million due to (i) repayment of bank borrowings of $2.19 million; (ii) repayment of obligations under lease liabilities of $0.44 million; (iii) interest payments of $0.53 million; and (iv) payment of acquisition-related cost of $0.32 million; partially offset by fresh proceeds of bank borrowings of $1.20 million.

As a result of the above, cash and cash equivalents increased by $3.82 million, or 352%, to $4.90 million as at 31 December 2021.

WEATHERING THE MAJOR CHALLENGES ARISING FROM COVID-19

During FY2021, the Group faced the following major business challenges arising from the COVID-19 pandemic:

(i) Battered cruise industry

The Group's core strength lies in the provision of waste management services to cruise ships in Singapore. Since March 2020, the COVID-19 pandemic had grounded Singapore's cruise activities to a halt. In November 2020, the Singapore Tourism Board worked with Genting Cruise Lines and Royal Caribbean International to restart cruises for Singapore residents in a pilot scheme that allows cruise ships to operate at 50 percent capacity with stringent COVID-19 safety measures including pre-departure COVID-19 tests. Notwithstanding such measures which managed to secure more than 400,000 domestic passengers on close to 300 "cruise to nowhere" sailings[1], given the total visitor arrivals (to Singapore) in 2021 at only 330,000 (due to travel restrictions and border closures)[2], the state of the cruise industry has yet to recover to pre-Covid levels.

(ii) Increasing fuel cost

The global crude oil price rose steadily since bottoming out in May 2020. Such increase was primarily driven by the global crude oil demand outpacing supply amid increased COVID-19 vaccination rates, loosening of pandemic-related restrictions and a growing global economy. As a result, the Group experienced a sharp increase in its fuel cost during 2021.

(iii) Manpower crunch

Amid the border control measures and tightening of foreign labour quota, the Group experienced challenges in sourcing adequate labour for its operations.

With the trend of rising global inflation possibly exacerbated by the Ukraine invasion, there is concern over the extent to which the global oil price will increase and its impact on the price of other cost items. The increase in global interest rates is also another area the Group is monitoring closely given that approximately 39% of its loans and lease liabilities are serviced at floating rates.

[1] *https://www.todayonline.com/ingapore/spore-cruises-set-call-some-regional-ports-2022-after-talks-asean-governments-stb-1798956*

[2] *https://www.todayonline.com/singapore/visitor-arrivals-singapore-hit-record-low-330000-2021-amid-covid-19-travel-restrictions-1798931*

STRENGTHENING THE GROUP'S POSITION AND PERFORMANCE

(i) Revenue future-proofing

In the context of the high business uncertainty and challenges, the Group relentlessly explores opportunities in feasible waste management segments which have sustainable growth potential. With its current mainstream income coming from general waste collection and disposal, the Group had acquired its own facility and equipment at its Tuas Facility to collect, treat and recycle oil waste, and had, on 26 January 2021, obtained full approval from NEA to proceed with its inhouse oil waste treatment.

Plans are also afoot for the Group to embark on new areas of waste management, such as the biomedical waste management, wood waste recycling, food waste management and plastic-to-chemical recycling. To that end, the Group had placed order for certain types of plant and machinery including bio-medical waste incinerator and wood pelletiser. When the integrated general waste sorting plant at the Tuas Facility is fully functional, it will be used to separate different forms of waste for recycling. With the progressive roll-out of such plans, the Group aims to future-proof its revenue sources and reduce its reliance on a single or a few customer industries.

(ii) Overhead management

The Group identifies and monitors key overheads that has considerable impact on its profit margin. It continually explores means for keeping costs at a manageable level.

Waste collected from the Group's customers are segregated into 4 main categories:

(a) recyclable waste
(b) incinerable waste
(c) non-incinerable waste; and
(d) electronic waste

The Group seeks to reduce its waste disposal cost by sifting out recyclable content from the general waste it has collected. With this, the Group aims to achieve higher recycling rate and revenue and lower waste disposal cost.

Where possible, the Group would also be on the look-out for service opportunities where customers can send their waste directly to the Group's Tuas Facility. That way, it could help optimise utilisation of its waste facility and minimise fuel costs.

(iii) Manpower management

The Group adopts technologies and automated processes to help reduce the heavy reliance on manual labour in the field of waste segregation work. A good example would be the integrated general waste sorting plant located at its Tuas Facility which is expected to facilitate the waste segregation activities, cutting down the use of excavators and manpower. The technologies employed are scalable and can be replicated.

As at 31 December 2021, the Group had invested $2.72 million in integrated recycling plant for general waste handling and oil waste handling.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Mr Sukhvinder Singh Chopra
Independent and
Non-Executive Chairman

Mr Mohamed Gani Mohamed Ansari
Executive Director and
Chief Executive Officer

Mr Lee Teong Sang
Independent and
Non-Executive Director

Mr Tito Shane Isaac
Independent and
Non-Executive Director

Mr Ong Kian Soon
Non-Executive Director

COMPANY SECRETARY
Mr Yoo Loo Ping

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
t: +65 6536 5355
w: boardroomlimited.com

AUDITOR
BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
t: +65 6828 9118
w: bdo.com.sg

Partner-in-charge
Mr Tan Boon Kai
Appointed since the financial year ended 31 March 2021

BOARD COMMITTEES
Audit Committee
Mr Lee Teong Sang (Chairman)
Mr Tito Shane Isaac
Mr Sukhvinder Singh Chopra

Nominating Committee
Mr Tito Shane Isaac (Chairman)
Mr Lee Teong Sang
Mr Sukhvinder Singh Chopra
Mr Mohamed Gani Mohamed Ansari

Remuneration Committee
Mr Sukhvinder Singh Chopra (Chairman)
Mr Tito Shane Isaac
Mr Lee Teong Sang

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

REGISTERED OFFICE
3A Tuas South Street 15
Singapore 636845
t: +65 6316 2023
f: +65 6862 0304
w: shanayagroup.com

COMPANY REGISTRATION NO.
199804583E

PLACE OF INCORPORATION
Singapore

DATE OF INCORPORATION
19 September 1998

PRINCIPAL BANKERS
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

CORPORATE GOVERNANCE **REPORT**

Shanaya Limited (formerly known as CPH Ltd.) (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders and maximising long-term success of the Company and Group.

The following report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "**Code**") for the financial year from 1 January 2021 to 31 December 2021 ("**FY2021**") and the relevant provisions in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Rules of Catalist**"). The Board of Directors of the Company (the "**Board**") is pleased to inform that the Company is substantially in compliance with the principles and provisions of the Code and any deviations are explained below. Such compliance is regularly reviewed to ensure transparency and accountability.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The functions of the Board, apart from its statutory responsibilities, include:

- deciding and approving strategic plans, key business initiatives, major investments and funding requirement matters;
- providing entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- monitoring the performance of the Management and the Group towards achieving adequate shareholders' values, including but not limited to reviewing the financial performance of the Group;
- ensuring the adequacy and effective internal controls and risk management system to safeguard shareholders' interest and Group's assets;
- identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- constructively challenging Management and review its performance;
- setting the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders are understood and duly met;
- considering sustainability issues as part of its strategic formulation;
- ensuring transparency and accountability to key stakeholder groups; and
- ensuring compliance with the Code, the Companies Act 1967 of Singapore ("**Companies Act**"), the Company's Constitution, the Rules of Catalist, accounting standards and other relevant statutes and regulations.

CORPORATE GOVERNANCE **REPORT**

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself/herself from discussions and decisions involving the issue of conflict and refrains from exercising any influence over other members of the Board in respect of the issue.

The Board meets at least twice in a year to approve, amongst others, the Group's half year and full year financial results. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings. At each meeting, the Board is provided with adequate and timely information by Management on matters to be deliberated, thus facilitating an informed decision-making process.

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. Management provides the Board with half-yearly accounts as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. Besides the Board papers, Directors are also updated on initiatives and developments on the Group's business and are provided with statistics and explanatory materials as necessary. Management also provides at each meeting an updated report on risk management and internal controls. All Directors are given separate and unrestricted access to Management at all times in carrying out their duties. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished by Management. When necessary, the Directors, whether as a group or individually, can seek independent professional advice at the Company's expense for the discharge of their duties.

All Directors are required to declare their board appointments. When a Director has multiple board representations, the Nominating Committee will consider whether the Director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the Directors' number of listed company board representations and other principal commitments. Directors with multiple board representations must ensure that sufficient time and attention are given to the affairs of the Group.

The Directors also have separate and independent access to the Company Secretary. The Company Secretary is required to attend all Board and Board Committees' meetings and ensures that Board procedures are followed, and that the Company complies with the requirements of the Companies Act and the Rules of Catalist. The Company Secretary also ensures that there are good information flows within the Board and its Board Committees and between Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

To ensure compliance with legislative and regulatory requirements, including requirements under the Rules of Catalist, the Board through Management reviews the relevant compliance reports and ensures that Management seeks the Board's approval of such reports or requirements.

Directors have unrestricted access to Management at all times. Directors are entitled to request from Management and provided with such additional information as needed to make informed and timely decisions. Should Directors, whether as a group or individually, require independent advice relating to the Company's affairs, the Company will appoint a professional external advisor to render the relevant advice. The cost of such professional external advice will be borne by the Company.

In compliance with the Rules of Catalist, the Board provides a negative assurance statement to the shareholders in its half-yearly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

The Company has procured undertakings from all Directors and Executive Officers in compliance with Rule 720(1) of the Rules of Catalist.

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, major investments and divestments, corporate or financial restructuring, share issuances, fundings, major policies on key areas of operations, dividends to shareholders, release of the Group's half-year and full-year results and interested person transactions of a material nature.

To facilitate effective management, the Board delegates certain functions to the various Board committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), all of which operate within clearly defined terms of reference and functional procedures. Each of these Board Committees reports its activities regularly to the Board with their decisions and recommendations. However, the ultimate responsibility on all matters lies with the Board. The terms of reference and further details of the activities of the Board Committees in FY2021 are set out under the respective sections in this Report.

The Company recognises the importance of appropriate training for its Directors. The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. The Company will also ensure that first-time Directors undergoes the training as prescribed by the Rules of Catalist. Mr Sukhvinder Singh Chopra and Mr Mohamed Gani Mohamed Ansari were appointed during FY2021. Mr Sukhvinder Singh Chopra has completed the Listed Entity Director Programme conducted by the Singapore Institute of Directors in March 2022. Mr Mohamed Gani Mohamed Ansari was previously an executive director in public company listed on SGX-ST.

Directors are constantly kept abreast of latest developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in briefings, seminars and workshops. The training of Directors will be arranged and funded by the Company.

Briefing and updates provided to the Directors for FY2021 include:

– briefing by the external auditor, BDO LLP, on the developments in financial reporting and governance standard at the half-yearly financial review meetings;

CORPORATE GOVERNANCE **REPORT**

– updates by the corporate secretary on regulatory changes in light of the COVID-19 situation including extension of time for holding meetings and filing annual returns, and subsequent updates on conduct of meetings; new rules on statutory audit and changes to rules on qualifications of property valuers and standards for property valuation reporting issued through Singapore Exchange Regulation (SGX RegCo); and updates to the SGX Guidance Note on Accounting Standards for Financial Statements.

– updates on relevant developments and amendments to listing rules and releases issued by SGX-ST.

The Directors also attend other appropriate courses and seminars to keep abreast with changes in regulations, financial reporting standards, continuing listing obligations as well as industry-related matters during FY2021.

The Board meets regularly on a half-yearly basis and ad-hoc Board Committee or Board meetings are convened when they are deemed necessary. The number of Board and Board Committee meetings held during FY2021 and the attendance of each Director are set out as follows:

Number of meetings										
	Board Meetings		AC Meeting		NC Meeting		RC Meeting		General Meetings[5]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Sukhvinder Singh Chopra[1]	2	1	2	1	1	–	1	–	3	–
Mohamed Gani Mohamed Ansari[2]	2	1	2	1*	1	–	1	–	3	–
Lee Teong Sang	2	2	2	2	1	1	1	1	3	3
Tito Shane Isaac	2	2	2	2	1	1	1	1	3	3
Ong Kian Soon	2	2	2	2[3]	1	1*	1	1*	3	3
Choo Tung Kheng[4]	2	1	2	1*	1	1*	1	1*	3	3

Notes:
(1) Mr Sukhvinder Singh Chopra was appointed as Independent and Non-Executive Chairman, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee on 18 August 2021. All required meetings were attended.
(2) Mr Mohamed Gani Mohamed Ansari was appointed as Executive Director and Chief Executive Officer and a member of the Nominating Committee on 18 August 2021. All required meetings were attended.
(3) Mr Ong Kian Soon resigned as a member of the Audit Committee on 18 August 2021 and attended "By Invitation" basis thereafter.
(4) Mdm Choo Tung Kheng resigned as Managing Director on 18 August 2021.
(5) The Company held three (3) general meetings in FY2021: an annual general meeting on 9 July 2021 and two (2) extraordinary general meetings on 24 February 2021 and 4 August 2021.
* Attendance at meetings that were held on a "By Invitation" basis.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board currently comprises five (5) Directors, one (1) of whom holds an executive position:

Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Sukhvinder Singh Chopra	Independent Non-Executive Chairman	Member	Member	Chairman
Mohamed Gani Mohamed Ansari	Executive Director and Chief Executive Officer	–	Member	–
Lee Teong Sang	Independent Non-Executive Director	Chairman	Member	Member
Ong Kian Soon	Non-Executive Director	–	–	–
Tito Shane Isaac	Independent Non-Executive Director	Member	Chairman	Member

As the majority of the Board is made up of Non-Executive Directors, the Company is in compliance with provision 2.3 of the Code. The Chairman of the Board is independent and more than one-third of the Board members are Independent Directors. Hence, the Board and the NC are satisfied that the Board has substantial independent elements to exercise objective judgment on corporate affairs independently.

As set out under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the company. The NC assesses and reviews annually the independence of a Director bearing in mind the salient factors as set out under the Code as well as all other relevant circumstances and facts.

Each Non-Executive Director is required to complete a checklist annually to confirm his independence based on the provisions as set out in the Rules of Catalist, the Code and the Practice Guidance. The NC adopts the Catalist Rule 406(3)(d) and the Code's definition of what constitute an "independent" director in its review. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The NC takes into account, among other things, whether a Director has a business relationship with the Company, its related companies and its substantial shareholders, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC had reviewed the independence of the three Independent Directors, namely Mr Sukhvinder Singh Chopra, Mr Lee Teong Sang and Mr Tito Shane Isaac. Having made its review on an annual basis, taking into consideration the independence checklist provided by the Independent Directors as mentioned under Principle 2 above and the requirements of Rule 406(3)(d) of the Rules of Catalist, the NC has affirmed that Mr Sukhvinder Singh Chopra, Mr Lee Teong Sang and Mr Tito Shane Isaac have satisfied the criteria for independence. Each of the Independent Directors has also confirmed his independence.

