ADVANCING WITH STRENGTH AND SYNERGY

同心协力 共同前进

CAPALLIANZ HOLDINGS LIMITED
(COMPANY REGISTRATION NO. 199905693M)

ANNUAL REPORT 2021

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CORPORATE **PROFILE**

CapAllianz Holdings Limited 共享资本集团 ("**CapAllianz**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an investment holding company focusing on the oversight and management of a portfolio of investments, held through its subsidiaries and associated companies. The Group's strategy is to leverage the strengths of its team of professionals to identify and invest in promising businesses and improve the business operations of the investee companies to maximise investment returns for its portfolio of investments.

The Group's current portfolio of investments comprises (i) the Oil and Gas sector; and (ii) the Consumer sector.

Under the Oil and Gas portfolio, the Group holds a 20% stake in the Thailand onshore oil concessions located at Phetchabun Basin. These concessions currently generate steady income from its existing oil producing wells. With substantial proven reserves for development as well as significant potential exploration upside, this investment holds the promise of value enhancement and sustainable long-term growth as the joint operators continue to work towards unlocking the untapped reserves.

The Group's Consumer portfolio consists of a 40% stake in Preferred Mart Pte. Ltd. ("**Preferred Mart**"), which holds a 100% stake in a supermarket business in Singapore, as well as a 40% stake in a health and wellness business in Singapore. The supermarket business currently operates through a retail outlet and e-commerce platforms where it has a growing subscriber base of more than 150,000 in Singapore. Preferred Mart intends to grow this business mainly through broadening its online sales channels and working with partners to increase distribution channels. The health and wellness business is a new business, which is being set up currently. It aims to offer affordable hyperbaric oxygen therapy ("**HBOT**") using patented Japanese technology. As it uses atmospheric pressure of 1.3 atmosphere absolute (ATA), the HBOT is able to deliver optimal and targeted benefits without the risks and medical supervision required of higher ATA versions, to help improve the overall health and wellness of consumers.

CapAllianz is listed on the Catalist board of the Singapore Exchange Securities Trading Limited under stock code 594.

VISION, MISSION AND CORE VALUES

VISION

To be a trusted investment group built upon the shared strengths of our team and stakeholders.

MISSION

To be an investment group that invests in a responsible manner to generate stable and sustainable income, and achieve capital growth for our shareholders.

CORE VALUES

GOOD CORPORATE GOVERNANCE

The Group is committed to uphold the best practices in corporate transparency and disclosures. The Board of Directors of the Company will continuously enhance the Group's corporate governance framework and processes through effective oversight, and observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for stakeholders and safeguard the Group's assets.

RESPONSIBLE INVESTING

The Group will carry out preliminary assessments on proposed investing opportunities based on its internal investment criteria, policies and guidelines, and will engage external independent professionals where necessary to carry out extensive due diligence on the identified proposed investing opportunities. The Group will also avoid investing in companies that are involved in known breaches of human rights, labour laws, environment or anti-corruption laws.

PRUDENT RISK MANAGEMENT

The Group takes great care in assessing and mitigating potential risks to ensure that all investment decisions made are in the best interests of the Company and its shareholders.

DEAR FELLOW SHAREHOLDERS,

The financial year ended 30 June ("**FY**") 2021 had been tumultuous as economic recovery was moderated by ravaging waves of COVID-19 infections across the globe. Nevertheless, we continue our efforts to recalibrate our business operations and improve on our fundamentals.

BUILDING ON A CLEAN SLATE

The Group marked a milestone recently as our wholly-owned subsidiary, Loyz Oil Pte. Ltd. ("**Loyz Oil**") made a final repayment of S$1.50 million to Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") in relation to an existing US$32.00 million credit facility ("**Term Loan**") for the Group's 20%-owned Thailand onshore oil concessions in Phetchabun Basin ("**Thailand Operations**") on 27 September 2021. This final repayment extinguished all payables by Loyz Oil to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18.63 million as at 30 June 2021. In addition, all collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte. Ltd., a subsidiary of the Group) have been discharged by OCBC Bank. This settlement of the Term Loan is expected to provide the Group with a one-off gain of approximately US$17.50 million, which will significantly improve the consolidated net tangible assets per share and earnings per share of the Group for FY2022. Correspondingly, the Group has reversed its negative working capital position with a much stronger balance sheet.

The Thailand Operations has been the Group's main source of income and the foundation for us to pursue new business opportunities to grow our income base. With the relief from debt obligations, coupled with relatively favourable oil prices, we believe that we are on track to improve our financial performance and build sustainable growth together with our stakeholders.

The COVID-19 pandemic brought a brief collapse of oil prices in mid-2020 as the global oil supply glut persisted while business activities in most countries came to a standstill. The widespread lockdowns in a bid to slow down COVID-19 transmission, and together with the efforts by the Organisation of the Petroleum Exporting Countries and leading oil-producing ally countries (collectively referred to as "**OPEC+**") in their output adjustments to reduce the supply glut and boost oil prices, tilted the equilibrium. As business activities resume and countries slowly ease travel restrictions in 2021, the global demand for oil starts to rise, and oil prices correspond. Recently, oil prices went above US$80 per barrel, reaching a three-year high[1].

Together with the joint operators of the Thailand Operations, a drilling campaign for five new wells has been scheduled to increase the oil reserves and raise oil production volume. This drilling campaign will be fully funded by the positive cash flow generated from the sale of oil drawn from the existing producing wells, and it is expected to commence in the last quarter of 2021, subject to the then situation of the COVID-19 pandemic in Thailand.

We believe that the worst is behind us as the Group has made all necessary impairments against all non-performing investments. In FY2021, the Group narrowed its net loss after income tax to US$4.73 million, down from US$33.36 million in FY2020, on the back of a revenue of US$1.92 million, which declined by 25% from US$2.55 million in FY2020. Lower revenue was mainly attributed to lower revenue contribution from the oil and gas segment and lower investment income from the investment and trading segment, in particular, our Thailand Operations saw a decline in the Group's share of oil production volume by 11,798 barrels, down from 50,170 barrels in FY2020 to 38,372 barrels in FY2021, resulting from the natural depletion of oil reserves in the existing producing wells. The higher average oil price of US$50.67 per barrel in FY2021, however, partially offset the impact of the aforesaid lower oil production volume.

Source:

1 Financial Times: Oil prices rise above $80 a barrel for the first time in three years
https://www.ft.com/content/14d4980b-8163-4359-bc4a-fb2b7f7d2c27

LETTER TO **SHAREHOLDERS**

GROWTH THROUGH SHARED STRENGTHS

As we work to steer the Group towards a sustainable growth path, we are also looking into strengthening and broadening our shareholder base to enhance shareholder value in the long term. We are heartened by the support from accredited investors who supported our share placements (including the most recent share placement completed on 22 September 2021) of an aggregate of approximately 3.67 billion new ordinary shares in the capital of the Company, and raised an aggregate gross proceeds of approximately S$10.73 million. These proceeds were mainly utilised towards (i) general working capital of the Group, including the repayment of bank borrowings and corporate expenses; and (ii) funding of the Group's investments in new business opportunities which could potentially expand the Group's income base in the long term.

With effect from 3 June 2021, we have also changed the Company's name from "CWX Global Limited" to "CapAllianz Holdings Limited" (共享资本集团) to better reflect the Group's philosophy of a socio-economic system built around the sharing of resources. We are committed to building sustainable growth through shared strengths as we advocate shared-based businesses that are operated lean with increased efficiencies, allowing the cost-savings to be passed through as benefits to stakeholders.

Having gone through the peaks and valleys in the oil and gas industry, we are leaning towards stability and sustainability for the Group. The Group seized the opportunity to diversify our scope of investments through a 40%-joint venture in Preferred Mart Pte. Ltd., which has direct investments in a supermarket business that operates through a retail outlet and established e-commerce platforms, and a 40% stake in a healthcare and wellness business that offers affordable hyperbaric oxygen therapy using patented Japanese technology. Whilst these new businesses are at their initial stage of operations, we believe these essential services are in the defensive consumer sector and are likely to pave way for the Group to have a more balanced risk exposure of its investment portfolio.

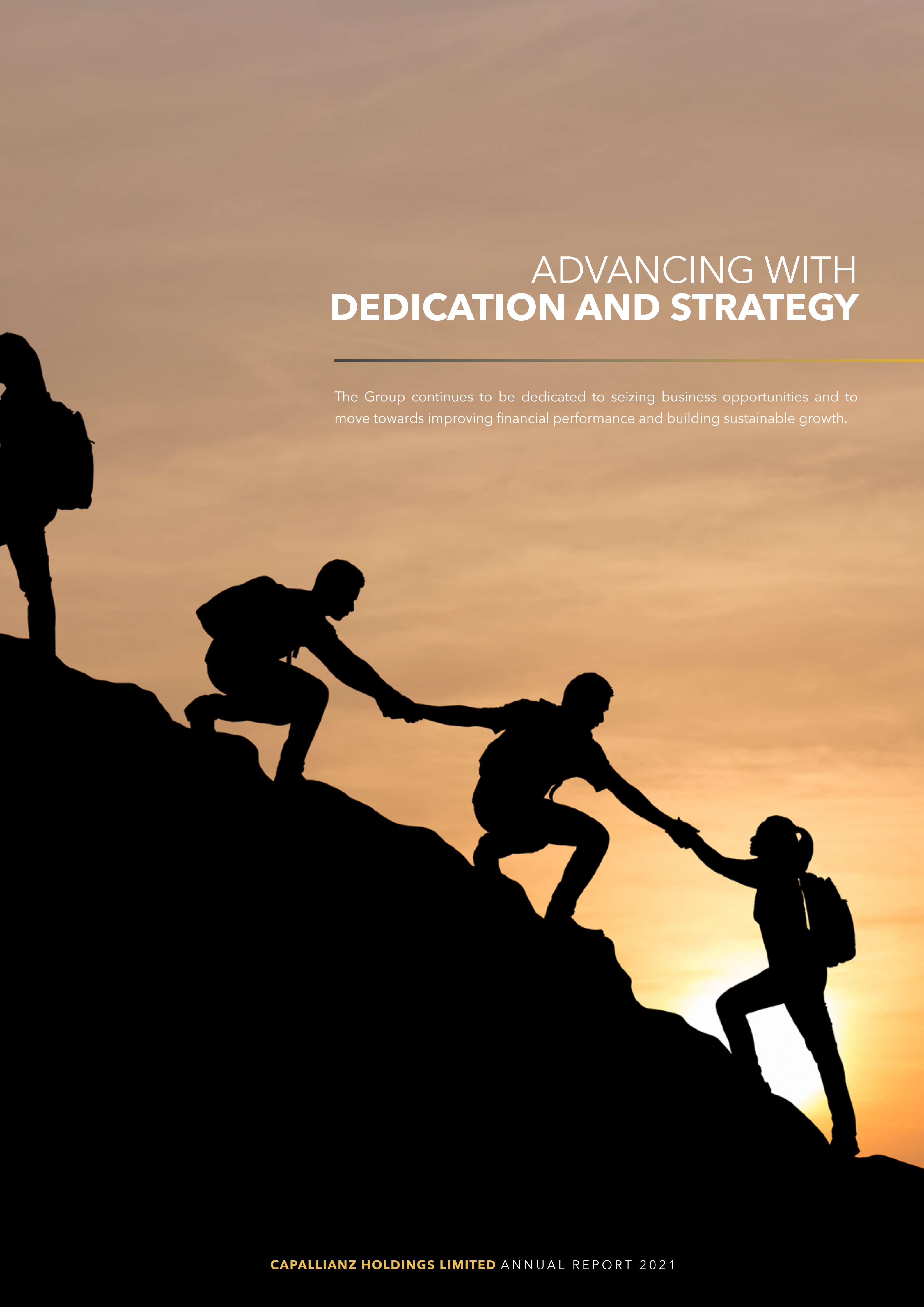
ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board, we are thankful to our business partners, bankers, and dedicated management and staff for their commitment and resilience in this trying past year. We would also like to acknowledge our fellow Directors for their support and invaluable advice, including our former Board member, Mr. Wang Jiyu, and our new Board members, Mr. Zhao JiAn and Ms. Lim Hwee Yong Nana, who joined the Board on 31 March 2021.

Moving forward, we remain committed to strengthen our investment portfolio through building on our current investments in the oil and gas and consumer sectors, to broaden our earnings base in the long term. We are appreciative of our shareholders, customers, and business partners, for your continued support and confidence as we continue to strengthen the Group's fundamentals.

MR. ADRIAN LEE (黎才庆)
Non-Executive Independent Director and Chairman

MR. JEFFREY PANG (彭润程)
Executive Director and Chief Executive Officer



ADVANCING WITH **DEDICATION AND STRATEGY**

The Group continues to be dedicated to seizing business opportunities and to move towards improving financial performance and building sustainable growth.

OPERATIONS AND **FINANCIAL REVIEW**

"GLOBAL DEMAND FOR OIL AND OIL PRICES, HOWEVER, PICKED UP IN EARLY 2021 AS THE CHINESE ECONOMY – THE WORLD'S SECOND-LARGEST OIL CONSUMER, BOUNCED BACK FROM ITS EARLY CONTAINMENT OF THE COVID-19 PANDEMIC, AND RECORDED POSITIVE ECONOMIC GROWTH IN 2020."

Countries around the world have been working hard to overcome the COVID-19 pandemic crisis since March 2020. However, new coronavirus variants, resulting in a resurgence of COVID-19, raised the difficulty and resulted in lockdowns and movement restrictions across cities once more, inevitably affecting the recovery of the global economy.

The disequilibrium in the demand and supply of oil, further aggravated by the COVID-19 pandemic crisis, led to the brief collapse of oil prices in mid-2020. The Organisation of the Petroleum Exporting Countries and leading oil-producing ally countries (collectively referred to as "**OPEC+**") continued to adjust output downwards in a bid to reduce the supply glut and boost oil prices, which did not yield the expected results in 2020. Global demand for oil and oil prices, however, picked up in early 2021 as the Chinese economy – the world's second-largest oil consumer, bounced back from its early containment of the COVID-19 pandemic, and recorded positive economic growth in 2020. These were further bolstered as vaccination plans around the world were being rolled out from early 2021.

While global demand for oil and oil prices reversed from the downtrend, challenges to increase oil production volume remain. The Group's main source of income, generated from the sale of oil from its 20%-owned Thailand onshore oil concessions in Phetchabun Basin ("**Thailand Operations**"), recorded lower revenue contribution on the back of lower production volume in the financial year ended 30 June ("**FY**") 2021. Nevertheless, the Group through the joint operators of the Thailand Operations managed to register positive operating cash flow in the second half of 2021 with better cost management.

In FY2021, the Group's operations continued to be undermined by uncertainties and challenges in the business environment. To balance the risk exposure of its investment portfolio, the Group diversified its scope of investments to include promising businesses that are relatively defensive in nature, through a 40%-joint venture in Preferred Mart Pte. Ltd. ("**Preferred Mart**"). These new businesses in Singapore under Preferred Mart comprise (i) a supermarket business that operates through a retail outlet and e-commerce platforms with a subscriber base of more than 150,000 in Singapore; and (ii) a 40% stake in a healthcare and wellness business that offers affordable hyperbaric oxygen therapy using patented Japanese technology to mass market consumers.

The Group's revenue decreased by 25% from US$2.55 million in FY2020 to US$1.92 million in FY2021. This was mainly due to lower revenue contribution from the oil and gas segment and lower investment income from the investment and trading segment. Lower revenue from the Thailand Operations was attributed to the decline in the Group's share of oil production volume by 11,798 barrels, down from 50,170 barrels in FY2020 to 38,372 barrels in FY2021, resulting from the natural depletion of oil reserves in the existing producing wells. The higher average oil price of US$50.67 per barrel in FY2021, however, partially offset the impact of the aforesaid lower oil production volume. Investment income, which relates to the interest income earned from the loan extended to the Company's associated company, Preferred Mart, was US$0.03 million for FY2021, as compared to US$0.28 million in FY2020, which relates to the interest income earned from the loan extended to the Company's associated company, FIT Global Pte. Ltd. ("**FIT**"). The loan extended to FIT had been fully impaired by the Group and the Company in FY2020, as a result of a one-off full impairment.

Gross profit increased by 49% from US$0.17 million in FY2020 to US$0.25 million in FY2021 as a result of better cost management despite lower oil production volume at the Thailand Operations.

Other income remained relatively stable at US$0.08 million in both FY2021 and FY2020. Other income in FY2021 comprised (i) the Singapore government's wage subsidy and the rental rebate received by the Group of US$0.05 million due to the COVID-19 pandemic situation; and (ii) write back of other payables of US$0.03 million, while other income in FY2020 comprised wholly of miscellaneous income.

The Group continued to streamline its operating expenses in FY2021. Lower corporate expenses reduced administrative expenses from US$2.07 million in FY2020 to US$1.96 million in FY2021, while repayment of bank loans and lower interest rate reduced finance costs from US$0.88 million in FY2020 to US$0.41 million in FY2021.

Other losses declined significantly from US$31.32 million in FY2020 to US$5.65 million in FY2021. These other losses in FY2021 mainly stemmed from (i) impairment loss on exploration, evaluation, and development assets of US$1.11 million; (ii) impairment loss on oil and gas properties of US$4.37 million; (iii) allowance for inventories obsolescence of US$0.09 million relating to the Thailand Operations; (iv) net foreign exchange loss of US$0.06 million; and (v) loss on disposal of property, plant and equipment of US$0.05 million. The lower other losses in FY2021 was mainly due to the absence of the one-off impairment loss on goodwill of US$24.61 million and impairment loss on investment in associated companies of US$1.38 million recorded in FY2020.

Share of loss of associated companies decreased to US$0.03 million in FY2021, as compared to US$0.12 million in FY2020. The share of loss in FY2021 relates to the Group's new associate company, Preferred Mart, whereas the share of loss in FY2020 was due to FIT. The Group's investments in FIT group had been fully written off in FY2020 as the Group made full allowance for a one-off impairment.

The income tax credit of US$3.00 million recorded in FY2021 arose due to a reversal of overprovision of deferred tax relating to the Thailand Operations.

Taking into consideration the aforementioned, the Group narrowed its net loss after income tax from US$33.36 million in FY2020 to US$4.73 million in FY2021.

PLANS AHEAD

OIL AND GAS SECTOR

Amid disruptions of the COVID-19 pandemic, OPEC+ is currently facing challenges to raise oil production to increase supply to meet the rising demand globally as economies are slowly re-opening. The widening supply-demand deficit due to the tightness in the broader energy market is likely to see oil prices advance further[1].

The joint operators of the Thailand Operations aim to increase oil reserves and raise oil production volume and have scheduled a drilling campaign for five new wells to commence in the last quarter of 2021, subject to the then situation of the COVID-19 pandemic in Thailand.

CONSUMER SECTOR

The supermarket business is at its early stage of operations and the partners at Preferred Mart are committed to improving operational efficiency. The Group and the partners have plans in the pipeline to grow the supermarket business through concurrent expansion mainly via online sales channels and partnering established distribution channels. Preferred Mart is also in discussions with potential business partners to explore new business opportunities to broaden the business portfolio.

Source:

1 Financial Times – Oil prices hit a three-year high as gas crunch starts to affect crude market
https://www.ft.com/content/ad4ae04c-65ef-4ec3-afdf-28f559f72ff3

CORPORATE UPDATES

The Company continues its best endeavours to overcome adversities and work towards strengthening the fundamentals of the Group. Some of the recent notable corporate updates include:

1) The Company changed its name from "CWX Global Limited" to "CapAllianz Holdings Limited" with effect from 3 June 2021. The Company's trading counter name on the SGX-ST was also changed on 8 June 2021.

2) The Wellington District Court had, on 18 June 2021, dismissed the charges made against the Company's 51%-owned subsidiary, Loyz NZ Ventures Limited ("**Loyz NZ**"), and its director (collectively, the "**Parties**") by the Ministry of Business, Innovation & Employment of New Zealand ("**MBIE**"), after the fulfilment by the Parties of the specific conditions set by MBIE pursuant to the diversion agreement entered between MBIE and the Parties.

3) Fit Global Pte. Ltd. ("**FIT**"), a 40%-owned associate company of the Group, has been placed under voluntary liquidation (the "**Liquidation**") with effect from 13 August 2021. The Group and the Company had made full allowance for impairment against the total gross carrying amounts of the debt and equity investments in FIT group in FY2020 on account of the significant economic uncertainties brought about by the COVID-19 pandemic.

4) On 22 September 2021, the Company completed a share placement of 700 million new ordinary shares in the capital of the Company at S$0.0027 per share and raised aggregate net proceeds of approximately S$1.87 million. The placement was undertaken to raise funds and strengthen the Group's financial position.

5) On 27 September 2021, pursuant to a settlement agreement entered into between the Company's subsidiary, Loyz Oil Pte. Ltd. ("**Loyz Oil**"), and Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") in relation to an existing US$32.00 million credit facility ("**Term Loan**") for the Group's Thailand Operations ("**Settlement Agreement**") (as announced by the Company on 17 August 2021), Loyz Oil made a final repayment of S$1.50 million to OCBC Bank in respect of the Term Loan.