Mr Lee Teong Sang and Mr Tito Shane Isaac have served as Independent Directors of the Company for more than nine years from the date of their respective appointment. In anticipation of Rule 406(3)(d)(iii) of the Rules of Catalist that will

CORPORATE GOVERNANCE **REPORT**

take effect on 1 January 2022 in respect of a director who has served on the board for an aggregate period of 9 years from the date of his appointment, the shareholders had at the extraordinary general meeting of the Company held on 4 August 2021 ("**EGM 2021**"), approved the resolutions on the continuation of Mr Lee and Mr Isaac as Independent Directors until the earlier of (i) their retirement or their resignation, or (ii) the conclusion of the Company's third annual general meeting following the EGM 2021.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The current board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting and finance, business and management experience, industry knowledge, management, legal practices, strategic planning and customer-based experience and knowledge. This enables Management to benefit from the external and expert perspectives of the Directors who constructively challenge key issues and strategies put forth by the Management.

The NC has reviewed annually the composition and size of the Board to ensure that the size is appropriate for effective decision making. The Board, with the concurrence of the NC, is of the view that the size is appropriate, having taken into consideration the nature and scope of the Group's operations. The NC is also of the view that the current Board comprises persons who collectively, have core competencies necessary to lead and manage the Group effectively.

The Board comprises members with expertise in business management, legal, industry knowledge and experience and investor relations which would provide various perspectives to the Board and thus better support the Company's achievement of its strategic objectives.

The NC will continuously review the composition, balance and diversity of the Board on an annual basis, considering the ongoing requirements of the Group to ensure that it possesses the necessary competencies to be effective.

The Company does not have a Board diversity policy but its Board consists of professionals from various disciplines. It recognises that a diverse Board of an appropriate size is an important element which will better support the Company in achieving its strategic objectives, fostering constructive debate and avoiding groupthink. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, gender, age and culture, nationalities, tenure of service and other distinguishing qualities of the Directors. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Notwithstanding that, the Company will consider the adoption of the Board diversity policy during the financial year ending 31 December 2022 ("**FY2022**")

To facilitate more effective check on management, the Independent Directors meet as and when necessary and at least once a year without the presence of the Management.

The Non-Executive Directors communicate regularly to discuss matters related to the Group, including, inter alia, the performance of the Management in the absence of the Executive Directors and Management. Where appropriate, the Independent Directors provide feedback to the Board after such meetings.

Chairman and Chief Executive Officer

***Principle 3**: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Mr Sukhvinder Singh Chopra, an Independent Non-Executive Director holds the position as Chairman of the Board, and Mr Mohamed Gani Mohamed Ansari, the Executive Director and Chief Executive Officer ("**CEO**"), were appointed on 18 August 2021 after the RTO. Both positions are held by separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making.

The Chairman leads the Board to ensure effectiveness on all aspects of its role. With assistance from the Company Secretary who co-ordinates with the Management and CEO, the Chairman sets the meeting agenda and ensures that Directors are provided with complete, adequate and timely information. Board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meetings. The Chairman ensures effective communication with shareholders and encourages constructive relations within the Board and between the Board and Management by promoting a culture of transparency and openness in such relationship and in discussion at meetings. Management staff who have prepared the Board papers or who can provide additional insights into the matters to be discussed at Board Meetings, are invited to carry out presentations or attend the Board meeting at the relevant time, as and when appropriate. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance.

The CEO works with the Board to determine the strategy for the Group and is responsible for the mapping of business plans and operational decisions of the Group. The CEO also works together with Management to ensure that the Group operates in accordance with its strategic and operational objectives.

All the Board Committees are chaired by Independent Directors and at least one-third of the Board consists of Independent Directors.

As the Chairman is a separate independent individual, there is no need for a lead independent director to be appointed.

Board Membership

***Principle 4**: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.*

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises four (4) Directors; namely, Mr Tito Shane Isaac (Chairman), Mr Lee Teong Sang, Mr Sukhvinder Singh Chopra and Mr Mohamed Gani Mohamed Ansari. A majority of the NC, including its Chairman, are independent.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the NC have been approved and adopted. The key responsibilities of the NC include, to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees (including alternate directors, if any);
- review and nominate a Director for re-election to the Board, having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent;
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as Director of the Company;
- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/Chief Executive Officer) and key management personnel;
- review the training and professional development programmes for the Board and its directors; and
- other acts as may be required by the SGX-ST and the Code of Corporate Governance from time to time.

The Company does not have a formal criteria of selection for the appointment of new directors to the Board. The appointment of a new director would be required when a vacancy on the Board arises or when the NC has assessed and identified certain expertise and skills that are required in the context of strengths and weaknesses of the existing Board to complement and strengthen the Board.

In identifying suitable candidates, the NC may:

1. advertise or use services of external advisers to facilitate the search;
2. approach alternative sources such as the Singapore Institute of Directors; or
3. consider candidates from a wide range of backgrounds from internal or external sources.

After short listing the candidates through comparing the needs of the Board against the skills and experience offered by each candidate, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have sufficient time to devote to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Rule 720(4) of the Rules of Catalist states that the Company must have all Directors submit themselves for re-nomination and re-appointment at least once every three years and the Company is in compliance with this Rule. The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and re-appointment. The review ensures that the Director to be re-nominated or re-appointed has contributed to the ongoing effectiveness of the Board, exercised sound business and objective judgment, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

According to Article 97 of the Company's Constitution, Mr Tito Shane Isaac and Mr Ong Kian Soon will retire at the Company's forthcoming Annual General Meeting ("**AGM**"). Mr Isaac and Mr Ong are eligible for re-election and have consented to continue in office, and the Board has accepted the NC's recommendation for their re-election. In making the recommendation, the NC had considered the overall contribution and performance of Mr Isaac and Mr Ong. Mr Isaac and Mr Ong do not have any relationships, including immediate family relationships with the other Directors, the Company or its substantial shareholders. The disclosure of information on the Director seeking re-election can be found on pages 117 to 123 of the Annual Report.

The Board has not capped the maximum number of listed company board representations each Director may hold as the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments, and not guided by a numerical limit. All Directors are required to declare their Board representations annually. When a Director has multiple board representations and principal commitments, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Mr Sukhvinder Singh Chopra, Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Ong Kian Soon, who sit on multiple board representatives presently, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Directors of the Company, notwithstanding their multiple board appointments.

In making this assessment, the NC has considered the size and composition of the Board and the nature and size of the Group's operations.

The NC has reviewed the time and attention spent on the Company's affairs, and is satisfied that all the Directors have discharged their duties adequately for the financial year in review.

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his independence, performance or his re-nomination as Director, or in any matter where he has an interest.

The Company currently does not have any alternate director on Board and none of the Directors hold shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and principal commitments is set out below:

Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Sukhvinder Singh Chopra	61	Independent Non-Executive Chairman	18 August 2021	–	Nil	Nil	• Executive Director, SGVector Pte. Ltd. • Director, Solutions to End Poverty (STEP) Ltd. • Director and Non-Executive Chairman, TSC Global Limited • Director and Non-Executive Chairman, Qiji Holding Pte Ltd • Advisor, DataSwift Limited • Advisor, Civica Pte Ltd. • Adjunct Trainer, Lee Kuan Yew School of Public Policy, National University of Singapore

Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Mohamed Gani Mohamed Ansari	63	Executive Director and CEO	18 August 2021	–	Nil	Nil	• Director, Kalisp Realty Private Limited • Director, Onaro Recycling Sdn Bhd • Director, Seven Green Recycling Sdn Bhd • Director, Shanaya Environmental Services Pte. Ltd. • Director, Singapore Precious Metal Refinery Pte. Ltd. • Partner, Yanasha Enterprise (formerly known as Shanaya Recycling) • Director, Plastichem Recycling Pte. Ltd.

CORPORATE GOVERNANCE **REPORT**

Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Lee Teong Sang	62	Independent Non-Executive Director	16 September 2004	9 July 2021	New Wave Holdings Ltd.	Nil	• Principal Consultant, Cyrus Capital Consulting • Director, Cyrus Corporation Pte Ltd, • Director, Kyrus Investment Pte. Ltd. • Director, Scent Loft Pte. Ltd.
Ong Kian Soon	66	Non-Executive Director	29 December 1998	28 September 2020	New Wave Holdings Ltd.	Nil	Chief Executive Officer, New Wave Holdings Ltd.
Tito Shane Isaac	51	Independent Non-Executive Director	30 August 2006	28 September 2020	New Wave Holdings Ltd. and Hiap Tong Corporation Ltd.	Nil	Managing Partner, Tito Isaac & Co LLP

Board Performance

***Principle 5**: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.*

On an annual and formal basis, the NC will assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board as well as the effectiveness of each Board Committee.

Due to the RTO in August 2021 and the appointment of new directors, Mr Sukhvinder Singh Chopra and Mr Mohamed Gani Mohamed Ansari then, the NC is of the view that the Board is relatively new and it may be difficult to evaluate the performance of the Board and Board Committees given the short period of time. The NC, having considered the aforesaid, had decided to defer the evaluations to FY2022 to allow more time for the Board to interact and know each other better to provide more meaningful evaluations.

Prior to the RTO, the Company had adopted an internal process for evaluating the effectiveness of the Board as a whole and its Board Committees. The Board had also approved a set of performance criteria against which actual performance are measured. The current performance criteria for the evaluation of the Board as a whole and its Board Committees includes, inter alia, the structure of the Board and the Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls, recruitment and evaluation, compensation, succession planning, financial reporting and communications with shareholders.

With the onboarding of new Board members following the RTO, the NC will review the internal process and propose a set of revision to the performance criteria for the Board and Board Committees (if needed).

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6*: *The Board has a set of formal and transparent procedures for developing policies on Director and Executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel ("KMP"). No Director is involved in deciding his or her own remuneration.

The RC comprises three (3) Directors; namely, Mr Sukhvinder Singh Chopra (Chairman), Mr Lee Teong Sang and Mr Tito Shane Isaac. The Chairman and all members of the RC are non-executive directors and are independent.

The written terms of reference of the RC have been approved and adopted. The key responsibilities of the RC include, to:

- review and recommend to the Board a framework of remuneration that will attract, retain and motivate Directors and key management personnel and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;

- review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly-generous;

- consider whether Directors, the Chief Executive Officer and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and

- consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or in holding other senior management positions and directorships.

As part of its review, the RC shall ensure that the Directors and key management personnel are appropriately remunerated based on industry benchmarks and other comparable companies. The RC will also take into consideration the Company's relative performance and the performance of individual Directors.

The RC's recommendations will be submitted for endorsement by the Board. The RC from time to time and, where necessary, will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix remuneration for Directors and KMPs. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2021. None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

CORPORATE GOVERNANCE **REPORT**

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

In its review and recommendations for remuneration and the remuneration framework, the RC ensures that the Directors and KMPs are appropriately remunerated based on industry benchmarks and other comparable companies. The RC also takes into account the Group's relative performance and the performance of individual Directors and KMPs, linking rewards to corporate and individual performance. Accordingly, ensuring that remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term.

Executive Directors are paid a basic salary, allowances and performance-related bonus for their contributions. The performance-related bonus was payable based on both qualitative and quantitative performance criteria. Qualitative criteria included leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets.

The Non-Executive Directors receive a directors' fee for their effort and time spent, responsibilities and level of contribution to the Board and Board Committees, and are subject to shareholders' approval at the AGM of the Company. The RC also ensures that the remuneration of the Non-Executive Directors are appropriate to their level of contribution and they should not be over-compensated to the extent that their independence is compromised. There are no share-based compensation schemes in place for Non-Executive Directors. No Director is involved in deciding his or her own remuneration package.

The Company had entered into fixed-term service agreements with the Executive Directors, namely Mr Mohamed Gani Mohamed Ansari and Mdm Choo Tung Kheng. Mdm Choo had resigned during the financial year and accordingly her service agreement is terminated. The service agreement of Mr Ansari is for a term of three (3) years and will automatically be renewed on an annual basis, on the same terms.

The Group had entered into service agreements of employment with the KMPs. Such service agreements typically provide for the salaries payable to the KMPs, their working hours, medical benefits, annual leave entitlement, grounds for termination and certain restrictive covenants.

All revisions to the remuneration packages for the Directors and KMP are subject to the review and approval of the Board.

Having reviewed and considered the variable components of the Executive Directors and the KMP's remuneration, the Company does not use contractual provisions to allow the Company to reclaim incentive components of the remuneration from Executive Directors and KMPs in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board is of the view that full disclosure of the specific remuneration of each individual Director and Chief Executive Officer is not in the best interests of the Company, taking into account the sensitive nature of the subject, the highly competitive business environment in which the Group operates and the potential negative impact such disclosure will have on the Group. Despite having varied from Provision 8.1(a) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code by disclosing on a named basis and in bands of S$250,000 including the provision of a breakdown in percentage terms, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

	Salary %	**Bonus** %	**Others** %	**Fees** %	**Total** %
Remuneration Band and Name of Director					
Below S$250,000					
Sukhvinder Singh Chopra	–	–	–	100	100
Mohamed Gani Mohamed Ansari	81	7	12	–	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Ong Kian Soon	–	–	–	100	100
Choo Tung Kheng(1)	88	8	4	–	100

Note:

(1) Mdm Choo Tung Kheng resigned as Managing Director on 18 August 2021.

There were only four (4) KMPs (who are not Directors or the CEO) for FY2021. As such, disclosure was only made in respect of the remuneration of these four KMPs of the Group. A breakdown, showing the level and mix of each of the KMP's remuneration (who are not Directors or the CEO) in bands of S$250,000, or S$100,000-S$199,999 for those who are substantial shareholders or spouse of a director, for FY2021 is as set out below:–

	Salary %	**Bonus** %	**Others** %	**Fees** %	**Total** %
Remuneration Band and Name of Key Management Personnel					
S$100,000 – S$199,999					
Shitthi Nabesathul Bathuria D/O Abdul Hamid(1)	66	6	28	–	100
Sivakumar Martin S/O Sivanesan(2)	66	6	28	–	100
Perumal S/O Gopal(2)	63	6	31	–	100
Below S$250,000					
Loy Suan Choo	79	7	14	–	100

Notes:

(1) Ms Shitthi Nabesathul Bathuria D/O Abdul Hamid is the spouse of Mr Mohamed Gani Mohamed Ansari, the Executive Director and Chief Executive Officer of the Company. She is also a substantial shareholder of the Company.

(2) A substantial shareholder of the Company.

CORPORATE GOVERNANCE **REPORT**

Saved as disclosed in the table above under the remuneration band of S$100,000 – S$199,000, there is no employee of the Group who is a substantial shareholder of the Company, or is an immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the financial year ended 31 December 2021.

The Board believes that the disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of the KMP's remuneration matters.

Save as disclosed above, the Company does not have any other employee who is a substantial shareholder or an immediate family member of a Director, the CEO and substantial shareholders of the Company in FY2021.

The aggregate remuneration paid to the four (4) KMPs, who are not Directors or Chief Executive Officer, for FY2021 is $583,684.

For FY2021, there were no terminations, retirement or post-employment benefits granted to Directors and KMPs other than the standard contractual notice period termination payment in lieu of service. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

***Principle 9*: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

The Board acknowledges that it is responsible for ensuring that Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. At every AC and Board meeting (which is on a half-yearly basis), the AC, together with the Board, reviews the adequacy and effectiveness of the Group's system of internal controls put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Board does not establish a separate Board risk committee as it believes that the current size and complexity of the Group's operations do not merit this. The Board is currently assisted by the AC, the internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as takes appropriate measures to control and mitigate these risks. It reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The AC reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on a yearly basis.

The Company's external auditors ("**EA**") are BDO LLP. As part of the annual statutory audit, the EA will also review and highlight any material weaknesses in internal controls over the areas which are significant to the audit. Any material non-compliances or failures in internal controls and recommendations for improvements are reported to the AC by way of a management letter. The AC also reviews the effectiveness of the actions taken on the recommendations made by the EA in this respect, if any.

The Board has adopted the recommendations of the EA set out in the management letters.

For FY2021, the Board has received written assurance ("**Assurance**") from:

(i) the CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) the CEO and key management personnel that the Company's risk management and internal control systems in place are adequate and effective in addressing the material risks in the Company in its current business environment including material financial, operational, compliance and information technology controls, and risk management systems.

Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors and reviews performed by the Management, various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, which addresses the financial, operational, compliance and information technology controls and risk management systems, were adequate and effective for FY2021. The AC will continue to assess the adequacy and effectiveness of the internal control systems annually.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three (3) Directors; namely, Mr Lee Teong Sang (Chairman), Mr Tito Shane Isaac and Mr Sukhvinder Singh Chopra. The Chairman and all members of the AC are non-executive and independent.

The written terms of reference of the AC have been approved and adopted. The key terms of reference of the AC includes, to:–

- review with the external auditors and the internal auditors their evaluation of the system of internal accounting controls, the audit plans and the audit report including the adequacy, effectiveness, scope and results of the external audit, the reports on the risk management reviews conducted twice yearly, and the independence and objectivity of the external auditors;

- review the financial statements and statement of financial position and statement of comprehensive income including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval;

CORPORATE GOVERNANCE **REPORT**

- review the internal control procedures, its scope and the results and to ensure co-ordination between the external auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits;

- review and report to the Board at least annually, on the adequacy and effectiveness of the Company's internal controls;

- review the adequacy and effectiveness of the Company's internal audit function (as applicable);

- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;

- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

- review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

- review potential conflicts of interest, if any;

- review the assurance from the CEO and CFO on the financial records and financial statements;

- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC;

- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and

- generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made from time to time.

The AC also has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by the Management and has full discretion to invite any Director or executive officer to attend its meetings.

All the members of the AC have had many years of experience in business and financial advisory, corporate and finance, investment and senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient management and/or financial expertise and experience to discharge the AC's functions. None of the AC members were previous partners or Directors of the Company's external audit firm or auditing corporation nor does any of them have any financial interest in the audit firm.

The AC has met with the external auditor, without the presence of Management, in respect of FY2021 audit. Matters discussed include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditor, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC had reviewed the audit plan and AC report presented by the external auditor. The AC also received from the external auditor regular updates on changes and amendments to accounting standards to enable the AC members to keep abreast of such changes, and issues which have a direct impact on financial statements. Following its review, the AC recommended to the Board for approval, the audited annual financial statements. On a half yearly basis, the AC also reviews the interested person transactions, if any, and the financial results announcements before their submission to the Board for approval.

The AC reviews the independence of the external auditor annually. The AC, having reviewed the volume and scope of non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC is also satisfied with the external auditors' confirmation of their independence. The aggregate amount of fees paid to the external auditor of the Company, BDO LLP, broken down into audit and non-audit services during FY2021 is as follows:

Description	**Amount S$'000**	**Percentage of total %**
Audit fees	80	37
Non-audit fees[1]	138	63
Total	**218**	**100**

Note:
(1) The non-audit fees wholly relate to a service engagement as independent reporting auditors for the RTO during FY2021.

Notwithstanding the substantial non-audit fees, given that the expenditure is one-off and the decision for such engagement was made in 2020 instead of 2021, the acceptance of such engagement should not prejudice the independence and objectivity of BDO LLP as the external auditor for the FY2021 audit. On that basis, the AC is satisfied with the objectivity of the work performed by BDO LLP.

Accordingly, the AC has recommended to the Board the re-appointment of BDO LLP as the Company's external auditor at the forthcoming AGM. Circuits Plus Pte Ltd, a wholly-owned subsidiary of the Company which is dormant, is audited by Lee & Hew Public Accounting Corporation. The Board and the AC had reviewed the audit arrangement and are satisfied that the current arrangement will not compromise the standard and effectiveness of the audit for the Group. Accordingly, the Company is in compliance with Rules 712, 715 and 716 of the Rules of Catalist in relation to its external auditors.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested in.

<u>Internal Audit</u>

The Group had outsourced the internal audit function to Yang Lee & Associates ("**YLA**" or "**IA**"). YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls, and other relevant disciplines. IA is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit review.

CORPORATE GOVERNANCE **REPORT**

The AC is responsible for the appointment, termination and remuneration of the accounting or auditing firm or corporation to which the internal audit function of the Company is sourced.

The IA reports directly to the AC and has unfettered access to all Group's documents, records, properties and personnel, including access to the AC, and has full appropriate standing within the Company and full cooperation of the Company.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

An annual internal audit plan is submitted to the AC. The internal audit scope is within the internal audit requirements that have been agreed by the AC. The key objectives of the internal audit functions are as follows:

- review the Group's primary business segment in Singapore in which they operate, on a risk-oriented process based audit;

- appraise Management and report to the AC concerning the adequacy and effectiveness of the system of internal controls; and

- assist the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The IA completed one review during FY2021 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the IA, Management's responses, and Management's implementation of the recommendations have been reviewed and discussed with the AC.

The AC met with the IA without presence of the Management in relation to the work done for the financial year under review. The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the IA's scope and the internal audit function for FY2021.

<u>Whistleblowing Policy</u>

The AC is responsible for oversight and monitoring of whistleblowing. The Company has, with the help of the AC, formulated the guidelines for a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The employee may report his concerns to his immediate supervisor, or if that is unsuitable, then to the Head of Department or to any Executive Director. The employee may choose to email directly to auditcom@shanaya.com.sg for the attention of the AC members. The whistle-blowing policy shall not be prejudiced in his position in any way as a result of such reporting, and the identity of the whistle-blower will be kept confidential. The whistle-blower who has not himself or herself engaged in serious misconduct or illegal conduct shall be protected from any forms of harassment, retaliation, and in the case of an employee of the Group, any adverse employment or career advancement consequence or discrimination, including but not limited to demotion, dismissal or reduction of compensation or privileges of employment.

No whistle-blowing reports had been received for FY2021.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11**: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Constitution of the Company. All shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively in and vote at general meetings of the Company. Prior to and/or at general meetings, shareholders will be informed of the rules and voting procedures relating to the general meetings.

The Company's Constitution permits voting in absentia only by appointment of proxy. Whilst there is no limit imposed on the number of proxy votes for relevant intermediaries, the Constitution of the Company allows each shareholder (other than a relevant intermediary as defined in Section 181(6) of the Companies Act) to appoint up to two proxies to attend annual general meetings. The Companies Act allows relevant intermediaries which include entities holding capital markets services licence to provide custodial services for securities, banking corporation licensed under the Banking Act 1970 of Singapore and the CPF Board to appoint multiple proxies.

The Company tables separate resolutions at general meetings on each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of the meeting is accompanies, where appropriate, by an explanation or circular in respect of the proposed resolution. A proxy form is always prepared together with the notice of general meeting provided to the shareholders. The resolutions will be put to vote by poll and an announcement of the results showing the number of votes cast and against each resolution and the respective percentages for general meetings will be made subsequent to the meeting.

The Company encourages shareholders' participation at general meetings and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairman of each of the Board Committees. All Directors, save for those appointed after the general meetings held, were present at general meetings held by way of electronic means for FY2021. The Company's external auditors are also present at the AGMs to assist the Board in addressing any queries from shareholders in respect of the conduct of audit and the preparation and content of the auditors' report.

All resolutions at general meetings will be via poll to better reflect shareholders' shareholding and promote greater transparency. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced immediately at the meeting and also disclosed via SGXNET on the same day.

CORPORATE GOVERNANCE **REPORT**

The Company will publish its minutes of general meetings of shareholders, which record substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and Management, on its corporate website as soon as practicable.

2021 AGM

As a precautionary measure due to the COVID-19 situation in Singapore, the Company has adopted the alternative arrangements for the convening, holding and conducting of the AGM for FY2021 in accordance with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), as set out in the second column of the First Schedule of the Order. The alternative meeting arrangements put in place for the conduct of the 2021 AGM included (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), (ii) submission of questions to the Chairman of the meeting in advance of the AGM, and (iii) voting at the AGM by appointing the Chairman of the meeting as proxy.

2022 AGM

In view of the ongoing COVID-19 situation in Singapore, the forthcoming 2022 AGM will again be convened and held by way of electronic means on 28 April 2022, pursuant to the Order. The same alternative arrangements for the AGM will be put in place as last year except that this year, shareholders will be given at least 7 days from the date of the AGM notice circulation to submit questions to the Company and the Company shall reply to those questions by way of announcement on SGXNet at least 48 hours prior to the deadline for proxy form submission. Such revised practice would more equitably allow shareholders make informed voting decision prior to submitting their proxy forms.

Minutes of the AGM to be held in April 2022 will be published on SGXNET within one (1) month after the AGM date, in accordance with the requirements under the alternative meeting arrangements.

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the Group's operating results, cash flows projections and investment plans. The Company does not propose any dividend payment in view of the Group's accumulated losses as at 31 December 2021.

Engagement with Shareholders

***Principle 12**: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

The Company is committed to maintaining high standards of corporate disclosure and transparency and will ensure that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory requirements and the Rules of Catalist. The Company also strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects. The Company believes that supplying reliable and timely information will strengthen the relationship with its shareholders based on trust and accessibility.

The Company values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and the corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. For meetings held by way of electronic means in FY2021, shareholders were given sufficient time to pose their questions and were given the choice to either pose them electronically via an e-platform set up for the purpose, or to send their questions via emails or by letters through the post.

Shareholders are provided with the half-yearly and full year results as well as annual financial reports on a timely manner. In presenting the annual financial statements and half-yearly financial results announcements to shareholders, it is the aim of the Board to provide the shareholders with adequate analysis, explanation and assessment of the Group's financial position and prospects. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via the SGXNET. Notice of general meeting is announced through SGXNET, posted on the corporate website.

The Directors may decide, if the need arises, to organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledges its obligation to furnish timely information to shareholders and ensures full disclosure of material information in its Annual Report to comply with statutory requirements and the Rules of Catalist is made. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has appointed a professional investor relation firm to handle matters pertaining to investor relations and shareholder communications.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

***Principle 13*: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company has identified the key stakeholders through an annual assessment of their impact to the Group's operations and vice versa. The stakeholders who could have an impact on the Company's long term sustainability and its service standards are our shareholders, employees, customers, suppliers, regulators as well as the community. The Company regularly engaged the stakeholders through various formal and informal means and through different communication channels including formal meetings, telephonic discussions, induction and training programmes for employees, seminars and trade shows. The Company believes that its interests are best served if the Company could carefully consider and balance the needs and interests of the material stakeholders. Information regarding the Company and its subsidiaries are also available on the SGXNET and the Company's corporate website at http://www.shanayagroup.com/.

General information on the Group such as annual reports, financial results and corporate updates are released on the SGXNET.

CORPORATE GOVERNANCE **REPORT**

Dealings in Securities

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted an internal compliance code to provide guidance to its officers with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Company, Directors and employees of the Group while in possession of unpublished price-sensitive information and during the period commencing one (1) month before the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the results. The Company, its Directors and officers of the Group are also not allowed to deal in the Company's securities on short-term considerations. The Directors and officers are also required to adhere to the provisions of the Companies Act and any other relevant regulations with regard to their securities transactions. Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading periods.

The Board confirms that for FY2021, the Group has complied with Rule 1204(19) of the Rules of Catalist.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder either still subsisting as at 31 December 2021 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Rules of Catalist.

The AC is satisfied that the review procedures for interested person transactions and the reviews to be made half-yearly by the AC in relation thereto are adequate to ensure that interested person transactions, if any, will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company confirms that there were no interested person transactions of S$100,000 or more entered into during the financial year under review.

Non-Sponsorship Fees

The total amount of non-sponsor fees paid/payable to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2021 was $653,690.

Sustainability Report

The Company acknowledges the importance of sustainability risks in today's business environment and will continue to implement appropriate policies and procedures to address such risks. The Group has identified its material environment, social and governance (ESG) factors and they are economic performance, anticorruption, energy conservation, waste management, diversity and equal opportunity for its employment practices, occupational health and safety, corporate governance, enterprise risk management and business ethics.

The Company has changed its financial year end from 31 March to 31 December upon the completion of the RTO on 18 August 2021. As announced by the Company on SGXNET on 20 August 2021, the Company was granted a 12-month grace period to produce a sustainability report from its first full financial year of listing, which is 31 December 2022, and the Company will prepare and publish the same by 31 December 2023.

DIRECTORS' STATEMENT

The Directors of Shanaya Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Mohamed Gani Mohamed Ansari	(Executive Director, Chief Executive Officer, appointed on 18 August 2021)
Sukhvinder Singh Chopra	(Independent, Non-Executive Chairman, appointed on 18 August 2021)
Lee Teong Sang	(Independent, Non-Executive Director)
Tito Shane Isaac	(Independent, Non-Executive Director)
Ong Kian Soon	(Non-Executive Director)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as detailed below:

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interests	
	Balance at 1 April 2021	Balance at 31 December 2021	Balance at 1 April 2021	Balance at 31 December 2021
Company				
Mohamed Gani Mohamed Ansari[(1)]	–	–	–	55,416,666[(2)]
Ong Kian Soon	10,534,000	263,350[(2)]	–	–

Notes:

(1) Mr Mohamed Gani Mohamed Ansari was appointed a director of the Company on 18 August 2021 and is deemed to be interested in the 55,416,666 shares held by his spouse, Mdm Shitthi Nabesathul Bathuria D/O Abdul Hamid.

(2) On 16 August 2021, the shares in the Company were consolidated on the basis of one share for every forty (40) shares held by shareholders.