   Pursuant to the terms of the Settlement Agreement, with effect from 27 September 2021, (i) all payables by Loyz Oil to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18.63 million as at 30 June 2021, have been extinguished; and (ii) all collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte. Ltd., a subsidiary of the Group) have been discharged by OCBC Bank. This settlement of the Term Loan is expected to provide the Group with a one-off gain of approximately US$17.50 million which will significantly improve the consolidated net tangible assets per share and earnings per share of the Group for FY2022. Correspondingly, the Group will turn around from its negative working capital position and strengthen its balance sheet.

Please refer to the Company's announcements published on the website of the Singapore Exchange and the Company's corporate website for more information on the above corporate

BUSINESS **OPERATIONS**

The Group focuses on the oversight and management of a portfolio of investments by leveraging the strengths of its team of professionals to identify and invest in promising businesses with the objective of improving their business operations and maximise investment returns for its portfolio of investments. The Group's current portfolio of investments comprises (i) the Oil and Gas sector; and (ii) the Consumer sector.

I THE OIL AND GAS SECTOR

The Group manages a portfolio of oil and gas investments with its core investment located in Thailand. Amid the challenging business environment and relatively low oil prices, the Group took the prudent approach to record a full impairment on its investments in non-core and non-performing assets in the other regions in the last few years.

CORE ASSET

Thailand

Phetchabun Basin

The Group's 20%-owned Thailand oil concessions (the "**Oil Concessions**") are located in the Phetchabun Basin, which is a highly prolific onshore basin located roughly 300km north of Bangkok, Thailand. The Oil Concessions comprise three producing concessions – SW1, L44/43, and L33/43, which are within the basin limits, and cover an aggregate area of 1,078 km^2.

Production licence for SW1 concession was renewed for another 10 years from July 2016, while production licences for L44/43 and L33/43 concessions will expire in 2032. Currently, there are 13 production licences and approximately 23 producing wells, covering an area of 124.7 km^2 within the Oil Concessions.

The Group's partners in the Oil Concessions are ECO Orient Energy (Thailand) Limited, ECO Orient Resources (Thailand) Limited and the Berlanga Group (together with the Group, collectively known as the "**Joint Operators**"). Through continual cost optimisation efforts, coupled with higher oil prices in 2021, the operations of the Oil Concessions are able to generate positive operating cash flows despite low oil production volume. This has spurred the Joint Operators to expedite plans to conduct a drilling campaign for five wells. The drilling campaign, which aims to increase oil reserves and oil production, is scheduled to commence in the last quarter of 2021, subject to the then situation of the COVID-19 pandemic in Thailand.

The Joint Operators had commissioned the independent qualified person, Chapman Petroleum Engineering Ltd, to prepare and issue two updated appraisal reports for the oil reserves of the Oil Concessions as at 31 December 2020 (collectively known as the "**2020 Reserves Statement**")[1]. The 2020 Reserves Statement reflects gross 2P oil and gas reserves attributable to the Oil Concessions of approximately 15.53 million barrels and 570 thousand barrels of oil equivalent, respectively. This equates to a pre-tax net present value of 10.0% of approximately US$340 million. The overall decline in net attributable 2P oil reserves to the Group of 2.2% or approximately 0.07 million barrels, to approximately 3.11 million barrels, as compared to a year ago, was mainly due to production from the existing wells in the past one year. This was partially offset by the new oil reserves added from exploration and updated analysis.

The containment of the COVID-19 pandemic in China and some developed countries saw gradual growth in global demand for oil, and correspondingly, oil prices trended upwards in the first half of 2021. The average oil price increased by 8.32% from US$46.78 per barrel in the financial year ended 30 June 2020 ("**FY2020**") to US$50.67 per barrel in the financial year ended 30 June 2021 ("**FY2021**"). However, the natural depletion of oil resources in the existing wells, as well as the stringent health and safety measures implemented at the operating sites amid the COVID-19 pandemic, resulted in a lower volume of oil production, from 50,170 barrels in FY2020 to 38,372 barrels in FY2021.

The Organisation of the Petroleum Exporting Countries and leading oil producing ally countries (collectively referred as "**OPEC+**") are facing challenges to raise the targeted output amid the resurgence of the COVID-19 virus, which potentially undermine the global economic recovery. The disequilibrium in supply and demand remains uncertain, which will result in volatility of oil prices. Nevertheless, the Joint Operators remain cautiously optimistic about conducting a new drilling campaign in the last quarter of 2021, subject to the then situation of the COVID-19 pandemic in Thailand.

The Group is the holder of 20% of the working interest in the Oil Concessions and as a minority stakeholder, the Group is reliant upon the operator of the Oil Concessions for all technical reporting. The 2020 Reserves Statement was prepared in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers and the Canadian Institute of Mining, Metallurgy and Petroleum. As such, the 2020 Reserves Statement was not prepared in accordance with any of the standards of reporting specified under the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

NON-CORE ASSETS

New Zealand

Taranaki Basin

The Group, through Loyz NZ Ventures Limited ("**Loyz NZ**") (an indirect 51%-owned subsidiary of the Company), was previously the permit holder of Petroleum Exploration Permit 38479, a 411 km² area within the Taranaki Basin, located off the western coast of New Zealand's North Island. The aforesaid Petroleum Exploration Permit expired on 23 September 2019.

In October 2020, Loyz NZ received a charging document from the Ministry of Business, Innovation & Employment of New Zealand ("**MBIE**") alleging that Loyz NZ had committed an offence. Subsequently on 18 June 2021, Loyz NZ received notice from the Wellington District Court (the "**Court**") that the Court had dismissed the charges made against Loyz NZ and its director (collectively, the "**Parties**") by MBIE after the Parties fulfilled the specific conditions set by MBIE pursuant to the diversion agreement entered between MBIE and the Parties. Please refer to the Company's announcements dated 7 October 2020, 2 June 2021 and 21 June 2021 for more information.

BUSINESS **OPERATIONS**

India
Cambay Basin

On 27 March 2015, Interlink Petroleum Limited ("**IPL**"), a 51.8%-owned subsidiary of the Company, entered into a binding memorandum of understanding with Sun Petrochemicals Private Limited, through its exploration and production division, Sun Oil & Natural Gas ("**SONG**"), for the transfer and assignment (the "**Assignment**"), from IPL to SONG of the production-sharing contracts in respect of IPL's interests over the Modhera and Baola fields in India. The Assignment was completed with the Indian government's approval in the financial year ended 30 June 2016. As IPL has no operating activities after the completion of the Assignment, the Company being the largest shareholder and creditor of IPL, commenced the necessary actions to undertake a creditors' voluntary liquidation of IPL (the "**Liquidation**").

On 4 April 2019, the Company announced the appointment of a liquidator to IPL to commence the Liquidation with the aim to strike off the dormant and loss-making company. The Company had fully impaired its investment in IPL in the financial year ended 30 June 2015. IPL was liquidated with effect from 25 May 2021. Please refer to the Company's announcement dated 24 June 2021 for more information.

The Philippines
East Palawan Basin

The Group, through Loyz Oil Philippines Pte. Ltd. ("**Loyz Philippines**") (a wholly-owned subsidiary of the Company), won the bid for Area 14, located in the East Palawan Basin off the north-eastern coast of Borneo Island in 2013. However, the award process has been delayed since 2013 due to an ongoing dispute involving Area 14's previous operator and the regulatory authorities in the Philippines. The Group had been trying to establish contact with the regulatory authorities but no response was received. As such, the Company decided to strike off Loyz Philippines which has been dormant since the financial year ended 30 June 2013. The Company had fully impaired its investment in Loyz Philippines in the financial year ended 30 June 2016. Loyz Philippines was struck off from the Register of Companies and dissolved with effect from 7 December 2020. Please refer to the Company's announcement dated 3 January 2021 for more information.

United States of America
Colorado & North Dakota

The Group owns a 13.75% non-participating interest in Fram Exploration ASA ("**Fram**"), whose exploration and production concessions are located in the resource-rich states of Colorado and North Dakota, United States of America. Fram is currently undergoing liquidation process and the Company will provide an update to shareholders as and when there is any material development.

II THE CONSUMER SECTOR

In February 2021, the Group diversified its investments to include promising businesses that are relatively defensive in nature to balance its risk exposure. Through a 40% stake in Preferred Mart Pte. Ltd. ("**Preferred Mart**"), the Group seized the opportunity to invest in a supermarket business as well as a health and wellness business, both located in Singapore.

SUPERMARKET

Preferred Mart owns a 100% stake in a supermarket business in Singapore, operating through a retail outlet and e-commerce platforms where it has a growing subscriber base of more than 150,000 in Singapore.

With the COVID-19 pandemic changing the conventional way a consumer makes purchases, the Group and its partners have plans in the pipeline to grow the supermarket business through concurrent expansion mainly via online sales channels and partnering established distribution channels.

The flagship supermarket outlet is located at People's Park Complex. Consumers can also visit the supermarket online through various e-commerce platforms such as Shopee and Wechat.

HEALTH & WELLNESS

The COVID-19 pandemic has raised awareness on health and wellness. Preferred Mart owns a 40% stake in a health and wellness business. Its "Zen Space" hyperbaric oxygen therapy ("**HBOT**") chambers uses patented Japanese technology, the health and wellness business has the flexibility to offer affordable HBOT to consumers.

As "Zen Space" uses atmospheric pressure of 1.3 atmosphere absolute (ATA), the HBOT is able to deliver optimal and targeted benefits without the risks and medical supervision required of higher ATA versions, to help improve the overall health and wellness of consumers.

ADVANCING WITH **SHARED STRENGTH**

We are committed to strengthen our investment portfolio including through shared-based business, further enhancing shareholder value in the long-term.

TWO-YEAR **KEY FINANCIAL HIGHLIGHTS**

REVENUE

US$**1.9M**

FY2020: US$2.6M

EBITDAX[1]

(US$**0.7M**)

FY2020: (US$0.4M)

NET CASH FLOWS USED IN OPERATING ACTIVITIES

US$**1.0M**

FY2020: US$0.5M

PRODUCTION VOLUME

38,372 barrels

FY2020: 50,170 BARRELS

CONSOLIDATED INCOME STATEMENT (US$'000)

	FY2021 (JULY'20 - JUNE'21)	FY2020 (JULY'19 - JUNE'20)
Revenue	**1,915**	2,554
Gross profit	**247**	166
Net loss	**(4,725)**	(33,355)

BALANCE SHEET (US$'000)

	AS AT 30 JUNE 2021	AS AT 30 JUNE 2020
Non-current assets	**71,706**	76,477
Current assets	**3,240**	2,769
Non-current liabilities	**35,624**	38,732
Current liabilities	**20,250**	23,249
Equity attributable to owners of the parent	**19,065**	17,264
NAV per share (US cents)	**0.28**	0.44

Note:

(1) Earnings before interest, taxation, depreciation, amortisation and exploratory expenses (if applicable).

BOARD OF **DIRECTORS**

MR. LEE CHYE CHENG, ADRIAN

NON-EXECUTIVE INDEPENDENT DIRECTOR AND CHAIRMAN

Mr. Adrian Lee was appointed to the Board on 11 January 2011. He was formerly the Managing Director of the Company since 31 March 2013, subsequently re-designated as a Non-Executive Non-Independent Director on 10 May 2016 and a Non-Executive Independent Director on 3 October 2019, and appointed as the Chairman of the Board on 7 May 2020. He was last re-elected to the Board on 25 October 2019. He is a member of the Audit Committee and the Remuneration Committee.

Mr. Lee accumulated rich multidisciplinary experience in the corporate sector from his experience in various industries including energy, financial services, real estate and hospitality. He currently serves as a Managing Director of KE Group Thailand.

Mr. Lee holds a Bachelor of Finance from the University of Strathclyde, Glasgow, United Kingdom.

MR. PANG KEE CHAI, JEFFREY

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Jeffrey Pang is the Executive Director and Chief Executive Officer of the Company. He was appointed to the Board on 10 May 2016 and was last re-elected on 30 November 2020. He is a member of the Nominating Committee.

Mr. Pang is primarily responsible for oversight and management of the operations and corporate developments of the Group. He has been with the Group since July 2011. He joined as the Chief Financial Officer to oversee and control the Group's overall accounting and finance function, tax, compliance and reporting matters.

Prior to joining the Group, Mr. Pang was a financial controller of a private investment group involved in sectors such as oil and gas, real estate, and food and beverage. He had also held a senior finance position at an automotive group and served as an external auditor at Deloitte & Touche.

Mr. Pang also serves as an independent director on the board of Shen Yao Holdings Limited (f.k.a. LionGold Corp Ltd), which is listed on the SGX-ST.

Mr. Pang, who has more than 21 years of audit and commercial experience, is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

MR. ZHAO JIAN

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Zhao JiAn was appointed to the Board as a Non-Executive Independent Director of the Company on 31 March 2021. He is the Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee.

Mr. Zhao has more than 15 years of experience in the area of information technology. He has profound knowledge and wealth of experience in computer networking, wireless communications and multimedia technologies. He is currently the Technology Director of Luokung Technology Corp, a spatial-temporal big-data processing technology company that is listed on the Nasdaq.

Mr. Zhao holds a Ph.D. in Computer Science and Technology from Hong Kong University of Science and Technology and a Master in Computer Science and Technology from Institute of Computer Mathematics and Science, Engineering, Computing, Chinese Academy of Sciences.

MS. LIM HWEE YONG NANA

NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms. Lim Hwee Yong Nana was appointed to the Board as a Non-Executive Independent Director of the Company on 31 March 2021. She is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee.

Ms. Lim has more than 20 years of experience in areas including accounting, auditing and business advisory. She is currently a Forensic Accountant.

Ms. Lim holds a Bachelor of Accountancy from Nanyang Technological University and a Master of Commerce (Information Systems) from University of Queensland. She is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a Certified Information Systems Auditor of the Information Systems Audit & Control Association.

MR. ONG BENG CHYE

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Ong Beng Chye was appointed to the Board as a Non-Executive Independent Director on 11 August 2016, and was last re-elected on 26 October 2018. He is the Chairman of the Audit Committee as well as a member of the Nominating Committee and the Remuneration Committee.

Mr. Ong has more than 29 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He is currently a director of Appleton Global Pte Ltd, a business management and consultancy firm. He also serves as an independent director on the boards of other companies listed on the SGX-ST, namely ES Group (Holdings) Limited, Geo Energy Resources Limited, Hafary Holdings Limited and IPS Securex Holdings Limited.

Mr. Ong holds a Bachelor of Science (Honours) from City, University of London. He is a Fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst and a non-practising member of the Institute of Singapore Chartered Accountants.

KEY MANAGEMENT **PROFILE**

DR. BRUCE MORRIS

TECHNICAL ADVISOR

Dr. Morris has been associated with the Group since May 2011. He utilises his wide-ranging technical expertise and experience to monitor and advise the Group on exploration assets and production operations. As both a field- and office-based geoscientist, as well as an exploration and production manager, he has amassed more than 33 years of professional hydrocarbon exploration and production experience across the globe. He has relevant experience in New Zealand, Australia, Papua New Guinea, China, Thailand, India, Cuba and the USA. He has also participated in field research in Antarctica. He has been an active member of the American Association of Petroleum Geologists (AAPG) for 37 years and is a member of the South East Asia Petroleum Exploration Society (SEAPEX).

MR. HO CHOO SOO

FINANCIAL CONTROLLER

Mr. Ho was appointed as the Financial Controller of the Group in May 2016. He is responsible for the Group's finance and accounting functions, including budgeting, managing of cash flows, taxation matters and ensuring compliance of statutory audit requirements for the Group. He joined the Group in July 2014 as Finance Manager and assisted the then-Chief Financial Officer on the Group's finance, accounting, tax, compliance and reporting matters. Mr. Ho has over 17 years of experience in audit and accounting and previously served as an external auditor at KPMG. He holds a Bachelor of Science in Accounting and Finance from the University of London and is a member of the Institute of Certified Management Accountants.

SUMMARY OF OIL AND GAS **RESERVES AND RESOURCES**

DATE OF REPORT:
30 JUNE 2021

DATE OF PREVIOUS REPORT:
30 JUNE 2020

NAME OF ASSET/ COUNTRY:
SW1,L44/43,L33/43,
THAILAND

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (MMBL/MBOE)	NET ATTRIBUTABLE TO THE COMPANY (MMBL/MBOE)	CHANGE FROM PREVIOUS UPDATE %	RISK FACTORS	REMARKS
RESERVES					
OIL RESERVES (MMBBL)					
1P	4.24	0.85	(8.60)	–	Please refer to note 1 below
2P	15.53	3.11	(2.20)	–	
3P	16.74	3.35	–	–	
GAS RESERVES (MBOE)					
1P	285.00	57.00	–	–	Please refer to note 1 below
2P	570.00	114.00	15.15	–	
3P	570.00	114.00	15.15	–	
NATURAL GAS LIQUIDS RESERVES					
1P	–	–	–	–	–
2P	–	–	–	–	–
3P	–	–	–	–	–
CONTINGENT RESOURCES					
OIL					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
NATURAL GAS					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
NATURAL GAS LIQUIDS					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
PROSPECTIVE RESOURCES					
OIL					
Low Estimate	–	–	–	–	–
Best Estimate	–	–	–	–	–
High Estimate	–	–	–	–	–
NATURAL GAS					
Low Estimate	–	–	–	–	–
Best Estimate	–	–	–	–	–
High Estimate	–	–	–	–	–

LEGEND:

1C	:	Low estimate of contingent resources
2C	:	Best estimate of contingent resources
3C	:	High estimate of contingent resources
1P	:	Proved
2P	:	Proved + Probable
3P	:	Proved + Probable + Possible
Mboe	:	Thousands barrels of oil equivalent
MMbbl	:	Millions of barrels

NOTE 1:
The Group is the holder of 20% of the working interest in the three producing onshore oil concessions in Phetchabun Basin, Thailand (the "**Concessions**") and as a minority stakeholder, the Group is reliant upon the operator and holder of 60% of the working interest in the Concessions (namely ECO Orient Resources (Thailand) Limited) for all technical reporting.

Name of Qualified Person: Bruce Douglas Morris (PhD)
Date: 30 September 2021
Professional Society Affiliation / Membership: American Association of Petroleum Geologists and South East Asia Petroleum Exploration Society

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

CapAllianz Holdings Limited (formerly known as CWX Global Limited) (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to ensure high standards of corporate governance for the protection of interests of the Company's shareholders ("**Shareholders**") and to promote investors' confidence.

This Corporate Governance Report describes the corporate governance practices adopted by the Company for the financial year ended 30 June 2021 ("**FY2021**") with specific reference made to each of the principles of the Singapore Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Company confirms that, for FY2021, it has complied substantially with the principles and provisions set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and review such practices on an ongoing basis to ensure compliance with the Catalist Rules.

BOARD MATTERS

THE BOARD'S CONDUCT OF 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.

Principal Duties of the Board

The primary function of the board of directors (the "**Board**" or "**Directors**") of the Company is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role includes the following:

(i) setting overall business direction and provide guidance on corporate strategic plans;
(ii) ensure that necessary resources are in place for the Company to meet its objectives;
(iii) monitoring financial performance including review and approval of interim and annual financial reports;
(iv) reviewing the adequacy and integrity of the Company's internal controls, risk management systems, financial reporting systems and monitoring the performance of the Group and the Company's management ("**Management**");
(v) assuming responsibility for corporate governance;
(vi) monitoring and approving major funding, investment, acquisitions, disposals and divestment proposals; and
(vii) reviewing interested person transactions.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group and hold Management accountable for performance.

The Company has established a Code of Business Conduct and Ethics that sets the principles of the code of business conduct and ethics which applies to all employees of the Group. Such code of business conduct and ethics sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Group.

All Directors are required to disclose their interests in the Group including any interested person transaction with the Group. Directors facing conflicts of interest in relation to any matter will recuse themselves from discussions and decisions involving the conflicted-related matters.

Delegation by the Board

The Board is supported by the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board Committees were formed with clear written terms of reference setting out their compositions, authorities and duties. The members of the Board Committees are drawn from the members of the Board and each of these Board Committees operates under the delegated authority from the Board. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code. The composition, description, terms of reference and summary of activities of each Board Committee are set out in this Corporate Governance Report.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director of senior Management to attend their meetings.

Board and Board Committees Meetings

The Board meets regularly and whenever deemed necessary and appropriate. Telephonic attendance is allowed under the Company's Constitution. When physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circular resolutions.

The attendance of each Director at all Board and Board Committees meetings as well as general meetings of the Company held during FY2021 is set out below:

	BOARD	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	ANNUAL GENERAL MEETING ON 30 NOVEMBER 2020	EXTRAORDINARY GENERAL MEETING ON 3 JUNE 2021
Number of meetings held:	2	2	– [4]	1	1	1
Attendance:						
Lee Chye Cheng, Adrian	2	2	–	1	1	1
Pang Kee Chai, Jeffrey	2	2	–	1	1	1
Wang Jiyu [1]	1	–	–	1	1	–
Ong Beng Chye	2	2	–	1	1	1
Lim Hwee Yong Nana [2]	–	–	–	–	–	1
Zhao JiAn [3]	–	–	–	–	–	1

Notes:

(1) Mr Wang Jiyu resigned as an Executive Director with effect from 1 February 2021.