Pursuant to Section 7 of the Act, Mr Mohamed Gani Mohamed Ansari is deemed to have an interest in a related corporation of the Company at the date of appointment and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 January 2022 in the shares of the Company have not changed from those disclosed as at 31 December 2021.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

DIRECTORS' STATEMENT

6. Audit Committee

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this statement are:

Lee Teong Sang	(Chairman)
Tito Shane Isaac	
Sukhvinder Singh Chopra	(Appointed on 18 August 2021)
Ong Kian Soon	(Resigned on 18 August 2021)

The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following:

(i) reviews the audit plans and results of the external auditor;

(ii) reviews the Group's financial and operational results and accounting policies;

(iii) reviews the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance and information technology risks prior to the incorporation of such results in the annual report;

(iv) reviews the independence, adequacy of resources and the appropriateness of the standing of the internal auditor the effectiveness of the internal audit function;

(v) reviews the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditor's report on those financial statements;

(vi) reviews the half-year and full year announcements on the results of the Group and financial position of the Group and of the Company;

(vii) ensures the co-operation and assistance given by the management to external auditor;

(viii) makes recommendations to the Board on the appointment of external auditor; and

(ix) reviews the Interested Person Transactions as defined in Chapter 9 of the Rules of Catalist of SGX-ST as required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Mohamed Gani Mohamed Ansari
Director

Sukhvinder Singh Chopra
Director

Singapore
5 April 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHANAYA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shanaya Limited (formerly known as CPH Ltd.) (the "Company") and its subsidiaries (the "Group"), as set out on pages 52 to 108, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

1 Accounting for reverse acquisition

On 18 August 2021, Shanaya Limited (formerly known as "CPH LTD") completed its acquisition of the entire share capital of Shanaya Environmental Services Pte. Ltd. ("SES").

The total consideration was $22.0 million which consist of:

1. $3.0 million payable in cash; and

2. issuance of 79,166,665 new ordinary shares at $0.240 (equivalent to $19.0 million) to the shareholders of SES.

The acquisition of SES was treated as a reverse acquisition or reverse takeover ("RTO") for accounting purposes as the shareholders of SES became the controlling shareholders of the Company upon completion of the acquisition. Accordingly, management has assessed and identified SES (being the legal subsidiary in the transaction) as the accounting acquirer, and the Company (being the legal parent in the transaction) as the accounting acquiree.

Accordingly, SES is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles of SFRS(I) 2 *Share-based Payment*, as the Company's operations did not constitute a business under SFRS(I) 3 *Business Combinations* at the time of completion of the RTO.

Given the materiality and complexity of this transaction, the focus on the transaction was on the following areas:

- The determination of the fair values of the equity shares in SES deemed as purchase consideration paid to the Company as disclosed in Note 9(b);

- The recognition of acquisition costs arising from reverse acquisition incurred by SES of approximately $3,262,000 in the profit or loss; and

- The adequacy of disclosure of the RTO in financial statements as disclosed in Note 1.2 and Note 9(b) respectively.

Related Disclosures

Refer to Note 1.2 and Note 9(b) to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Obtained the signed sale and purchase agreement and reviewed the significant terms to obtain an understanding of the transaction;

- Reviewed management's accounting treatment on the reverse acquisition including the acquisition cost and the basis on determining the fair value of the net identifiable assets;

- Evaluated the methodology and checked the accuracy of the calculation of the acquisition cost and the fair value of consideration paid to the shareholders of SES; and

- Reviewed the adequacy of the disclosures relating to the reverse acquisition in the financial statements.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF SHANAYA LIMITED

Key Audit Matters (Continued)

2 Expected credit loss ("ECL") on trade receivables

As at 31 December 2021, the Group had gross trade receivables amounting to $1,249,000, of which a loss allowance of $118,000 was provided. Due to the ongoing impact and developments of the COVID-19, the Group has to continuously assess the credit risk of its trade receivables by developing estimates based on best available information about past events, current conditions and forecast of economic activities in the foreseeable future.

SFRS(I) 9 *Financial Instrument* requires the use of an expected credit losses ("ECL") model to determine the loss allowance for trade receivables. The Group adopted a simplified model of using lifetime ECL to determine the loss allowance of the trade receivables based on historical credit loss experience and aging of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Owing to the estimation uncertainty involved in the measurement of ECL, we have determined this area to be a key audit matter.

Related Disclosures

Refer to Note 3.2(ii) and Note 7 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Discussed with management to obtain an understanding of the basis of management's recoverability assessment;
- Tested the aging report used by management in its recoverability assessment;
- Evaluated management's assessment of the ECL rates, including assumptions surrounding current conditions and forecast of future economic conditions;
- Checked selected outstanding trade receivables to subsequent collections with relevant supporting documents; and
- Assessed the adequacy of the related disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHANAYA LIMITED

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 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 Group'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 Group'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 Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We communicate with the Directors 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Boon Kai.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2022

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
ASSETS					
Non-current assets					
Investments in subsidiaries	4	–	–	25,761	4,014
Property, plant and equipment	5	13,331	11,520	–	–
Right-of-use assets	6	6,355	6,420	–	–
		19,686	17,940	25,761	4,014
Current assets					
Trade and other receivables	7	1,290	1,545	733	1,778
Prepayments		125	–	23	8
Cash and bank balances	8	5,298	1,481	3,148	27
		6,713	3,026	3,904	1,813
Total assets		26,399	20,966	29,665	5,827
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,344	1,500	44,464	24,764
Share-based payment reserve	10	–	–	10	10
Reverse acquisition reserve	11	(2,758)	–	–	–
(Accumulated losses)/Retained earnings		(2,296)	2,415	(20,561)	(19,310)
Total equity attributable to owners of the parent		5,290	3,915	23,913	5,464
Non-current liabilities					
Bank borrowings	12	8,228	8,155	–	–
Lease liabilities	13	6,025	6,105	–	–
Non-trade payables to shareholders	15	2,798	–	2,798	–
Deferred tax liabilities	14	302	293	–	–
		17,353	14,553	2,798	–
Current liabilities					
Trade and other payables	15	1,077	767	2,954	363
Bank borrowings	12	2,156	1,101	–	–
Lease liabilities	13	481	409	–	–
Current income tax payable		42	221	–	–
		3,756	2,498	2,954	363
Total liabilities		21,109	17,051	5,752	363
Total equity and liabilities		26,399	20,966	29,665	5,827

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000 (Restated)
Revenue	16	6,381	5,939
Other items of income			
Other income	17	172	238
Other items of expense			
Amortisation of right-of-use assets	6	(374)	(202)
Depreciation of property, plant and equipment	5	(678)	(334)
Employee benefits expense	18	(1,808)	(1,591)
Loss allowance on trade receivables	7	(79)	(23)
Acquisition-related cost		(1,022)	(131)
Loss on reverse acquisition		(3,262)	–
Other operating expenses		(3,668)	(2,667)
Finance costs	19	(405)	(288)
(Loss)/Profit before income tax	20	(4,743)	941
Tax credit/(expense)	21	32	(167)
(Loss)/Profit for the financial year, total comprehensive income attributable to owners of the parent		(4,711)	774
(Loss)/Earnings per share, attributable to owners of the parent (cents)			
– Basic and diluted	22	(5.13)	0.98

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Reverse acquisition reserve $'000	(Accumulated losses)/ Retained earnings $'000	Total equity $'000
Balance as at 1 January 2021		1,500	–	2,415	3,915
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(4,711)	(4,711)
Issuance of new shares pursuant to reverse acquisition	9(b)	8,844	–	–	8,844
Deferred cash consideration pursuant to reverse acquisition	11	–	(2,758)	–	(2,758)
Balance as at 31 December 2021		10,344	(2,758)	(2,296)	5,290
Balance as at 1 January 2020		1,500	–	1,641	3,141
Profit for the financial year, representing total comprehensive income for the financial year		–	–	774	774
Balance as at 31 December 2020		1,500	–	2,415	3,915

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Operating activities			
(Loss)/Profit before income tax		(4,743)	941
Adjustments for:			
Depreciation of property, plant and equipment	5	678	334
Amortisation of right-of-use assets	6	374	202
Gain on disposal of property, plant and equipment		–	(25)
Property, plant and equipment written-off	5	21	–
Written off on right-of-use assets	6	94	–
Loss allowance on trade receivables	7	79	23
Acquisition-related cost		1,022	131
Loss on reverse acquisition	9(b)	3,262	–
Interest expense	19	405	288
Operating cash flows before working capital changes		1,192	1,894
Working capital changes:			
Trade and other receivables		702	156
Prepayments		(125)	–
Trade and other payables		(1,023)	217
Cash generated from operations		746	2,267
Income tax paid		(138)	(23)
Net cash from operating activities		608	2,244
Investing activities			
Purchase of property, plant and equipment	5	(878)	(1,380)
Increase in deposits for acquisition of property, plant and equipment		(78)	–
Additions to right-of-use assets	6	(108)	(17)
Proceeds from disposal of non-current assets classified as held for sale		6,500	–
Proceeds from disposal of property, plant and equipment		–	30
Cash and cash equivalents acquired on completion of reverse acquisition	9(b)	59	–
Net cash generated from/(used in) investing activities		5,495	(1,367)
Financing activities			
Proceeds from bank borrowings (Note A)		1,203	3,000
Repayment of bank borrowings (Note A)		(2,192)	(469)
Repayment of lease obligations (Note A)		(443)	(417)
Interest paid		(532)	(524)
Increase in restricted cash		–	(396)
Repayment of third party loans		–	(1,200)
RTO expenses paid		(322)	(131)
Dividends paid		–	(60)
Net cash used in financing activities		(2,286)	(197)
Net change in cash and cash equivalents		3,817	680
Cash and cash equivalents at beginning of financial year		1,085	405
Cash and cash equivalents at end of financial year (Note 8)		4,902	1,085

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

STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	1.1.2021 $'000	**Cash flows $'000**	**Additions from reverse acquisition $'000**	**Additions of lease liabilities $'000**	**Additions of property, plant and equipment $'000**	**31.12.2021 $'000**
Lease liabilities	6,514	(443)	–	435	–	6,506
Bank borrowings	9,256	(989)	792	–	1,325	10,384

			Non-cash changes		
	1.1.2020 $'000	**Cash flows $'000**	**Additions of lease liabilities $'000**	**Additions of property, plant and equipment $'000**	**31.12.2020 $'000**
Lease liabilities	6,863	(417)	68	–	6,514
Bank borrowings	3,706	2,531	–	3,019	9,256

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1. CORPORATE INFORMATION

1.1 General corporate information

Shanaya Limited (formerly known as CPH Ltd.) (the "Company") is incorporated and domiciled in Singapore and its shares are publicly traded on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registered office and principal place of business is at 3A Tuas South Street 15, Singapore 636845. The Company's registration number is 199804583E.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 were authorised for issue in accordance with a Directors' resolution dated 5 April 2022.

1.2. Reverse acquisition

The Company completed its acquisition of the entire share capital of Shanaya Environmental Services Pte. Ltd. ("SES") ("Reverse Acquisition") on 18 August 2021 via the issuance of 79,166,665 new ordinary shares at $0.24 (after share consolidation) in the Company and the deferred payment consideration of $3,000,000 to the shareholders of SES payable within 24 months from the date of Reverse Acquisition. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of SES became the controlling shareholder of the Company on completion of the transaction. Accordingly, SES (being the legal subsidiary) in the transaction is regarded as the accounting acquirer and the Company (being the legal parent) as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, financial performance, and cash flows of the SES. Accordingly, the consolidated financial statements are prepared on the following basis:

i) the assets and liabilities of SES are recognised and measured in the consolidated statement of financial position of the Group at their preacquisition carrying amounts;

ii) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

iii) the retained earnings recognised in the consolidated financial statements are the retained earnings of SES immediately before the Reverse Acquisition;

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. **CORPORATE INFORMATION** (CONTINUED)

1.2. **Reverse acquisition** (Continued)

iv) the amount recognised as issued equity interests in the consolidated financial statements of the Group is determined by adding to the issued equity of SES immediately before the Reverse Acquisition and the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) reflects the equity structure of the Company (i.e. the legal parent), including the equity instruments issued by the Company to effect the Reverse Acquisition;

v) the consolidated statement of comprehensive income for the financial year ended 31 December 2021 the full year results of SES together with the post-acquisition results of the Company; and

vi) the comparative figures presented in the consolidated statement of financial position of the Group as at 1 January 2021 are the financial position of SES.

The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in SFRS(I) 3 Business Combinations, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under the Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 Share-based Payment, which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Excess of deemed acquisition cost over the fair value of the Company's identifiable net assets is treated as cost of obtaining a listing by the legal subsidiary corporation, SES.

<u>Separate financial statements of the Company</u>

In connection with the Reverse Acquisition, the Company changed its reporting year end from 31 March to 31 December to be coterminous with reporting year end of the SES. Therefore, the financial statements of the Company for the current reporting year covered the nine months from 1 April 2021 to 31 December 2021.

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. Therefore, in the Company's separate financial statements, the investment in subsidiaries is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

Further details on accounting of the reverse acquisition are provided in Note 9(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in
Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2021

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant or not material to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is obtained by to the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same financial year as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost 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 if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the assets over their estimated useful live as follows:

Leasehold properties	Over the lease term of 14 to 21 years
Renovation	3 years
Computers	3 years
Furniture and fittings	3 years
Motor vehicles	1 to 10 years
Plant and machinery	3 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Construction-in-progress represents plant and machinery under construction, which is stated at cost. Cost comprises the direct costs incurred during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided on construction in-progress. Depreciation commences when the asset is ready for its intended use.

All leased assets were classified as right-of-use assets and accounted for in accordance with Note 2.9 to the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.4 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (Continued)

Impairment allowances for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised on the face of the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment allowances for non-trade receivable from subsidiaries is recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Receivables are considered as credit impaired when significant financial difficulties and non-payment of past due balances have occurred.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payents rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding Goods and Services Tax ("GST") receivables) and cash and cash equivalents in the consolidated statements of financial position.

<u>Credit-impaired financial asset</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 include observable date about the following events:

- significant financial difficulty of the receivable;
- breach of contract, such as default or past due event;
- 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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.5 **Financial assets** (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.6 **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks net of restricted cash.

2.7 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.8 **Financial liabilities**

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes parties to the contractual provisions of the financial instruments.

Financial liabilities of the Group are classified as amortised cost.

The accounting policies adopted for financial liabilities classified as amortised cost are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial liabilities (Continued)

(ii) Bank borrowings

Interest-bearing bank loans and loans from third parties are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.13).

Borrowings are presented as current liabilities unless the Group and the Company have an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

(iii) Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if this subsidiary breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.9 Leases

When the Group is the lessee:

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases with a duration of twelve months or less.

The payments for short-term leases are recognised as an expense on a straight-line basis over the lease term.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

When the Group is the lessee: (Continued)

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such case, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

When the Group is the lessee: (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The estimated useful life of right-of-use assets are as follows:

Leasehold land	Over the lease term ranging from 17 to 21 years
Motor vehicles	2 to 5 years
Plant and machinery	2 to 5 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.4 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.9 **Leases** (Continued)

When the Group is the lessee: (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.10 **Revenue recognition**

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue earned for each contract is determined by reference to these fixed prices.

Provision of waste management and disposal services

Revenue from the provision of waste management and disposal services are recognised at a point in time when the services are performed. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term ranging from 30 to 90 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Revenue recognition (Continued)

Recycling income

Recycling income is recognised at a point in time when the recyclable materials are delivered to the customer.

2.11 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss. Such grants are presented under "Other income".

Grants which are receivable in relation to expenses to be incurred in the subsequent financial period, are included as government grant receivables and deferred government grant income, classified as current assets and current liabilities respectively.

2.12 Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leaves as a result of services rendered by employees up to the end of the financial year.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as 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 not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss.

Deferred tax

Deferred tax is recognised on all temporary 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, and is accounted for using the balance sheet liability method. 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Taxes (Continued)

Deferred tax (Continued)

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 when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.15 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared for payment. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.16 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except as discussed below.

(i) Commencement of depreciation for property, plant and equipment

In determining the commencement date for depreciation, critical judgement is required to determine the assets' readiness for their intended use, by taking into consideration the location and condition of the asset for it to be operating in a manner intended by management.

For an asset to be deemed in a condition for intended use, the technical specification of these assets must be met and this often requires management to exercise their judgement to appropriately identify the relevant components (of the specific asset) that need assembling in order to achieve the intended use of that specific asset.

As at the end of the financial year, the total property, plant and equipment that have not commenced depreciation amounted to $2,723,000 (2020: $7,301,000)

(ii) Accounting for lease

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. Included in the lease arrangements, lease term of a leasehold land is subject to the fulfilment of the minimum investment criteria of $6,000,000 as imposed by the lessor. In determining the lease terms, management considers the likelihood of the fulfilment of the investment criteria.

At the end of the financial year, the Group has invested approximately to $5,586,000 in qualified plant and machinery for investment purposes. Management has determined that the remaining investment of approximately $414,000 would be completed before 14 May 2022, as it is reasonably certain that the investment criteria will be fulfilled. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's business plan or other circumstances unforeseen since it was first estimated.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

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

(i) Impairment of investment in subsidiaries

At the end of each financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. For those subsidiaries with indication of impairment, management determined the recoverable amount using the fair value less costs of disposal using the key assumptions as disclosed in Note 4 to the financial statements. The carrying amount of the Company's investment in subsidiaries as at 31 December 2021 was approximately to $25,761,000 (31 March 2021: $4,014,000).

(ii) Loss allowance on trade receivables

Management determines the expected loss arising from default for trade receivables by categorising them based on the Group's historical credit loss experience and past due status of the trade receivables. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. At every reporting date, historical default rates are updated and changes in the forward-looking estimates which includes Singapore's gross domestic products growth are analysed. The carrying amount of the Group's trade receivables as at 31 December 2021 was approximately to $1,131,000 (31 December 2020: $1,370,000).

(iii) Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

The carrying amount of the Group's current income tax payable as at 31 December 2021 was $42,000 (31 December 2020: $221,000). The carrying amount of the Group's deferred tax liabilities as at 31 December 2021 was $302,000 (31 December 2020: $293,000).

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	31 December 2021 $'000	31 March 2021 $'000
Unquoted equity shares, at cost	45,276	23,399
Discount implicit in inter-company non-interest bearing loan	659	659
Allowances for impairment losses	(20,174)	(20,044)
	25,761	4,014

As at 31 December 2021, the addition of subsidiary relates to Shanaya Environmental Services Pte. Ltd. amounted to $21,877,000 held directly by the Company subsequent to the Reverse Acquisition as described in Note 1.2 and Note 9(b) to the financial statements.

At the end of the current financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries with indicators of impairment. Its subsidiary, Circuit Plus Pte Ltd ("CPS") has been incurring losses. The management has determined the recoverable amount of CPS using the fair value less costs of disposal method which comprised primarily the following methods and assumptions:

Category	Methods and assumptions
Other assets and liabilities	The carrying amount of current assets and current liabilities approximate their fair values.

The fair value hierarchy used in determining the above is considered as Level 3 as the assessment included unobservable inputs. The assessment for impairment as above resulted in recognition of impairment loss of $130,000 (31 March 2021: $1,519,000) for the financial year ended 31 December 2021.

Movements in allowances for impairment losses:

	Company	
	31 December 2021 $'000	31 March 2021 $'000
Balance at beginning of financial year	20,044	18,525
Allowance made during the financial year	130	1,519
Balance at end of financial year	20,174	20,044

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. **INVESTMENTS IN SUBSIDIARIES** (CONTINUED)

The particulars of the subsidiaries are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group 31 December 2021 %	31 March 2021 %
Held by the Company				
Circuits Plus Pte Ltd[(2)]	Singapore	Sale of printed circuit boards and advance interconnect substrates	100	100
CP Lifestyle Pte. Ltd.[(3)]	Singapore	Dormant	100	100
Shanaya Environmental Services Pte. Ltd.[(1)]	Singapore	Collection of waste and waste management	100	–
Held by Circuits Plus Pte Ltd				
Circuits Plus (M) Sdn. Bhd.[(4)]	Malaysia	Dormant	100	100

Notes:

(1) Audited by BDO LLP, Singapore

(2) Audited by Lee & Hew Public Accounting Corporation

(3) Unaudited, the subsidiary is in the process of striking off subsequent to the year ended 31 December 2021.

(4) Unaudited, the subsidiary is in the process of striking off during the financial year.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $'000	Renovation $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group								
Cost								
Balance as at 1 January 2021	4,012	52	34	9	442	2,694	5,405	12,648
Additions	–	89	52	20	234	1,123	992	2,510
Written-off	–	–	–	–	(28)	(4)	–	(32)
Reclassification	6,428	–	–	–	–	(31)	(6,397)	–
Balance as at 31 December 2021	10,440	141	86	29	648	3,782	–	15,126
Accumulated depreciation								
Balance as at 1 January 2021	401	38	33	6	223	427	–	1,128
Depreciation charge	445	26	13	5	69	120	–	678
Written-off	–	–	–	–	(7)	(4)	–	(11)
Balance as at 31 December 2021	846	64	46	11	285	543	–	1,795
Carrying amount								
Balance as at 31 December 2021	9,594	77	40	18	363	3,239	–	13,331

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold properties $'000	Renovation $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group								
Cost								
Balance as at 1 January 2020								
– as previously stated	4,012	52	40	13	1,354	1,251	2,762	9,484
– prior year restatements	–	–	(7)	(6)	(1,132)	(508)	755	(898)
– as restated	4,012	52	33	7	222	743	3,517	8,586
Additions	–	–	1	2	–	1,932	1,888	3,823
Disposals	–	–	–	–	(38)	(49)	–	(87)
Reclassified from right-of-use assets (Note 6)	–	–	–	–	258	68	–	326
Balance as at 31 December 2020	4,012	52	34	9	442	2,694	5,405	12,648
Accumulated depreciation								
Balance as at 1 January 2020								
– as previously stated	195	–	40	12	796	593	–	1,636
– prior year restatements	18	20	(8)	(8)	(635)	(262)	–	(875)
– as restated	213	20	32	4	161	331	–	761
Depreciation charge	188	18	1	2	23	102	–	334
Disposals	–	–	–	–	(38)	(43)	–	(81)
Reclassified from right-of-use assets (Note 6)	–	–	–	–	77	37	–	114
Balance as at 31 December 2020	401	38	33	6	223	427	–	1,128
Carrying amount								
Balance as at 31 December 2020	3,611	14	1	3	219	2,267	5,405	11,520

5. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial years were financed as follows:

	Group	
	31 December 2021 $'000	**31 December 2020 $'000**
Additions to property, plant and equipment	2,510	3,823
Financed via bank borrowings	(1,325)	(3,019)
Trade and other payables	–	1,154
Amortisation of right-of-use assets capitalised (Note 6)	(140)	(342)
Lease liabilities interest expense capitalised (Note 13)	(80)	(200)
Loan interest expense capitalised	(87)	(36)
Cash payments to purchase property, plant and equipment	878	1,380

As at each reporting date, the carrying amounts of the property, plant and equipment pledged as security to secure bank loans granted (Note 12) were as follows:

	Group	
	31 December 2021 $'000	**31 December 2020 $'000**
Leasehold properties	9,594	3,611
Building under construction	–	5,017
Plant and machinery	2,723	1,859
	12,317	10,487

Particulars of the leasehold properties held by the Group are as follows:

Location	**Description**	**Usage**	**Tenure**
27 Kian Teck Drive Singapore 628844	Industrial building with land area of 2,211.3 square metres	Collection, storage, sorting, and disposal of general waste and baling of recyclable materials	30 + 15 years commencing from 16 March 1995
3A Tuas South Street 15 Singapore 636845	Part single/part 2-storey single-user general industrial factory with ancillary office with land area of 8,829.6 square metres	Collection, storage, sorting and disposal of general waste; treatment of oil sludge, oily water, and spent chemicals; temporary storage of pyrotechnics for safe disposal; recycling of wastes; and regeneration of traction batteries.	17 years and 7 months commencing from 15 May 2018 (subject to satisfactory fulfilment of the minimum investment criteria as imposed by JTC Corporation).

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Interest expenses capitalised under property, plant and equipment of the Group are pertaining to the lease liability on the land leasehold land at Tuas South (Note 13) and Term Loan 7 and Term Loan 9 which are used for the purpose of construction of the facility at Tuas South.

6. RIGHT-OF-USE ASSETS

	Leasehold lands $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group				
Balance as at 1 January 2021	5,628	579	213	6,420
Additions	–	543	–	543
Amortisation charges				
– Charged to profit or loss	(227)	(111)	(36)	(374)
– Capitalised under property, plant and equipment (Note 5)	(140)	–	–	(140)
	(367)	(111)	(36)	(514)
Written off	–	–	(94)	(94)
Balance as at 31 December 2021	5,261	1,011	83	6,355
Balance as at 1 January 2020				
– as previously stated	909	–	–	909
– prior year restatements	5,087	795	300	6,182
– as restated	5,996	795	300	7,091
– Reclassified to property, plant and equipment (Note 5)	–	(181)	(31)	(212)
Additions	–	85	–	85
Amortisation charges				
– Charged to profit or loss	(26)	(120)	(56)	(202)
– Capitalised under property, plant and equipment (Note 5)	(342)	–	–	(342)
	(368)	(120)	(56)	(544)
Balance as at 31 December 2020	5,628	579	213	6,420

During the financial year, the Group has written off plant and machinery of approximately $94,000 due to the damage in a fire incident.

6. RIGHT-OF-USE ASSETS (CONTINUED)

Restrictions

Included in the above, motor vehicles and plant and machinery with carrying amounts of $1,011,000 (31 December 2020: $579,000) and $83,000 (31 December 2020: $213,000) respectively, are pledged as security in respect of the lease liabilities of $627,000 (31 December 2020: $368,000) and $116,000 (31 December 2020: $173,000) (Note 13) respectively. The motor vehicles and plant and machinery will be returned to the lessor in the event of default by the Group.

For the purpose of the consolidated statement of cash flows, the Group's additions to right-of-use assets during the financial years were financed as follows:

	Group	
	31 December 2021 $'000	**31 December 2020 $'000**
Additions to right-of-use assets	543	85
Acquired under lease arrangements (Note 13)	(435)	(68)
Cash payments before the lease commencement and initial direct costs	108	17

As at 31 December 2021, included in the right-of-use assets – leasehold lands is $4,782,000 (2020: $5,124,000) with a remaining lease period of approximately 14 years (2020: 15 years) which is subject to the Group being able to fulfil certain minimum investment criteria by 14 May 2022. The Directors are of the opinion that the Group will be able to fulfil the criteria within the extended time.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2021 $'000	**31 December 2020 $'000**	**31 December 2021 $'000**	**31 March 2021 $'000**
Trade receivables				
– third parties	1,249	1,409	–	–
– less: loss allowance for trade receivables	(118)	(39)	–	–
	1,131	1,370	–	–
Non-trade receivables				
– subsidiary	–	–	433	191
– less: loss allowance for non-trade receivables	–	–	–	(191)
	–	–	–	–
Loan to subsidiaries	–	–	300	1,778
Deposits	118	99	–	–
GST receivables	41	56	–	
Government grant receivables	–	20	–	–
	1,290	1,545	733	1,778

Trade receivables from third parties are unsecured, non-interest bearing and generally on 30 to 90 (31 December 2020: 30 to 90) days credit terms.

The non-trade amount due from subsidiary is unsecured, non-interest bearing and repayable on demand.

Prior to financial year ended 31 March 2015, a non-interest bearing loan to a subsidiaries are stated at fair value at inception and classified as non-current financial asset. The difference between the fair value and the loan amount at inception was recognised as additional investment in a subsidiary in the Company's separate financial statements. Subsequently, this loan was measured at amortised cost using the effective interest method. The unwinding of the difference was recognised as interest income in profit or loss over the expected repayment period. At the beginning of financial year ended 31 March 2015, this loan to subsidiary was restructured as an interest-bearing loan with interest rate of 2.25% per annum, it is unsecured and repayable on demand.

Included in the deposits was a deposits of $78,000 (2020:Nil) paid for acquisition of plant and equipment.

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Movements in loss allowance on the Group's trade receivables are as follows:

	Group	
	31 December 2021 $'000	31 December 2020 $'000
Balance as at beginning of the financial year	39	16
Loss allowance made during the financial year	79	23
Balance at end of financial year	118	39
Comprising:		
– non-credit impaired	39	39
– credit impaired	79	–
Balance at end of financial year	118	39

As at 31 December 2021, the Group has credit-impaired trade receivables of $79,000 (2020: Nil) as these customers are in financial difficulties.

Non-trade receivables

Movements in the loss allowance on the Company's non-trade receivables are as follows:

	Company	
	31 December 2021 $'000	31 March 2021 $'000
Balance as at beginning of the financial period/year	191	177
Loss allowance made during the financial period/year	6	14
Written-off	(197)	–
Balance at end of financial period/year	–	191

The non-trade balance receivable from a subsidiary was deemed non-recoverable and has been written off as the loss-incurring subsidiary is in the process of striking off subsequent to the year ended 31 December 2021.

Trade and other receivables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
Cash at bank	5,292	1,480	3,148	27
Cash in hand	6	1	–	–
Cash and bank balances as per statement of financial position	5,298	1,481	3,148	27
Restricted cash	(396)	(396)	–	–
Cash and cash equivalents as per statement of cash flows	4,902	1,085	3,148	27

Restricted cash pertains to bank balances held by the bank for the banking facilities granted.

Cash and cash equivalents were denominated in Singapore dollar.