(2) Ms Lim Hwee Yong Nana was appointed as a Non-Executive Independent Director with effect from 31 March 2021.

(3) Mr Zhao JiAn was appointed as a Non-Executive Independent Director with effect from 31 March 2021.

(4) During FY2021, no NC meeting was held. The agenda for the NC meeting in respect of the matters for FY2021 was discussed and minuted by way of circulation of the NC's resolution.

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion used to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provisions of guidance and advice on various matters relating to the Group. The Board also considers the Directors' other listed company board representations and other principal commitments to ensure they are able to and have been adequately carrying out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company.

Directors' Orientation and Training

The Company does not have a formal training programme for its Directors. Regular training will be arranged and funded by the Company. All Directors are also updated on an on-going basis by way of circulars or via Board and Board Committees meetings on matters relating to the changes to relevant laws, regulations and accounting and governance standards so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committees' members. During FY2021, Directors are provided with briefings and updates on (i) the developments in new and revised financial reporting standards that are relevant to the Group, as well as governance standards by the Company's external auditors; (ii) amendments to the Catalist Rules and the Code by the Company Secretary and the Company's sponsor; and (iii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committees meetings.

Newly appointed Directors would receive a formal letter setting out the Director's duties and obligations and the Company would arrange orientation programs to enable the newly appointed Directors to familiarise themselves with the Group's business and governance practices. The Company would also arrange and fund such trainings for first-time Directors (being a director who has no prior experience as a director of a company listed on the SGX-ST) in relation to the roles and responsibilities of a director of a listed company, organized by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as and where appropriate.

The Company has appointed two (2) new Directors with effect from 31 March 2021, namely Ms Lim Hwee Yong Nana and Mr Zhao JiAn, and has provided them with the necessary appointment letters and orientation programs as highlighted above. Being first-time directors, Ms Lim Hwee Yong Nana and Mr Zhao JiAn are required to attend the mandatory training conducted by SID within one (1) year from the date of their appointments to the Board pursuant to Rule 406(3)(a) of the Catalist Rules. The Company has arranged for Ms Lim Hwee Yong Nana and Mr Zhao JiAn to attend and complete the requisite trainings as required under Practice Note 4D of the Catalist Rules by October 2021 (subject to any restrictions imposed by the government in response to the COVID-19 pandemic), which is within one (1) year from the date of their appointments to the Board.

Matters Requiring Board's Approval

All material transactions require the Board's approval. Material transactions are those which do not ordinarily fall within the normal day-to-day operations of the Group, which include amongst others, investments, acquisitions and disposals, annual budgets, approval of annual reports and audited financial statements, declaration of dividends, convening of general meetings and approval of interested person transactions.

Access to Information

The Board and Board Committees are furnished with adequate and accurate information prior to any meeting so as to facilitate the Directors in the proper and effective discharge of their duties. Board papers are prepared for each Board and Board Committee meeting. The Board papers include sufficient information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committees meetings. Information about the Company and the Group are freely available to each Board member. The Management will supply any additional information that the Board requires. The Management and the senior executive officers of the Company and the Group are invited by the Board to attend the Board meetings to present their proposals or to answer any questions that Board members may have.

Access to Management and Company Secretary

In carrying out their duties as directors, all Directors have full access to and may communicate directly with the Management, the Company Secretary, as well as the internal and external auditors of the Company, on all matters whenever they deem necessary. The Management provides the Directors with regular updates on the operational and financial performance of the Group, and also responds to regular questions from the Board or individual Directors in a timely manner.

The Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and the relevant rules and regulations which are applicable to the Company. The Company Secretary or her representative attends all Board and Board Committees meetings to record the proceedings. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Independent Professional Advice

All Directors, either individually or as a group, may seek independent professional advice as and when necessary, at the Company's expense, to enable them to discharge their responsibilities effectively.

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.

Board Composition and Size

There were changes made to the composition of the Board and Board Committees during FY2021. As at the date of this Corporate Governance Report, the composition of the Board and Board Committees is as follows:-

		BOARD COMMITTEE MEMBERSHIP		
NAME	**DESIGNATION**	**AUDIT COMMITTEE**	**NOMINATING COMMITTEE**	**REMUNERATION COMMITTEE**
Lee Chye Cheng, Adrian	Non-Executive Independent Director and Chairman	Member	-	Member
Pang Kee Chai, Jeffrey	Executive Director and Chief Executive Officer	-	Member	-
Ong Beng Chye	Non-Executive Independent Director	Chairman	Member	Member
Lim Hwee Yong Nana [1]	Non-Executive Independent Director	Member	Member	Chairman
Zhao JiAn [2]	Non-Executive Independent Director	Member	Chairman	Member

Notes:

(1) Ms Lim Hwee Yong Nana was appointed as a Non-Executive Independent Director with effect from 31 March 2021.

(2) Mr Zhao JiAn was appointed as a Non-Executive Independent Director with effect from 31 March 2021.

The Board currently comprises five (5) Directors, of whom four (4) (including the Chairman of the Board) are independent (who are also non-executive) to exercise objective judgement. As such, the Non-Executive Directors make up a majority of the Board. The Board is of the view that there is sufficient independent element on the Board, and no individual or groups of individuals dominates the Board's decision-making.

Membership on the Board and Board Committees are carefully constituted to ensure equitable distribution of responsibilities and appropriate combination of skills and experience, as well as balance of power and independence.

The NC reviews the size and composition of the Board and Board Committees taking into account the balance and diversity of skills, knowledge, experience and gender, among other factors, on an annual basis. The Board and the NC are of the view that, taking into account the current scope and nature of the operations of the Group and the requirements of the businesses of the Group, the size of the Board and Board Committees is appropriate, and the Board and the Board Committees have the appropriate requisite mix of expertise, knowledge and experience, and collectively possesses the necessary core competencies for effective functioning as well as independent and informed decision-making to avoid groupthink and foster constructive debate. Such experiences and competencies include finance and accounting, strategic planning, investment management, relevant industry knowledge, entrepreneurial and management experience, familiarity with regulatory requirements and risk management.

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making, regardless of gender. Each Director has been appointed based on the strength of his/her caliber, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business.

Director's Independence

The criterion for independence is based on the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account whether the Director falls under any of the circumstance pursuant to Rule 406(3)(d) of the Catalist Rules. The Code has defined an "independent" director as one who is independent in conduct, character and judgement, 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 with a view to the best interests of the company.

The NC, shall conduct an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval. Each Director is also required to declare his/her independence by duly completing and submitting a declaration form.

For FY2021, each of the Independent Directors (namely Mr Lee Chye Cheng, Adrian, Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn) has confirmed his/her independence in accordance with the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account Rule 406(3)(d) of the Catalist Rules. None of the Independent Directors holds shares and/or warrants in the Company representing 5% or more of the total issued shares in the Company, if any. The Company is of the view that the shareholdings held by an independent Director will not compromise his/her independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the aforesaid Directors are independent.

Duration of Independent Directors' Tenure

While the NC and the Board recognise that Independent Directors who may have served in such office for an aggregate period of more than nine (9) years may have developed relationships, *inter alia*, with the Company and/or Management, such Independent Directors would also have developed significant insights in the Group's businesses and operations and may be able to continue providing significant and valuable contributions to the Board. Where there are such Directors, the NC and the Board will review vigorously their continuing contributions and independence and may exercise their discretion to extend the tenure of these Directors where appropriate.

One of the Independent Directors, namely Mr Lee Chye Cheng, Adrian, has served on the Board for more than nine (9) years. In view of this, the other Directors have been asked to particularly review and assess the continued independence of Mr Lee Chye Cheng, Adrian.

After due consideration and taking into account the views of the Board and the NC, the Board continues to regard Mr Lee Chye Cheng, Adrian as independent notwithstanding the length of tenure of his service, after taking into consideration, *inter alia*, the guidelines for independence as provided for under the Code and its Practice Guidance, the absence of potential conflicts of interest for the Independent Director which may arise through, *inter alia*, a shareholding interest in the Company and/or business dealings directly or indirectly with the Group, and he has demonstrated independence in character and judgment, thought, amongst others, his contributions to Board discussions and deliberations and ability and preparedness to exercise independent business judgment and/or decisions with the view of the best interests of the Company, without undue reliance, influence or consideration of the Group's interested parties such as the Chief Executive Officer ("**CEO**"), substantial Shareholders and/or their associates.

Meeting of Independent Directors without Management

The Non-Executive Directors, who are also Independent Directors, will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Directors will have discussions amongst themselves without the presence of the Management, so as to facilitate a more effective check on the Management. Feedback from such meetings will be provided to the Board as appropriate.

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.

Separation of the Role of Chairman of the Board and Chief Executive Officer

The Company keeps the positions of the Chairman of the Board and the CEO of the Company separate. Mr Lee Chye Cheng, Adrian, who is an Independent Director, is the Non-Executive Chairman of the Board, while Mr Pang Kee Chai, Jeffrey, is the Executive Director and CEO of the Company. The Non-Executive Chairman of the Board and the CEO of the Company are not related to each other.

Role of Chairman of the Board and Chief Executive Officer

As the Chairman of the Board, Mr Lee Chye Cheng, Adrian is, amongst other things, responsible for leading the Board to ensure its effectiveness on all aspects of its role, ensure that adequate time is available for discussion for all agenda items and promote a culture of openness and debate at the Board.

The Company's CEO, Mr Pang Kee Chai, Jeffrey, is responsible for the day-to-day operations of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management.

The Company practices a clear division of responsibilities between the Chairman and the CEO. This ensures an appropriate balance of power between the Chairman and the CEO and thereby allows for increased accountability and greater capacity of the Board for independent decision-making.

Lead Independent Director

The Board believes that there is a strong and independent element on the Board and adequate safeguards are in place against an uneven concentration of power and authority vested in any single individual. As such, the Board has not appointed any Independent Director to assume the role of a lead independent director. However, the Board will review from time to time, the necessity of nominating a lead independent director.

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.

Composition of the Nominating Committee

As at the date of this Corporate Governance Report, the NC comprises four (4) Directors, of whom three (3) (including the Chairman of the NC) are independent. The members of the NC are as follows:

Zhao JiAn (Chairman)
Lim Hwee Yong Nana
Ong Beng Chye
Pang Kee Chai, Jeffrey

During FY2021, no NC meeting was held. The agenda for the NC meeting in respect of the matters for FY2021 was discussed and minuted by way of circulation of the NC's resolution.