9. SHARE CAPITAL

	Group			
	31 December 2021		31 December 2020	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid:				
Balance as at the beginning of the financial year	1,229,226	1,500	1,229,226	1,500
Share consolidation[(a)]	(1,198,495)	–	–	–
Balance after share consolidation	30,731	1,500	1,229,226	1,500
Issuance of shares pursuant to reverse acquisition[(b)]	82,083	8,844[(1)]	–	–
Balance as at the end of the financial year	112,814	10,344	1,229,226	1,500

9. SHARE CAPITAL (CONTINUED)

	Company			
	31 December 2021		31 March 2021	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid:				
Balance as at the beginning of the financial year	1,229,226	24,764	1,229,226	24,764
Share consolidation[(a)]	(1,198,495)	–	–	–
Balance after share consolidation	30,731	24,764	1,229,226	24,764
Issuance of shares pursuant to reverse acquisition[(b)]	82,083	19,700[(1)]	–	–
Balance as at the end of the financial year	112,814	44,464	1,229,226	24,764

(1) Included in the amount are amounts pertaining to the issuance and allotment of 1,250,000 and 1,666,666 to Introducer and Sponsor respectively for services rendered in connection with reverse acquisition, at $0.240 per share, amounting to $300,000 and $400,000, respectively.

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

The Company did not have any outstanding treasury shares or subsidiary holdings as at 31 December 2021 and 31 March 2021.

The Company has no outstanding options and convertible securities as at 31 December 2021 and 31 March 2021.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) On 16 August 2021, the Company consolidated its every forty (40) existing shares into one new consolidated share (Share Consolidation). The number of consolidation shares to which shareholders are entitled arising from the Share Consolidation were rounded down to the nearest whole Consolidated Share and any fractions of consolidation arising from the Share Consolidation were disregarded.

(b) As disclosed in Note 1.2, the Company completed its acquisition of the entire share capital of Shanaya Environmental Services Pte. Ltd.("SES") by way of the issuance of 79,166,665 new ordinary shares in the Company to the shareholders of SES and 2,916,666 new ordinary shares in the Company to the Introducer and Sponsor to the Company. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the SES became the controlling shareholders of the Company upon completion of the transaction. SES is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles in SFRS(I) 2 *Share-based Payment*, as the Company's operation did not constitute a business under SFRS(I) 3 *Business Combination* at the time of completion of the reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. SHARE CAPITAL (CONTINUED)

In the consolidated financial statements, the acquisition costs arising from the reverse acquisition was determined using the fair value of the issued equity of the Company amounting to $8,144,000 before the acquisition, being 30,730,539 shares at $0.265 per share, which represents the market value of the Company at the date of completion of the reverse acquisition.

The fair value of the identifiable assets of the Company were as follows:

	Amount $'000
Non-current assets classified as held for sale	8,091
Cash and cash equivalents	59
Other receivables	448
Other payables	(1,298)
Liabilities directly associated with non-current assets classified as held for sale	(1,626)
Bank borrowings	(792)
	4,882

The difference between the purchase consideration and fair values of the identifiable net assets of the Company, amounting to $3,262,000, has been recognised in profit or loss as loss on acquisition costs arising from the reverse acquisition incurred by SES in accordance with SFRS(I) 2 *Share-based Payment*. Cash and cash equivalents of $59,000 has been recognised as proceeds from reverse acquisition under the investing activities in the consolidated statement of cash flows.

In the separate financial statements of the Company, the acquisition costs and deferred cash consideration arising from the reverse acquisition aggregated to $21,877,000 was accounted for as investment in subsidiaries (Note 4). The acquisition costs arising from the reverse acquisition was determined by reference to the issue of 79,166,665 consideration shares at $0.24 per share amounting to $19,000,000 (Note 1.2). The fair value of the deferred cash consideration of $2,877,000 was determined by management after applying effective interest rate of 4.5%.

10. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve represents the fair value of the shares transferred by a former Director and ex-shareholder of the Company at the date of transfer to the employees for services provided to the Group.

The share-based payment reserve is non-distributable.

11. REVERSE ACQUISITION RESERVE

Reserve acquisition reserve is the cash consideration payable for the acquisition of SES which was accounted for as cash distribution to SES's shareholders and is non-distributable. In view that the consolidated financial statements are a continuation of SES's financial statement in conjunction with reverse acquisition, the cash consideration cannot form part of the consideration transferred by acquirer as the Company is the accounting acquiree.

12. BANK BORROWINGS

	Group 31 December 2021 $'000	Group 31 December 2020 $'000
Current		
Term loans – secured		
Term loan 1	–	12
Term loan 2	46	43
Term loan 3	49	44
Term loan 4	231	219
Term loan 5	52	48
Term loan 6	33	30
Term loan 7	314	122
Term loan 8	730	415
Term loan 9	308	168
Term loan 10	96	–
Term loan 11	97	–
	1,956	1,101
Short-term revolving loan	200	–
	2,156	1,101
Non-current		
Term loans – secured		
Term loan 2	–	46
Term loan 3	–	49
Term loan 4	2,218	2,460
Term loan 5	127	179
Term loan 6	76	108
Term loan 7	2,244	2,022
Term loan 8	1,856	2,585
Term loan 9	926	706
Term loan 10	389	–
Term loan 11	392	–
	8,228	8,155

Term loan 1

Term loan 1 commenced on 30 December 2015 and is repayable in 60 monthly instalments. The loan is guaranteed by the Directors of a subsidiary.

The interest rate for the loan is calculated at 2.12% per annum below the Bank's prevailing board rate for loans. The interest rate for this facility is 9.88% per annum.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. **BANK BORROWINGS** (CONTINUED)

Term loan 2

Term loan 2 is a SME working capital loan granted under the Local Enterprise Financing Scheme (LEFS). The loan commenced on 29 December 2017 and is repayable in 60 monthly instalments. It is guaranteed by corporate guarantee (unlimited) from the Company.

The fixed interest rate for this facility is 7% per annum.

Term loan 3

Term loan 3 is a working capital loan which commenced on 29 December 2017 and is repayable in 60 monthly instalments. The loan is secured by the following:

(i) First legal mortgage over the Company's leasehold property at 3A Tuas South Street 15 Lot A3006428 Singapore 636845 ("Property 2");

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

The interest rate for the loan is calculated at 2.88% above the Bank's prevailing board rate for loans. The interest rate for this facility is 10.88% per annum.

Term loan 4

Term loan 4 was taken to finance the purchase of property at 27 Kian Teck Drive, Singapore 628844 ("Property 1"). The loan commenced on 12 November 2018 and is repayable in 156 monthly instalments. It is secured by a first legal mortgage over the leasehold land (Note 6) and Property 1. It is guaranteed by the Directors of a subsidiary.

As at 31 December 2021, the interest for the loan is fixed at certain percentage below the bank's specified interest rate for the first two years and thereafter at the bank's specified interest rate. The interest rate for this facility ranges from 1.98% to 2.28% per annum.

12. BANK BORROWINGS (CONTINUED)

Term loan 5

Term loan 5 commenced on 27 December 2019 and is repayable in 60 monthly instalments. Term loan 5 is guaranteed by the Directors of a subsidiary.

The interest rate for the loan is calculated at 3.12% per annum below the Bank's prevailing board rate for loans. The interest rate for this facility is 8.88% per annum.

Term loan 6

Term loan 6 commenced on 30 December 2019 and is repayable in 60 monthly instalments. Term loan 6 is guaranteed by the Directors of a subsidiary.

The interest rate for this facility is 6.75% per annum based on Bank's prevailing board rate for loans.

Term loan 7

Term loan 7 was taken to finance the construction of Property 2. The loan commenced on 15 May 2020 and is repayable in 120 monthly instalments. It is secured by the following:

(i) First legal mortgage over Property 2;

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

The interest rate for this facility is calculated as 2.50% per annum over the bank's cost of funds or at such other rates as the bank may stipulate from time to time at its absolute discretion. During the year, the average interest rate for this facility was approximately 2.61% per annum (FY2020: 2.92% per annum).

Term loan 8

Term loan 8 is a Temporary Bridging Loan granted under Enterprise Financing Scheme (EFS). The loan commenced on 4 May 2020 and is repayable in 60 monthly instalments. It is guaranteed by corporate guarantee (unlimited) from the Company.

The interest rate for this facility is calculated as 3.00% per annum or such other rate as may be approved by Enterprise Singapore under EFS. The interest rate for this facility is 3.00% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. BANK BORROWINGS (CONTINUED)

Term loan 9

Term loan 9 is a term loan taken to finance the purchase of equipment. The loan commenced on 25 September 2020 and is repayable in 60 monthly instalments. It is secured by the following:

(i) First legal mortgage over Property 2;

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

The interest rate for this facility is calculated as 2.50% per annum flat or effective interest rate of 4.73% per annum. The interest rate for this facility is 4.73% per annum.

Term loan 10

Term loan 10 commenced on 22 October 2021 and is repayable in 60 monthly instalments. The loan is secured by the following:

(i) First legal mortgage over Property 2;

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing 3-month cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the average interest rate for this facility was approximately 2.45% per annum.

12. BANK BORROWINGS (CONTINUED)

Term loan 11

Term loan 11 commenced on 22 October 2021 and is repayable in 60 monthly instalments. The loan is secured by the following:

(i) First legal mortgage over Property 2;

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing 3-month cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the average interest rate for this facility was approximately 2.44% per annum.

Unutilised banking facilities

As at the end of the financial year, the Group has unutilised banking facilities for working capital and capital expenditure amounting to $Nil (31 December 2020: $705,000).

Short-term revolving loan

Short-term revolving loan is drawn down for interest period of 1, 3 or 6 months as may be mutually agreed with the bank. It may be rolled over subject to bank's approval and availability of funds.

The loan is secured by the following:

(i) First legal mortgage over Property 2;

(ii) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of Property 2;

(iii) Corporate guarantee (unlimited) from the Company; and

(iv) First deed of debenture incorporating a fixed and floating charge over the environmental waste machinery/ oil sludge treatment and recovery plant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. BANK BORROWINGS (CONTINUED)

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the average interest rate for this facility was approximately 2.43% per annum.

13. LEASE LIABILITIES

	Leasehold lands $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group				
Balance as at 1 January 2021	5,973	368	173	6,514
Additions	–	435	–	435
	5,973	803	173	6,949
Interest expense				
– Charged to profit or loss (Note 19)	130	27	6	163
– Capitalised under property, plant and equipment (Note 5)	80	–	–	80
	210	27	6	243
Lease payments				
– Principal portion	(210)	(176)	(57)	(443)
– Interest portion	(210)	(27)	(6)	(243)
Balance as at 31 December 2021	5,763	627	116	6,506

	Leasehold lands $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group				
Balance as at 1 January 2020				
– as previously stated	962	–	–	962
– prior year restatements	5,205	452	244	5,901
– as restated	6,167	452	244	6,863
Additions	–	68	–	68
	6,167	520	244	6,931
Interest expense				
– Charged to profit or loss (Note 19)	19	41	11	71
– Capitalised under property, plant and equipment (Note 5)	200	–	–	200
	219	41	11	271
Lease payments				
– Principal portion	(194)	(152)	(71)	(417)
– Interest portion	(219)	(41)	(11)	(271)
Balance as at 31 December 2020	5,973	368	173	6,514

13. LEASE LIABILITIES (CONTINUED)

	Group	
	31 December 2021	**31 December 2020**
	$'000	**$'000**
Contractual undiscounted cash flows		
– Not later than a year	715	641
– Between one and five years	2,399	2,182
– More than five years	5,203	5,683
	8,317	8,506
Less: Future interest expense	(1,811)	(1,992)
Present value of lease liabilities	6,506	6,514
Presented in statements of financial position		
– Non-current	6,025	6,105
– Current	481	409
	6,506	6,514

The Group leases leasehold lands in Singapore. As at 31 December 2021, the average incremental borrowing rate applied was 3.60% (31 December 2020: 3.60%).

The Group also leases certain motor vehicles and plant and machinery under finance leases with lease term ranging from 4 to 5 years (31 December 2020: 4 to 5 years). The average interest rates implicit in the lease range from 1.78% to 3.69% (31 December 2020: 1.78% to 3.69%).

The Group's lease liabilities of $743,000 (31 December 2020: $541,000) are secured over certain right-of-use assets over motor vehicles and plant and machinery (Note 6), which will revert to the lessors in the event of default by the Group.

Lease liabilities are denominated in Singapore dollar.

14. DEFERRED TAX LIABILITIES

	$'000
Group	
Balance as at 1 January 2020	222
Charged to profit or loss	71
Balance as at 31 December 2020	293
Charged to profit or loss	9
Balance as at 31 December 2021	302

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. DEFERRED TAX LIABILITIES (CONTINUED)

The following are the deferred tax liabilities recognised by the Group and the movements during the financial years:

	Accelerated tax depreciation $'000	Lease assets $'000	Lease liabilities $'000	Total $'000
At 1 January 2020	161	1,077	(1,016)	222
Charged/(Credit) to profit or loss	8	(4)	67	71
At 31 December 2020	169	1,073	(949)	293
Charged/(Credit) to profit or loss	(2)	(38)	49	9
At 31 December 2021	167	1,035	(900)	302

15. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
Current				
Trade payables				
– third parties	178	151	–	–
Non-trade payables				
– third parties	598	418	34	229
– subsidiary	–	–	223	–
– loan from subsidiary	–	–	2,562	–
Deferred government grant income	–	20	–	–
Accrued expenses	301	178	135	134
	1,077	767	2,954	363
Non-current				
Non-trade payable				
– shareholders	2,798	–	2,798	–
	3,875	767	5,752	363

Trade and other payables to third parties are unsecured, non-interest bearing and normally settled between 30 to 90 (31 December 2020: 30 to 90) days credit terms.

The non-trade amounts due to subsidiary are unsecured, interest-free and repayable on demand.

The loan from subsidiary is unsecured, bears interest at a rate of 2.25% (2020: 2.25%) per annum and repayable on demand.

15. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's non-current amount due to shareholders relates to discounted value of the deferred consideration of $3,000,000 due to the shareholders. The amount owing to shareholders are unsecured, non-interest bearing and repayable within 24 months from the completion of Reverse Acquisition (Note 1.2). The carrying amount of the non-current amount due to shareholders approximate their fair value.

The trade and other payables at the end of the financial year were denominated in Singapore dollar.