Role and Duties of the Nominating Committee

The NC, which reports to the Board, is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. The NC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the NC include, amongst others:

(i) reviews and recommends the nomination or re-nomination of the Directors having regard to their contribution and performance;

(ii) reviews the succession plans for Directors, in particular, for the appointment and/or replacement of the Chairman of the Board, the CEO and key executives of the Company ("**Key Executives**");

(iii) determines annually whether or not a Director is independent;

(iv) where a Director or proposed Director has multiple board representation, decides on whether the Director is able to and/or has been adequately carrying out his/her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments;

(v) assesses the effectiveness of the Board as a whole and the Board Committees, as well as the contribution by each individual Director to the effectiveness of the Board;

(vi) develops a process and the criteria for evaluation of the performance of the Board, the Board Committees and the Directors;

(vii) reviews the training and professional development programs for the Board and the Directors;

(viii) reviews the size and composition of the Board and the Board Committees with the objective of achieving a balanced Board and the Board Committees in terms of the mix of experience and expertise and make recommendations to the Board with regard to any change;

(ix) reviews the appointment and re-appointment of Directors (including alternate Directors, if any); and

(x) reviews and approves any new employment of related persons and the proposed terms of their employment.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of matters in which he/she has an interest.

Continuous Review of Directors' Independence

As set out under Principle 2 of the Code above, on an annual basis, the NC is required to determine the independence of each Director in accordance with the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account Rule 406(3)(d) of the Catalist Rules. For FY2021, the NC has reviewed and determined that each of the Independent Directors (namely Mr Lee Chye Cheng, Adrian, Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn) is independent, and is able to exercise judgment on the corporate affairs of the Group independent of the Management.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his/her knowledge. When a Director has multiple board representations and in considering the nomination of Directors for re-appointment, the NC will consider whether the Director is able to and has been adequately carrying out his/her duties as a Director of the Company, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

For FY2021, the NC has reviewed all the declarations from the Directors and considers that the multiple board representations held presently by some of the Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board. The NC is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as have given sufficient time and attention to the affairs of the Company. In view of this, the Board does not see a need to set the maximum number of listed company board representations that a Director may hold as long as all the Directors are able to devote to the Company's affairs in light of their commitments. The Board and the NC will review the requirement to fix a maximum number of listed company board representations when the need arises.

Re-election of Directors

The election of a Director is held annually and in accordance with the Catalist Rules and the Company's Constitution. Rule 720(4) of the Catalist Rules requires all Directors to submit themselves for re-nomination and re-appointment at least once every three (3) years. The Company's Constitution requires one-third of the Directors to retire from office at each annual general meeting ("**AGM**") of the Company, and all Directors are required to retire from office by rotation at least once every three (3) years. In addition, the Company's Constitution provides that a newly appointed Director must retire and submit himself/herself for re-appointment at the next AGM of the Company following his/her appointment. Thereafter, he/she is subject to be re-appointed at least once every three (3) years. The aforesaid will enable all Shareholders to exercise their rights in selecting all the Board members of the Company. Directors who retire are eligible to offer themselves for re-election.

The re-election of each Director is voted on separate resolution during the AGM of the Company. To assist Shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings of each Director standing for re-election are furnished in the annual report.

For re-appointment of Directors to the Board, the NC will take into consideration in its evaluation, amongst others, the competency, time commitment and experience in meeting the needs of the Company. The NC will then recommend the Directors to be re-appointed to the Board for approval.

At the forthcoming AGM of the Company, the NC had nominated and recommended, and the Board had agreed that Mr Ong Beng Chye, will retire pursuant to Regulation 107 of the Company's Constitution and in accordance with Rule 720(4) of the Catalist Rules. Mr Ong Beng Chye, being eligible for re-election, has offered himself for re-election.

At the forthcoming AGM of the Company, Ms Lim Hwee Yong Nana and Mr Zhao JiAn, newly appointed Directors in FY2021, will also retire pursuant to Regulation 117 of the Company's Constitution. Ms Lim Hwee Yong Nana and Mr Zhao JiAn, being eligible for re-election, have offered themselves for re-election.

Please refer to the section entitled "Additional Information on Directors Seeking for Re-election – Appendix 7F to the Catalist Rules" of this Corporate Governance Report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn.

Nomination and Selection of Directors

The NC would review and nominate the most suitable candidate to the Board when a vacancy arises under any circumstances or where it is considered that the Board would benefit from the services of a new Director with particular skills. The NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC then nominates the most suitable candidate to the Board. The Company Secretary will ensure that all appointments are properly made and regulatory obligations are met. The Company's sponsor is also kept abreast of any new candidate and the new candidate's resume is also provided to them for review. The Company's sponsor would interview the new candidate separately.

Alternate Director

Currently, there is no alternate Director appointed to the Board.

Listed Company Directorship and Other Principal Commitments

The profile of each Director is set out below.

NAME OF DIRECTOR	BOARD APPOINTMENT	DATE OF FIRST APPOINTMENT	DATE OF LAST RE-APPOINTMENT	DIRECTORSHIPS/ CHAIRMANSHIPS BOTH PRESENT IN OTHER LISTED COMPANIES AND OTHER PRINCIPAL COMMITMENTS
Pang Kee Chai, Jeffrey	Executive	10/05/2016	30/11/2020	Present Listed Directorship: Shen Yao Holdings Limited (f.k.a. LionGold Corp Ltd) Other Principal Commitment: NIL
Ong Beng Chye (1)	Non-Executive and Independent	11/08/2016	26/10/2018 (to be re-elected at the forthcoming AGM)	Present Listed Directorships: 1. Geo Energy Resources Limited 2. Hafary Holdings Limited 3. IPS Securex Holdings Limited 4. ES Group (Holdings) Limited Other Principal Commitment: Director of Appleton Global Pte Ltd
Lee Chye Cheng, Adrian	Non-Executive and Independent	11/01/2011	25/10/2019	Present Listed Directorship: NIL Other Principal Commitment: Director of Jit Sun Investments Pte Ltd
Lim Hwee Yong Nana (1)	Non-Executive and Independent	31/03/2021	- (to be re-elected at the forthcoming AGM)	Present Listed Directorship: NIL Other Principal Commitments: Director of (i) OOSS Global Pte Ltd; (ii) SMG Development Pte Ltd; and (iii) Univerlux (Singapore) Pte Ltd
Zhao JiAn (1)	Non-Executive and Independent	31/03/2021	- (to be re-elected at the forthcoming AGM)	Present Listed Directorship: NIL Other Principal Commitments: Director of Beijing Chaomi Technology Co., Ltd and Beijing Zhicai Technology Co., Ltd

Note:
(1) Each of Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn will retire at the forthcoming AGM of the Company and being eligible, has offered himself/herself for re-election. Further information relating to Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn has been set out in the section entitled "Additional Information on Directors Seeking for Re-Election – Appendix 7F to the Catalist Rules" of this Corporate Governance Report.

Key information regarding the Directors' academic and professional qualifications as well as working experience is set out in the section entitled "Board of Directors and Key Management" of this Annual Report. Information on the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than wholly-owned subsidiaries) are set out in the section entitled "Directors' Statement" of this Annual Report.

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.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees as well as the contribution by each Director to the effectiveness of the Board.

The evaluation of the Board is performed annually by having all members to complete a board evaluation questionnaire individually. The assessment parameters such as the Director's attendance and participation in and outside meetings, the quality of the Director's involvement as well as industry and business knowledge made by the Director will enable an all rounded evaluation, covering the various aspects of an effective Board. The completed evaluation forms are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board.

The performance criteria for the evaluation of the Board are in respect of Board size and composition, Board independence, Board's decision-making processes, strategic planning, Board information and accountability, Board performance in relation to discharging its principal functions and financial targets.

Individual Director's performance and contribution to the effectiveness of the Board are evaluated by requesting the NC members to complete the Director's evaluation form individually. Some factors taken into consideration by the NC members include availability at Board meetings, degree of preparedness, ability to make informed decisions in the best interest of the Company and the contribution to develop strategies which are in line with the Company's vision.

The overall assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board was satisfactory for FY2021, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

The Board, together with the NC, are of the view that due to the relatively small size of the Board, it would not be necessary to evaluate the effectiveness and performance of each of the Board Committees in addition to the evaluation of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

For FY2021, the NC has not engaged any external facilitator in conducting the assessment of the effectiveness of the Board as a whole and the Board Committees as well as the contribution by each Director to the effectiveness of the Board. Where relevant, the NC will consider such engagement.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Composition of the Remuneration Committee

As at the date of this Corporate Governance Report, the RC comprises four (4) Directors, all of whom are independent. The members of the RC are as follows:

Lim Hwee Yong Nana (Chairman)
Zhao JiAn
Lee Chye Cheng, Adrian
Ong Beng Chye

The RC met once in FY2021.

Role and Duties of the Remuneration Committee

The RC, which reports to the Board, is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of the Directors and Key Executives. The RC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the RC include, amongst others:

(i) reviews and recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind for each Director and Key Executive;

(ii) reviews and recommends to the Board the specific remuneration packages of each Director;

(iii) reviews and recommends to the Board the specific remuneration packages of each Key Executive, taking into consideration the CEO's assessment of and recommendation for remuneration and bonus;

(iv) reviews and recommends to the Board the specific remuneration packages of employees who are related to any Directors and/or substantial Shareholders; and

(v) reviews and determines the contents of any service agreement for any Director or Key Executive.

Each member of the RC abstains from voting on any resolution and making any recommendation and/or participating in any deliberation of the RC in respect of his/her remuneration package and matters in which he/she has an interest.

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Director(s) and the Key Executives based on the performance of the Group, the individual Director and the individual Key Executive. No Director individually decides or is involved in the determination of his/her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

In reviewing the service agreements of the Executive Director(s) and Key Executives, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Engagement of Remuneration Consultants

The RC has access to advice inside the Company and if necessary, may seek external expert advice of which the expenses will be borne by the Company. For FY2021, the RC did not seek any external expert advice from any remuneration consultant on the remuneration packages of the Directors and the Key Executives.

LEVEL AND MIX OF REMUNERATION

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

Remuneration of Executive Director(s) and Key Executives

The Group's remuneration policy is to provide compensation packages which reward successful performance and are appropriate to attract, retain and motivate the Executive Director(s) and Key Executives needed to run the Company and the Group successfully. The RC reviews the compensation annually to ensure that the remuneration of the Executive Director(s) and Key Executives commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director(s) (together with the Key Executives) is reviewed periodically by the RC and the Board.

The CEO has entered into a service agreement with the Company for an initial period of three years and thereafter for such period as the Board may decide. The Board will review the remuneration package of the CEO (which is based on his service agreement) from time to time based on the recommendation of the RC.

The Executive Director(s) does not receive director's fees but is remunerated as a member of the Management. The remuneration package of each of the Executive Director(s) and the Key Executives comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director(s) and Key Executives in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group.

Remuneration of Non-Executive Directors

The Non-Executive Directors (who are also Independent Directors) do not have service agreements with the Company and are each paid a fixed director's fee, which is determined by the Board, after the recommendation by the RC, taking into consideration their efforts and time spent, responsibilities and contribution to the Board, subject to approval by Shareholders at the AGM of the Company. The RC is mindful that Independent Directors should not be over-compensated to the extent that their independence may be compromised. Directors' fees for the Non-Executive Directors of S$85,123 for FY2021 have been recommended by the RC and accepted by the Board, and will be tabled for approval by Shareholders at the forthcoming AGM of the Company. The Non-Executive Directors do not receive any other remuneration from the Company.

A proposed one-time ex-gratia payment amounting to S$20,000 to be paid to the Non-Executive Independent Director and Chairman of the Company, Mr Lee Chye Cheng, Adrian, has also been recommended by the RC and accepted by the Board, and will be tabled for approval by Shareholders at the forthcoming AGM of the Company. This proposed one-time ex-gratia payment (i) is in recognition of Mr Lee Chye Cheng, Adrian's 10 years of service and contributions to the Company and its subsidiaries as a Director of the Company since January 2011; and (ii) as an appreciation to Mr Lee Chye Cheng, Adrian for waiving his director's fee from 1 July 2021 onwards. This proposed ex-gratia payment, if approved by Shareholders, will be paid fully in shares of the Company to be delivered in the form of share awards to be granted under the proposed CapAllianz Holdings Limited Performance Share Plan, which is subject to the approval of Shareholders at the forthcoming extraordinary general meeting of the Company. Please refer to explanatory note (v) of the Company's Notice of AGM dated 14 October 2021 for further details.

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.*

Remuneration Policy and Criteria

The Group's remuneration policy is to provide compensation packages which reward successful performance and are appropriate to attract, retain and motivate employees including the Executive Director(s) and the Key Executives. The compensation packages comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

The RC will review the remuneration of the Executive Director(s) and the Key Executives from time to time to ensure that their remuneration commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director(s) (together with the Key Executives) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Disclosure on Remuneration of Directors (including the CEO) and Key Executives

The Code recommends the disclosure of the remuneration of each Director, the CEO and at the least, the Group's top five (5) Key Executives (who are not also Directors or the CEO).

The Board, has on review, is of the opinion that it is in the best interests of the Group not to fully disclose in this Corporate Governance Report the exact remuneration of each Director and the CEO, the names of the Company's top five (5) Key Executives (who are not also Directors or the CEO) and the total remuneration of each Key Executive in dollar terms, given the confidentiality and sensitivity of remuneration matters, and the Board believes that such disclosure may be prejudicial to the Group's business interests given the competitive environment it is operating in as well as the disadvantages this brings. The disclosure of such detailed remuneration could have an adverse effect on the working relationships and contributions to the operations of the Group.

The remuneration of the Directors for FY2021 in bands of S$250,000 is as follows:

REMUNERATION BANDS	DIRECTORS' FEE %	BASE SALARY %	BONUS %	CPF %	ALLOWANCE %	SHARE OPTIONS AND AWARDS %	TOTAL %
S$250,000 to S$499,999							
Pang Kee Chai, Jeffrey	–	96	–	4	–	–	100
Below S$250,000							
Wang Jiyu (1)	–	100	–	–	–	–	100
Ong Beng Chye	100	–	–	–	–	–	100
Lee Chye Cheng, Adrian	100	–	–	–	–	–	100
Lim Hwee Yong Nana (2)	100	–	–	–	–	–	100
Zhao JiAn (3)	100	–	–	–	–	–	100

Notes:
(1) Mr Wang Jiyu resigned as an Executive Director with effect from 1 February 2021.
(2) Ms Lim Hwee Yong Nana was appointed as a Non-Executive Independent Director with effect from 31 March 2021.
(3) Mr Zhao JiAn was appointed as a Non-Executive Independent Director with effect from 31 March 2021.

The remuneration of the top five (5) Key Executives for FY2021 in bands of S$250,000 is as follows:

REMUNERATION BAND	BASE SALARY %	BONUS %	CPF %	ALLOWANCE %	SHARE OPTIONS AND AWARDS %	TOTAL %
Below S$250,000						
No. of Key Executives: Two	92	–	8	–	–	100

There are two (2) Key Executives (who are not also Directors or the CEO) in the Group for FY2021.

The total aggregate remuneration paid to the Group's top two (2) Key Executives (who are not also Directors or the CEO) during FY2021 was approximately USD$110,000.

The breakdown of performance conditions which links to remuneration paid to the Executive Director(s) and the top two (2) Key Executives (who are not also Directors or the CEO) are not disclosed in this Corporate Governance Report due to confidentiality reasons.

There were no termination, retirement or post-employment benefits granted to the Directors and Key Executives in FY2021.

The Company does not have an employee share option scheme or performance share plan in place in FY2021.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this Corporate Governance Report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

Disclosure on Remuneration of Employees who are Substantial Shareholders, or are Immediate Family Members of a Director, the CEO or a Substantial Shareholder

The Company does not have any employee who is a substantial Shareholder, or an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 during FY2021.

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 stakeholders.

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard Shareholders' interest and maintain accountability of its assets. While no cost-effective internal control system can provide absolute assurance against loss or misstatement, the Company's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably reduced, proper accounting records are maintained and financial information used within the business and for publication are reasonable and accurate.

During FY2021, the Company's external and internal auditors conducted their respective annual review of the adequacy and effectiveness of the Company's material internal controls (including financial, operational, compliance and information technology controls) and risk management systems and these were reported to the AC. The AC, on behalf of the Board, also reviewed the adequacy and effectiveness of the Group's systems of internal controls and risk management in light of key business and financial risks affecting its business. The Board has also received assurance from the CEO and the Financial Controller that, as at 30 June 2021, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the Board Committees and the Board, and assurance from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is satisfied that the internal controls (including financial, operational, compliance, information technology controls) and risk management systems in place in the Group are adequate and effective for FY2021.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities The Board, together with the AC and the Management, will continue its risk assessment process, which is an on-going process, with a view to enhance and improve the existing internal control framework to identify and mitigate these risks.

AUDIT COMMITTEE

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

Composition of the Audit Committee

As at the date of this Corporate Governance Report, the AC comprises four (4) Directors, all of whom are independent. The members of the AC are as follows:

Ong Beng Chye (Chairman)
Lee Chye Cheng, Adrian
Zhao JiAn
Lim Hwee Yong Nana

The Chairman of the AC, Mr Ong Beng Chye, has many years of experience in the finance industry. He possesses the appropriate accounting and related financial management experience and expertise. Mr Ong Beng Chye is also an independent director on several companies listed on the SGX-ST.

Mr Lee Chye Cheng, Adrian, a member of the AC, has accumulated rich multidisciplinary experience in the corporate sector from his experience in various industries including energy, financial services, real estate and hospitality. Mr Lee Chye Cheng, Adrian has also previously served on the boards of other listed companies in other countries.

Mr Zhao JiAn, a member of the AC, has more than 15 years of experience in the area of information technology. He has profound knowledge and wealth of experience in computer networking, wireless communications and multimedia technologies.

Ms Lim Hwee Yong Nana, a member of the AC, has more than 20 years of experience in areas including accounting, auditing and business advisory. She is currently a Forensic Accountant.

In view of the above, the Board is of the opinion that the members of the AC have sufficient financial and corporate management experience and expertise in discharging their duties.

None of the members of the AC is a former partner or director of the Company's external or internal auditors.

Role and Duties of the Audit Committee

The role of the AC is to assist the Board in discharging its responsibility to safeguard the assets of the Group, ensuring the maintenance of adequate accounting record procedures and processes and to develop and maintain effective systems of internal and risk controls. The overall objective of the AC is to ensure that the Management has established and maintained an effective system of internal control and that the Management does not override the established system of internal controls. The AC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the AC include, amongst others:

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

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

(iii) reviews the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(iv) reviews the quarterly (if applicable), half year and annual announcements on the results and financial position of the Company and of the Group;

(v) ensures the co-operation and assistance given by the Management to external auditors;

(vi) makes recommendations to the Board on the appointment of external and internal auditors; and

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

In discharging the above duties, the AC has confirmed that it has full access and co-operation from the Management and is given reasonable resources to enable it to perform its functions properly.

The AC reports to the Board and met twice in FY2021, to review the half year and annual unaudited financial statements of the Group and all related disclosures to Shareholders before submission to the Board for approval. The Company Secretary or her representative was present at the meetings to record the proceedings.

The AC has full authority to investigate any matter when alerted on issues of internal controls, suspected fraud or irregularity. It has full access to and cooperation of the Management and full discretion to invite any staff to attend its meetings.

Internal Audit Function

The Company has outsourced its internal audit function to an external professional firm for the purposes of reviewing the adequacy and effectiveness of its internal controls and risk management systems. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the Chairman of the AC. The functions of the internal auditors include the review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors discuss and agree on the annual internal audit plan with the AC at the beginning of each financial year. Subsequent internal audit findings and corresponding responses from the Management to address these findings are reported at the meetings of the AC.

The internal auditors have carried out its functions according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the independence, adequacy and effectiveness of the outsourced internal audit function and is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group to fulfill its mandate. The AC is also of the view that the outsourced internal audit function is adequately staffed with qualified and experienced personnel with the relevant experience and that the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors to perform its function effectively.

The AC will review annually the independence, adequacy and effectiveness of the internal audit function.

External Audit Function

Statutory audit review and the implementation of the Company's material internal controls are reviewed by the Company's current external auditors, Nexia TS Public Accounting Corporation ("**Nexia**"), to the extent set out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, will be reported to the AC. Any material non-compliances and internal control weaknesses will be followed up by the Management as part of the Management's role in the review of the Company's internal control systems. There are no such material non-compliances and internal control weaknesses in FY2021. The external auditors have unrestricted access to the AC.

The AC has reviewed the overall scope of the external audit and met with the Company's external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls. The Company's external auditors also briefed the AC on the changes in the financial reporting standards that will take effect during the financial year and also the following financial year. This ensures that the AC is kept abreast with the changes in financial reporting standards which have a direct impact on the Group's financial statements.

The AC has performed independent reviews of the Company's half year and full year financial results. The AC has also considered the report from the Company's external auditors, including their audit opinion and findings on the significant risks of the Group, as well as audit focus areas.