16. REVENUE

	Group	
	2021	**2020**
	$'000	**$'000**
		(Restated)
Recognised at a point in time:		
Provision of waste management and disposal services	5,964	5,840
Recycling of waste	417	99
	6,381	5,939

17. OTHER INCOME

	Group	
	2021	**2020**
	$'000	**$'000**
		(Restated)
Gain on disposal of property, plant and equipment	–	25
Government grants	144	213
Claim from insurance	28	–
	172	238

18. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	**2020**
	$'000	**$'000**
Salaries, wages and other short-term benefits	1,670	1,496
Contributions to defined contribution plans	138	95
	1,808	1,591

The above includes key management personnel remuneration as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. FINANCE COSTS

	Group	
	2021	2020
	$'000	$'000
Interest expense		
– lease liabilities (Note 13)	163	71
– bank borrowings	202	170
– third-party loan	–	45
– non-trade payables to shareholders	40	–
Others	–	2
	405	288

20. (LOSS)/PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the (loss)/profit before income tax includes the following charges:

	Group	
	2021	2020
	$'000	$'000
Other operating expenses		
Written off on right-of-use assets	94	–
Written off on property, plant and equipment	21	–
Crane and wharfage expenses	550	530
Diesel expenses	273	162
Waste disposal fees	1,346	1,232
Subcontractor and other labor costs	494	325

21. TAX (CREDIT)/EXPENSE

	Group	
	2021	2020
	$'000	$'000
Current income tax		
– current financial year	7	96
– over-provision for prior year	(48)	–
	(41)	96
Deferred tax		
– current financial year	(8)	71
– under-provision for prior year	17	–
	9	71
	(32)	167

21. TAX (CREDIT)/EXPENSE (CONTINUED)

The income tax (credit)/expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% to profit before income tax as a result of the following differences:

	Group	
	2021	**2020**
	$'000	**$'000**
(Loss)/Profit before income tax	**(4,743)**	941
Income tax at the applicable tax rate of 17% (2020: 17%)	(806)	160
Effect of expenses not deductible for tax purposes	823	67
Effect of income not subject to tax	(10)	(27)
Tax incentives and rebates	(8)	(33)
Over-provision for prior year's current taxation	(48)	–
Under-provision for prior year's deferred taxation	17	–
	(32)	167

22. EARNINGS/(LOSS) PER SHARE

The calculation for (loss)/earnings per share is based on:

	Group	
	31 December 2021	**31 December 2020**
Numerator		
(Loss)/Profit attributable to owners of parent ($'000)	(4,711)	774
Denominator		
Weighted average number of ordinary shares for purpose of computing (loss)/earnings per share ('000)	91,784	79,167
(Loss)/Earnings per share		
Basic and diluted (cents)	(5.13)	0.98

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit after income tax attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

The weighted average number of ordinary shares used for the calculation of earnings per share for the comparatives have been adjusted for the weighted average effect of changes in shares transactions pursuant to the reverse acquisition and share consolidation during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. COMMITMENTS

Capital commitments

At each reporting date, commitments in respect of capital expenditure are as follows:

	Group	
	31 December 2021 $'000	31 December 2020 $'000
Capital expenditure contracted but not provided for		
– Property, plant and equipment	388	962

24. CONTINGENT LIABILITIES

Corporate guarantee

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to a subsidiary. These guarantees are financial guarantee contract as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 December 2021, such banking facilities granted to the subsidiary amounted to $8,858,000 in aggregate (31 March 2021: $1,398,000) and the amount utilised by the subsidiary amounted to $7,645,000 (31 March 2021: $908,000). There has been no default or non-repayment since the utilisation of the banking facilities.

25. SEGMENT INFORMATION

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is that of the provision of waste management and disposal services to industrial and commercial clients. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

The Group's segment revenue, assets, liabilities and other material items are mainly derived from Singapore. Accordingly, no geographical segment information is presented during these financial years.

Major customer

For the financial years ended 31 December 2021, revenue from one major customer of the Group represents approximately 9.9% (31 December 2020: 12.9%) of the Group's total revenue.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group entities with its related parties during the financial years ended 31 December 2021 and 31 December 2020:

	Group	
	2021	**2020**
	$'000	**$'000**
With shareholders		
Consideration payable to	2,798	–
Advances from	–	585
Repayment of advances from	–	642

Compensation of Directors and key management personnel

Key management personnel are Directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of Directors and key management personnel of the Group and the Company during the financial years ended 31 December 2021 and 31 December 2020 were as follows:

	Group		Company	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 March 2021**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	749	488	248	–
Post-employment benefits	77	50	22	–
Directors' fees	54	–	54	46
	880	538	324	46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Directors and key management personnel (Continued)

The above includes the following remuneration to the Directors of the Company and subsidiaries:

	Group		Company	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
Directors of the Company				
Short-term employee benefits	183	–	72	–
Post-employment benefits	9	–	3	–
Directors' fees	54	–	54	46
	246	–	129	46
Directors of the subsidiaries				
Short-term employee benefits	456	465	–	–
Post-employment benefits	52	48	–	–
	508	513	–	–
	754	513	129	46

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose it to financial risks (including credit risk, interest rate risk, foreign currency risk and liquidity risk) arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risk is managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

27.1 Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.1 Credit risks (Continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except for the following:

	Company	
	31 December 2021 $'000	31 March 2021 $'000
Corporate guarantees provided to a bank for a subsidiary's banking facilities utilised as at the end of financial year	7,645	908

For the corporate guarantee issued, the Company has assessed that this subsidiary has sufficient financial capabilities to meet its contractual cash flows obligation in the near future and hence, does not expect any material loss allowance under a 12-month expected credit loss model.

Based on assessment at the end of the financial year, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Trade receivables

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group and the Company have applied the simplified approach in accordance with SFRS(I) 9 to measure the loss allowance of trade receivables using the Expected Credit Loss model ("ECL"). The ECL is determined based on historical data which have been defaulted or terminated adjusted with forward-looking information.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, management believes that there is no further impairment required in excess of the loss allowance on trade receivables.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.1 Credit risks (Continued)

Non-trade receivables

For amount due from subsidiaries, including loan to subsidiaries, the Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their financial performance and any default in external debt. The loss allowance as at the financial year end represents allowances made for non-trade receivables that are non-credit impaired.

Cash and cash equivalents

Cash and cash equivalents are deposited with reputable banks with minimum rating "A", based on Moody's credit ratings. The Board of Directors monitor the credit ratings of counterparties regularly. Impairment of cash and cash equivalents has been measured based on a 12-month expected credit loss model. As at 31 December 2021, the Company did not expect any credit losses from non-performance by the counterparties.

27.2 Interest rate risk

The Group's exposure to changes in interest rates related primarily to the Group's interest bearing financial liabilities. Changes to interest rates will affect borrowings which bear interest at a floating rate. Any increase in interest rates will affect the Group's cost of servicing these borrowings which may adversely affect its financial position.

The exposure of the Group's interest-bearing financial liabilities to variable interest rate changes at the end of the reporting period are as follows:

	Group	
	31 December 2021 $'000	**31 December 2020 $'000**
Bank borrowings	6,517	5,294

Group's interest rate risk arises mainly from its term loans and short-term revolving loan. The interest rates and repayment terms of the term loans and short-term revolving loan are disclosed in Note 12. It is the Group's policy not to enter derivative contracts to hedge its interest rate risk. The Group obtained quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.2 Interest rate risk (Continued)

Interest rate sensitivity analysis

At the end of the financial year, if borrowing interest rates had been 100 basis points (2020: 100 basis points) higher with all other variables held constant, the Group's loss would have been $54,758 higher arising from higher interest expense (2020: Group's profit would have been $52,940 lower).

27.3 Foreign currency risks

The Group mainly carries out its transactions in their entities' respective functional currencies. Since the financial assets and financial liabilities are denominated in the respective functional currencies, there is no exposure to foreign exchange risk. In addition, the Group is exposed to currency translation risk on the net assets in foreign operation. Currency exposure to the net asset of the Group's foreign operation has been monitored throughout the financial year and the impact to the Group's financial statements is insignificant. The Company's exposure to foreign currency risk is insignificant as the business is operated in Singapore and transactions are mainly denominated in Singapore dollar, which is the functional currency of the Company.

27.4 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

Corporate guarantees given by the Company to the banks in connection with banking facilities granted to subsidiaries are disclosed in Note 12 and 24 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.4 Liquidity risks (Continued)

Contract maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
31 December 2021				
Financial liabilities				
Non-interest bearing				
– Trade and other payables	1,077	3,000	–	4,077
Interest bearing				
– Bank borrowings	2,416	6,514	2,244	11,174
– Lease liabilities	715	2,399	5,203	8,317
	4,208	11,913	7,447	23,568
31 December 2020				
Financial liabilities				
Non-interest bearing				
– Trade and other payables[(1)]	747	–	–	747
Interest bearing				
– Bank borrowings	1,199	5,725	2,840	9,764
– Lease liabilities	640	2,182	5,684	8,506
	2,586	7,907	8,524	19,017

(1) Excludes deferred government grant income.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.4 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	Total $'000
Company			
31 December 2021			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	392	3,000	3,392
Interest bearing			
– Trade and other payables	2,601	–	2,601
	2,993	3,000	5,993
Financial guarantee contracts	1,838	5,807	7,645
31 March 2021			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	363	–	363
Financial guarantee contracts	908	–	908

The Group's operations are financed mainly through equity and bank borrowings. The Company's operations are financed mainly through equity. Adequate lines of credit are maintained to ensure necessary liquidity is available when required.

Corporate guarantee contracts represents the maximum amount that the Company would be called upon to pay at the earliest period should the subsidiary defaults on the loan repayments to the bank.

The repayment terms of the Group's bank borrowings and lease liabilities are disclosed in Note 12 and Note 13 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.5 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves, bank borrowings and lease liabilities as disclosed in Notes 9, 10, 12 and 13 to the financial statements.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. The Group and the Company include within net debt, trade and other payables excludes and deferred government grant income, bank borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
Trade and other payables[1]	1,077	747	2,954	363
Bank borrowings	10,384	9,256	–	–
Lease liabilities	6,506	6,514	–	–
Less: Cash and bank balances	(5,298)	(1,481)	(3,148)	(27)
Net debt/(cash)	12,669	15,036	(194)	336
Total equity	5,290	3,915	23,913	5,464
Total capital	17,959	18,951	23,719	5,800
Gearing ratio	70.5%	79.3%	N.M.[2]	5.8%

The Group and the Company have complied with all externally-imposed capital requirements for the financial years ended 31 December 2021 and 31 December 2020. The Group's overall strategy remains unchanged from 2021. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2021 and 31 March 2021.

(1) Excludes deferred government grant income for financial year ended 31 December 2020.
(2) Not meaningful.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	31 December 2021 $'000	31 December 2020 $'000	31 December 2021 $'000	31 March 2021 $'000
Financial assets				
Trade and other receivables[(1)]	1,249	1,469	733	1,778
Cash and cash equivalents	5,298	1,481	3,148	27
Financial assets, at amortised cost	6,547	2,950	3,881	1,805
Financial liabilities				
Trade and other payables[(2)]	1,077	747	2,954	363
Non-trade payables to shareholders	2,798	–	2,798	–
Bank borrowings	10,384	9,256	–	–
Lease liabilities	6,506	6,514	–	–
Financial liabilities, at amortised cost	20,765	16,517	5,752	363

(1) Excludes goods and services tax receivable, and government grant receivables.

(2) Excludes deferred government grant income for financial year ended 31 December 2020.

28. RESTATEMENT OF COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance the comparability with current year's financial statements. As a result, certain line items in the consolidated statement of comprehensive income have been reclassified to conform to the current financial year's presentation.

	31 December 2020	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Previously reported $'000	As restated $'000
Revenue	5,840	5,939
Other income	337	238

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. IMPACT OF COVID-19 OUTBREAK ON THE GROUP'S OPERATIONS

The COVID-19 has significantly affected countries around the world, weighing on their economies. With COVID-19 showing no sign of sustainable recovery, the Singapore cruise industry entered 2022 with uncertainty. The Group will closely monitor the cruise industry over the next 12 months and its potential impact on the Group's earnings and growth plans.

The Group is providing essential services to its customers mainly from cruise and shipping industries and its principal business of general waste collection is heavily dependent on the number of port calls in Singapore made by ships and cruises. Notwithstanding the Singapore cruise industry having experienced significant decline in travel volumes and concomitantly lower demand for waste disposal services from cruise customers, the Group's overall business has been resilient thus far. The improvement of revenue for FY2021 was mainly driven by higher recycling revenue generated as well as collection of oily waste to commence trial run on the treatment and disposal of oil sludge and oily water.

Whilst waiting for the full resumption of cruise activities, the Group continues to rigorously explore opportunities in providing waste collection and management services for customers in the cargo shipping and other land-based sectors, notably the logistics, oil and gas, food and beverage, and construction, in a bid to increase its general waste collection volume and revenue.

As the global COVID-19 situation remains much fluid as at the date these financial statements were authorized for issuance, future developments in relation to the COVID-19 and their impact on the operating and financial performance of the Group cannot be reasonably and reliably ascertained at the present moment.

STATISTICS OF **SHAREHOLDINGS**

AS AT 28 MARCH 2022

Issued and fully paid-up share capital	:	$44,464,175
Number of Ordinary Shares in Issue (excluding Treasury Shares)	:	112,813,870
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of shares	:	Ordinary
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	653	18.87	28,687	0.03
100 – 1,000	1,472	42.54	567,989	0.50
1,001 – 10,000	1,023	29.57	3,290,031	2.92
10,001 – 1,000,000	305	8.82	19,168,525	16.99
1,000,001 AND ABOVE	7	0.20	89,758,638	79.56
TOTAL	**3,460**	**100.00**	**112,813,870**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 28 March 2022[1])

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Mohamed Gani Mohamed Ansari	–	–	55,416,666[2]	49.12
Shitthi Nabesathul Bathuria D/O Abdul Hamid	55,416,666	49.12	–	–
Sivakumar Martin S/O Sivanesan	15,833,333	14.03	–	–
Perumal S/O Gopal	7,916,666	7.02	–	–
Choo Tung Kheng	6,175,307	5.47	30[3]	0.00

Notes:

(1) Based on the total issued share capital of 112,813,870 ordinary shares of the Company as at 28 March 2022.

(2) Mohamed Gani Mohamed Ansari is deemed interested in the shares held by his spouse, Shitthi Nabesathul Bathuria D/O Abdul Hamid.

(3) Choo Tung Kheng is deemed interested in the shares held by her spouse, the late Tan Ming.

STATISTICS OF **SHAREHOLDINGS**

AS AT 28 MARCH 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHITTHI NABESATHUL BATHURIA D/O ABDUL HAMID	55,416,666	49.12
2	SIVAKUMAR MARTIN S/O SIVANESAN	15,833,333	14.03
3	PERUMAL S/O GOPAL	7,916,666	7.02
4	CHOO TUNG KHENG	6,175,307	5.47
5	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,666,666	1.48
6	POH CHONG PENG	1,500,000	1.33
7	OAKWOOD & DREHEM CAPITAL PTE. LTD.	1,250,000	1.11
8	DBS NOMINEES PTE LTD	913,659	0.81
9	LIM KAH HIN	906,127	0.80
10	UOB KAY HIAN PTE LTD	793,737	0.70
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	731,744	0.65
12	TAN ENG CHUA EDWIN	718,300	0.64
13	PHILLIP SECURITIES PTE LTD	555,366	0.49
14	YEO TIONG BOON	528,750	0.47
15	ONG POH CHOO	500,000	0.44
16	TAN CHIN WAH	500,000	0.44
17	NG KWEE PANG	444,880	0.39
18	LIM EE CHUAN	428,125	0.38
19	TAN KOCK HENG	375,000	0.33
20	ZENG HANG CHENG	375,000	0.33
	TOTAL	**97,529,326**	**86.43**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 28 March 2022, approximately 23.9% of the Company's shares are held in the hands of public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Shanaya Limited (the "**Company**") will be convened and held by way of electronic means on Thursday, 28 April 2022 at 9.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Tito Shane Isaac, who is retiring pursuant to Regulation 97 of the Company's Constitution and who, being eligible offers himself for re-election, as a Director of the Company.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Ong Kian Soon, who is retiring pursuant to Regulation 97 of the Company's Constitution and who, being eligible offers himself for re-election, as a Director of the Company.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To approve the payment of Directors' fees of S$54,147 for the financial period from 1 April 2021 to 31 December 2021 ("**FY2021**") (Financial period from 1 April 2020 to 31 March 2021: S$46,000). **(Resolution 4)**

5. To approve the payment of Directors' fees of up to S$84,000 for the financial year ending 31 December 2022, payable quarterly in arrears (FY2021: S$54,147). **(Resolution 5)**

6. To re-appoint BDO LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:

8. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), the Company's Constitution and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue:

(i) Additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and
(ii) Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force of such additional Instruments in (b)(i) above,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's Constitution for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier or in the case of Shares to be issued in pursuance of the instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments."
[See Explanatory Note (iii)] **(Resolution 7)**

9. Authority to allot and issue shares under the Shanaya Employee Share Option Scheme (the "**Share Option Scheme**")

That authority be and is hereby given to the Directors of the Company to offer and grant options (the "**Options**") in accordance with the provisions of the Share Option Scheme and pursuant to Section 161 of the Companies Act to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of Options provided that the aggregate number of new Shares available pursuant to the Share Option Scheme, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
[See Explanatory Note (iv)] **(Resolution 8)**

10. Authority to allot and issue shares under the Shanaya Performance Share Plan (the "**Performance Share Plan**")

That authority be and is hereby given to the Directors to grant awards (the "**Awards**") in accordance with the provisions of the Performance Share Plan and pursuant to Section 161 of the Companies Act to allot and issue new Shares pursuant to the vesting of Awards provided that the aggregate number of new Shares available pursuant to the Performance Share Plan, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding that date.
[See Explanatory Note (v)] **(Resolution 9)**

By Order of the Board

Yoo Loo Ping
Company Secretary

Singapore, 12 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **Ordinary Resolution 2** – Mr Tito Shane Isaac will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, Chairman of Nominating Committee and member of Audit Committee and Remuneration Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Tito Shane Isaac can be found under the "Board of Directors", "Corporate Governance Report" and "Information on Directors Seeking Re-election" sections in the Company's Annual Report 2021.

(ii) **Ordinary Resolution 3** – Mr Ong Kian Soon will, upon re-election as a Director of the Company, remain as the Non-Executive Director. Detailed information on Mr Ong Kian Soon can be found under the "Board of Directors", "Corporate Governance Report" and "Information on Directors Seeking Re-election" sections in the Company's Annual Report 2021.

(iii) **Ordinary Resolution 7** – The resolution, if passed, will empower the Directors of the Company to allot and issue Shares in the capital of the Company and/or Instruments (as defined above), up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro-rata basis to existing shareholders. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held whichever is earlier.

(iv) **Ordinary Resolution 8** – The resolution, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company, to offer and grant Options in accordance with the provisions of the Share Option Scheme, and to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued (or) delivered pursuant to the exercise of Options provided that the aggregate number of new Shares available pursuant to the Share Option Scheme, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(v) **Ordinary Resolution 9** – The resolution, if passed, will empower the Directors of the Company from the date of this AGM to grant Awards in accordance with the provisions of the Performance Share Plan and to allot and issue new Shares pursuant to the vesting of Awards provided that the aggregate number of new Shares available pursuant to the Performance Share Plan, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding that date.

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation".

   Printed copies of the Annual Report 2021 will not be sent to shareholders of the Company. The electronic copies of the Notice of AGM, Proxy Form and the Annual Report 2021 are made available on the Company's website at URL http://www.shanayagroup.com/and SGX website at URL http://www.sgx.com/securities/company-announcements.

2. Registration of Live Webcast

   The AGM of the Company will be conducted via electronic means. Shareholders will be able to watch or listen to the proceedings via a live webcast or audio-only stream on their mobile phones, tablets or computers.

   Shareholders as well as investors who hold shares through relevant Intermediaries (as defined in Section 181(1C) of the Companies Act) (including CPF or SRS Investors) who wish to watch or listen to the proceedings of the AGM via live webcast or audio-only stream must pre-register on the AGM website at URL https://rebrand.ly/Shanaya2022 not later than 9.00 a.m. on 25 April 2022 ("**Registration Deadline**") to enable the Company to verify their status as shareholders.

   Following the verification, authenticated shareholders will receive an email not later than 9.00 a.m. on 27 April 2022 (the "**Confirmation Email**") containing instructions on how to access the live webcast or live audio stream of the AGM proceedings.

   Shareholders who do not receive the Confirmation Email by 9.00 a.m. on 27 April 2022, but who have registered by the Registration Deadline, should contact Tayzar for assistance at telephone number +65 94202768 or email to us at tayzar@connectvision.sg.

   Shareholders are reminded that the AGM proceedings are private. Instructions on access to the live webcast or the live audio stream of the AGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise not authorised to attend the AGM. This is also to avoid any technical disruptions or overload to the live webcast meeting. Recording of the live webcast in whatever form is also strictly prohibited.

3. Submission of Questions in Advance

Shareholders will not be able to ask questions at the AGM during the live webcast. Shareholders can submit their questions to the Company not later than 9.00 a.m., 20 April 2022 to the AGM website at URL https://rebrand.ly/Shanaya2022 or by post to the Company's registered address at 3A Tuas South Street 15, Singapore 636845. In view of the current COVID-19 situation, Shareholders are strongly encouraged to submit their questions through the AGM website. Substantial and relevant questions will be responded not later than 9.00 a.m., 23 April 2022 being at least 48 hours prior to the proxy form submission deadline.

When sending in the questions via the AGM website or by post to the Company's registered address, shareholders are also required to provide the following details, failing which the submission will be treated as invalid:

(i) Full name;
(ii) Address;
(iii) NRIC or Passport Number;
(iv) Number of shares held; and
(v) The manner in which the shares in the Company are held (e.g. via CDP, CPF or SRS).

Shareholders who hold their shares through Relevant Intermediaries and who wish to submit questions should approach their respective Relevant Intermediaries early, so that the Relevant Intermediaries may in turn submit their questions for the AGM to the Company via the AGM Website or by post not later than 9.00 a.m. on 20 April 2022.

Follow up questions which are submitted after 9.00 a.m. on 20 April 2022 will be consolidated and addressed either before the AGM via an announcement on SGXNet and the Company's website or at the AGM. The Company will, within one month after the date of AGM, publish the minutes of the AGM on SGXNET and the Company's website, and the minutes will include the responses to the questions referred to above.

4. Voting

Shareholders who wish to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

In appointing the Chairman of the Meeting as proxy, a shareholder of the Company must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

The Chairman of the Meeting, as proxy, need not be a shareholder of the Company.

The Proxy Form must be submitted through any one of the following means:
(i) Physical mail to the Company's registered address at 3A Tuas South Street 15, Singapore 636845; or
(ii) Electronic mail to info@shanayagroup.com

by not later than 9.00 a.m. on 25 April 2022 (the "**Cut-off time**"), being seventy-two (72) hours before the time appointed for holding the AGM.

The Proxy Form has been made available on the Company's website at URL http://www.shanayagroup.com/and SGX website at URL http://www.sgx.com/securities/company-announcements. Shareholders must complete and sign the Proxy Form, before submitting it by post to the address provided above, or sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit proxy forms electronically via email.

5. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 9:00 a.m. on 18 April 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the Cut-off time.

6. Shareholders should note that the manner of conduct of the AGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of conduct of the AGM will be announced by the Company on SGXNET. Shareholders are advised to check SGXNET and the Company's website regularly for further updates.

NOTICE OF **ANNUAL GENERAL MEETING**

Personal data privacy:

By submitting (a) a proxy form appointing the Chairman of the AGM as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) Shareholder's particulars for pre-registration to participate in the AGM via live webcast, or (c) any questions prior to the AGM in accordance with this Notice of AGM, a shareholder consents to the collection, use and disclosure of the member's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

(i) Processing and administration by the Company (or its agents, advisers or service providers, as the case may be) of proxy form appointing the Chairman of the AGM as the proxy for the AGM (including any adjournment thereof);

(ii) Preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(iii) Processing of pre-registration for participation at the AGM for the purpose of granting access to members to the live webcast and providing them with any technical assistance when necessary;

(iv) Addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(v) Enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a member (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purposes.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following is the information relating to the Directors seek re-appointment (as set out in Appendix 7F to the Rules of Catalist):

Name of Person	**TITO SHANE ISAAC**	**ONG KIAN SOON**
Date of appointment	30 August 2006	29 December 1998
Date of last re-appointment (if applicable)	28 September 2020	28 September 2020
Age	51	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors ("**Board**") of the Company, having considered, among others, the recommendation of the Nominating Committee ("**NC**") and having reviewed and considered the contribution and performance, attendance, participation, candour and suitability of Mr Tito Shane Isaac ("**Mr Isaac**") for re-election as Independent Non-Executive Director. The Board has reviewed and concluded that Mr Isaac possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr Isaac to be independent for the purpose of Rule 704(7) of the Rules of Catalist.	The Board of the Company, having considered, among others, the recommendation of the NC and having reviewed and considered the contribution and performance, attendance, participation, candour and suitability of Mr Ong Kian Soon ("**Mr Ong**") for re-election as Non-Executive Director. The Board has reviewed and concluded that Mr Ong possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee	Non-Executive Director
Professional qualifications	LLB Hons (Class 2 Div 1), The University of Leeds Barrister-at-Law, The Honorable Society of Gray's Inn Graduate Certificate in International Arbitration, National University of Singapore	Bachelor of Commerce (Accountancy) Degree from Nanyang University, Singapore
Working experience and occupation(s) during the past 10 years	August 1999 to Present: Managing Partner of Tito Isaac & Co LLP	December 1998 to June 2011: Executive Director of CPH Ltd. (now known as Shanaya Limited) July 2011 to Present: Chief Executive Officer of New Wave Holdings Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct Interest: 263,350 ordinary shares (0.23%)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Upstream Petroleum Pte. Ltd.	Circuits Plus (Asiatic) Pte Ltd
Present	Hiap Tong Corporation Ltd. New Wave Holdings Ltd. International Institute of Mediators (Singapore) Limited Tito Isaac & Co LLP	New Wave Holdings Ltd. Circuits Plus Pte Ltd Circuits Plus (M) Sdn Bhd (in the process of striking off) CP Lifestyle Pte. Ltd. (in the process of striking off) Eplus Technologies Pte Ltd Eplus Technologies Sdn. Bhd. General Electronics & Instrumentation Corporation Private Limited Manufacturing Network Pte Ltd MNPL Aluminium Centre Sdn. Bhd. MNPL Investments Pte. Ltd. MSC Aluminium Holdings Pte. Ltd. Twin Metal Service Centre Sdn. Bhd. Twin Metal (Penang) Sdn. Bhd. Alutech Metals Asiatic Pte. Ltd. MNPL Metals Co., Ltd. Alutech Metals Co., Ltd.
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

Name of Person	TITO SHANE ISAAC	ONG KIAN SOON
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information Required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of an issuer listed on the Exchange?	Not Applicable. This disclosure relates to re-appointment of Director.	Not Applicable. This disclosure relates to re-appointment of Director.
If yes, please provide details of prior experience	Not Applicable.	Not Applicable.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable.	Not Applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not Applicable.	Not Applicable.

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SHANAYA LIMITED
(Formerly known as CPH LTD.)
(Company Registration No. 199804583E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:
1. Due to the current COVID-19 situation, members will not be able to attend the Annual General Meeting in person. Members (whether individuals or corporates) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM.
2. This Proxy Form is not valid for use by investors who hold shares in the Company ("**Shares**") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore)), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators not later than 9.00 a.m., 18 April 2022 being at least seven (7) working days before the AGM to specify voting instructions.
3. Please read the notes to this Proxy Form on instructions, inter alia, the appointment of the Chairman of the Meeting as proxy to vote on his/her/its behalf at the AGM.

I/We, ______________________ (Name), ______________ (NRIC/Passport/Company Registration No.)

of ____ (Address)
being a member/members of Shanaya Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held by electronic means on Thursday, 28 April 2022 at 9.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against, or to abstain from voting on the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the Meeting as my/our proxy for that resolution will be treated as invalid.

No.	Resolutions	For	Against	Abstain
Ordinary Business				
Ordinary Resolution 1	Adoption of Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and the Auditors' Report thereon			
Ordinary Resolution 2	Re-election of Mr Tito Shane Isaac as Director			
Ordinary Resolution 3	Re-election of Mr Ong Kian Soon as Director			
Ordinary Resolution 4	Approval of Directors' fees of S$54,147 for the financial period from 1 April 2021 to 31 December 2021			
Ordinary Resolution 5	Approval of Directors' fees of up to S$84,000 for the financial year ending 31 December 2022, payable quarterly in arrears			
Ordinary Resolution 6	Re-appointment of BDO LLP as Auditors			
Special Business				
Ordinary Resolution 7	Authority to allot and issue shares			
Ordinary Resolution 8	Authority to allot and issue shares under the Shanaya Employee Share Option Scheme			
Ordinary Resolution 9	Authority to allot and issue shares under the Shanaya Performance Share Plan			

Notes: If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this ________ day of ______________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Member(s)/Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. Due to the current COVID-19 situation, members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member of the Company who is a Relevant Intermediary is entitled to appoint the Chairman of Meeting as proxy to attend and vote in his/her stead, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such member.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

6. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the time appointed for the holding of the AGM, that is, by 9.00 a.m. on 18 April 2022.

7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered address at 3A Tuas South Street 15, Singapore 636845; or

   (b) if submitted electronically, be submitted via email to info@shanayagroup.com.

   in either case, not later than 9.00 a.m., 25 April 2022, being at least seventy-two (72) hours before the time for holding the AGM. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. Where an instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

9. The instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore is applicable at this AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing Chairman of the Meeting as proxy lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2022.

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Shanaya
Designed for Recycling

SHANAYA LIMITED
3A Tuas South Street 15
Singapore 636845
TEL: +65 6316 2023
FAX: +65 6862 0304
EMAIL: info@shanayagroup.com