Nexia had issued a qualified opinion on the Group's audited financial statements for FY2021 in relation to investment in associate and loan to associate. The basis for the qualified opinion arose from a disclaimer of opinion issued by the former external auditors of the Company on the Group's audited financial statements for the financial year ended 30 June 2020 ("**FY2020**") in relation to (i) going concern; and (ii) investment in associate and loan to associate. The disclaimer of opinion for FY2020 was due to the inability of the former external auditors of the Company to obtain sufficient audit evidence regarding the going concern assumptions used by the Directors in preparing the financial statements of the Group and basis of impairment in investment in associate and loan to associate. The Group and the Company had made full allowance for a one-off impairment against the total gross carrying amounts of the debt and equity investments in the Company's associate company, Fit Global Pte. Ltd., on account of the significant economic uncertainties brought about by the COVID-19 pandemic. Accordingly, the total impairment charge of US$5,851,000 was recognised in the profit or loss of the Group in FY2020 and thereby bringing the net carrying amounts of the investments to zero.

For FY2021, Nexia has conducted reviews and obtained sufficient and appropriate audit evidence to determine the carrying amount on the investment in associate and loan to associate company, and reported the audit findings to the AC.

The AC has also reviewed the following key audit matters as reported by Nexia for FY2021.

KEY AUDIT MATTERS	HOW THE KEY AUDIT MATTERS WERE ADDRESSED BY THE AC
Assessment of the going concern basis in preparation of the financial statements	The AC has reviewed the Management's assessment on going concern basis by obtaining the Management's forecast of the cash flows projection of the Group over the next 12 months and is satisfied with the appropriateness of the key going concern assumptions used by the Management in the cash flows projection, including timing of cash inflows and cash required for operations.
Impairment assessment of (i) exploration, evaluation and development assets; and (ii) oil and gas properties	The AC has held discussions with the Management to review and assess the valuation methodologies and assumptions applied and is satisfied that the valuation method and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards. The external valuations are conducted by independent qualified person who has the appropriate recognised professional qualifications and experience in valuation of the oil reserves.

Further information on the aforesaid audit opinion and key audit matters can be found in the Independent Auditor's Report for FY2021 on pages 59 to 65 and Note 2 to the Financial Statements on pages 72 to 73 of this Annual Report, respectively.

The AC is responsible for conducting an annual review of the independence and objectivity of the external auditors, including the nature and volume of non-audit services performed by the external auditors for the Group. The aggregate amount of audit fees paid to the Company's external auditors, Nexia, for FY2021 was S$96,000. There were no non-audit fees paid to the external auditors of the Company in FY2021.

In reviewing the re-appointment of Nexia as the Company's external auditors for the ensuing year, the AC has considered and is satisfied with the adequacy of the resources and experience of Nexia and the audit partner-in-charge assigned to the audit (taking into account the Audit Quality Indicators relating to Nexia), the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. Nexia has also confirmed its independence and that it is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act (Cap. 2). The audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act (Cap. 2).

On the basis of the above, the AC has recommended to the Board and which the Board has accepted, that Nexia be nominated for re-appointment as the external auditors of the Company for the current financial year ending 30 June 2022 for Shareholders' approval at the forthcoming AGM of the Company.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in appointing the auditing firms for the Group.

Meeting Auditors without the Management

In performing its functions, the AC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with the Management, as well as the external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements.

At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately. The AC has met with the external and internal auditors separately without the presence of the Management to review any area of audit concern for FY2021.

Whistleblowing Policy

In line with the Code, the Company has implemented a whistleblowing policy and has incorporated it into the Company's internal control procedures. The whistleblowing policy will provide a well-defined and accessible channels in the Group through which the employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which employees may raise in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The AC's objectives of such a policy are to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action. Multiple employees' briefings have been conducted to update and explain the Company's whistleblowing policies adopted by the Company. There were no reported incidents pertaining to whistleblowing 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.

Shareholders' Participation in General Meetings

The Board welcomes the view of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. The Board encourages active Shareholders' participation in general meetings. It believes that general meetings are an opportune forum and suitable platform for Shareholders and the Board and Management of the Company to engage in active exchange of ideas.

Shareholders are informed of all general meetings through notices, circulars and annual reports sent to all Shareholders. These notices are published in the daily local newspapers. The Group encourages active participation from all Shareholders at general meetings.

At general meetings of the Company, Shareholders are invited to raise questions on any matters that need clarification and appropriate responses are given.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, will be explained by the scrutineers at such general meetings.

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the agenda of the general meetings is provided in the explanatory notes to each notice of the general meetings.

Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The results of all general meetings of the Company will be notified and released through SGXNet after the meetings. Proxy form is sent with the notice of general meeting to all Shareholders so that those Shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf.

The Company's Constitution allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two (2)-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Interaction with Shareholders

At general meetings of the Company, Shareholders are invited to raise questions on any matters that need clarification and appropriate responses are given. Directors, including the Chairman of the Board and the Board Committees, will be present at all general meetings to address any queries from Shareholders. The external auditors will also be present at the AGMs of the Company to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report. Attendance of Directors at the last AGM of the Company in respect of FY2020 held on 30 November 2020 and the extraordinary general meeting of the Company held on 3 June 2021 is set out under Principle 1 of this Corporate Governance Report.

In FY2021, due to the COVID-19 pandemic and in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities, the Company held its last AGM in respect of FY2020 on 30 November 2020 and its extraordinary general meeting on 3 June 2021 (collectively known as, "**FY2021 General Meetings**") by way of electronic means, through a "live" audio-visual webcast and a "live" audio-only stream. The notices of the FY2021 General Meetings were not published on the newspaper, but were instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website. The notices of the FY2021 General Meetings detailed the alternative arrangements for the FY2021 General Meetings during the COVID-19 pandemic. Shareholders participated in the FY2021 General Meetings via electronic means, voting by appointing the respective Chairman of the FY2021 General Meetings as proxy and their questions (if any) in relation to any resolution set out in the notices of the FY2021 General Meetings were sent to the Company in advance of the FY2021 General Meetings, and the Company's responses to the questions (if any) were provided via an announcement on SGXNet and the Company's corporate website prior to the FY2021 General Meetings.

In view of the current COVID-19 situation, the forthcoming AGM of the Company in respect of FY2021 and the extraordinary general meeting of the Company will be convened and held by electronic means in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities.

Absentia Voting

The Company has not amended its Constitution to provide for absentia voting methods. The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Minutes of General Meetings

The proceedings of each of the general meetings will be properly recorded and prepared by the Company. The minutes of all general meetings will be posted on the Company's corporate website as soon as practicable. Such minutes include substantial and pertinent comments and questions received from Shareholders relating to the agenda of the general meetings, together with responses from the Board and the Management, as well as details of the proceedings of the general meetings.

In accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities, the minutes of the FY2021 General Meetings, which were held by electronic means, were published by the Company on the Company's corporate website and SGXNet within one (1) month after the respective dates of the FY2021 General Meetings.

In view that the forthcoming AGM and the extraordinary general meeting of the Company will be held by electronic means due to the evolving COVID-19 situation, the Company will also publish minutes of its forthcoming AGM and the extraordinary general meeting on the Company's corporate website and SGXNet within one (1) month after the date of the respective general meetings.

Dividend Policy

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board deem appropriate. The Board does not recommend any payment of dividends for FY2021 as the Group incurred losses and reported negative working capital as at 30 June 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.

Investor Relations Practices

The Company treats all Shareholders fairly and equitably by disclosing material information through SGXNet in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company has taken steps to ensure that all material information, including changes in the Company or its business that would likely to have material impact on the price or value of the Company's shares, are disclosed on an accurate and timely basis to all Shareholders via SGXNet.

Disclosure of Information

The Company does not practice selective disclosure. All Shareholders are equally and timely informed of all major developments that affect the Group. The Company is committed to disclosing as much relevant information as is possible, in a timely, fair and transparent manner, to its Shareholders.

Information is communicated to Shareholders through:

- SGXNet announcements including press releases;
- Annual reports and circulars; and
- Notices of AGM and extraordinary general meeting ("**EGM**").

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Half year and full year results as well as annual reports are announced or issued within the period prescribed by the SGX-ST and are available on the Company's corporate website (www.cwxglobal.com). The Company's corporate website, which is updated regularly, contains various others investor-related information on the Company which serves as an important resource for investors. The release of such timely and relevant information is crucial to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company has engaged an investor relations consultancy firm to assist the Group in facilitating communications with all stakeholders – Shareholders, analysts and media – to keep the investors public apprised of the Group's corporate developments and financial performance.

Dialogue with Shareholders

The Group encourages full participation of Shareholders at general meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. The Board views the general meetings of the Company as the principal forum for dialogue with Shareholders, being an opportunity for Shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the Directors or the Management questions regarding the Company and its operations. To facilitate and encourage such participation, Directors are present and available to address questions at general meetings. In addition, the external auditors are also present during the AGMs of the Company to address the Shareholders' queries on the conduct of audit and the preparation and content of the independent audit report.

The reception after the general meetings of the Company also provides an opportunity for Shareholders to informally communicate their views and expectations to the Company.

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.

Stakeholders' Engagement

The Company acknowledges the importance for establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who similarly are able to impact the Group's business and operations. The Company has identified five (5) stakeholders' groups, namely, employees, suppliers and service providers, shareholders, local communities, and local government and regulators. The Company's approach to the engagement with key stakeholders and materiality assessment will be disclosed in the Company's Sustainability Report for FY2021, which will be uploaded on the SGXNet no later than 30 November 2021, where the Company would continue to monitor and improve to ensure the best interest of the Company.

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at www.cwxglobal.com through which Shareholders are able to access up-to-date information on the Group. The corporate website provides annual reports, financial information, profiles of the Group, and contact details of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

The Company has adopted internal code of conduct and policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in securities of the Company.

The Directors, the Management and the officers of the Company are not permitted to deal in the Company's shares:

a) on short-term considerations;

b) 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 announcement of the relevant results; and/or

c) when they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities of the Company within the permitted trading period.

Reminders are sent via email to all Directors and employees. The Company has conducted staff briefing to explain the Company's policy on this matter.

INTERESTED PERSON TRANSACTIONS

The Company has not obtained a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

All interested person transactions are subject to review by the AC to ensure that they are on an arm's length basis and on normal commercial terms that will not be prejudicial to the Company and its minority Shareholders.

The Company has put in place an internal procedure to track interested person transactions of the Group and to ensure that such transactions are reported to the AC on a timely manner.

Save for interested person transactions below S$100,000 (if any), there were no interested person transactions entered into by the Group during FY2021.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees payable or paid to the Company's sponsor, ZICO Capital Pte. Ltd., for FY2021.

MATERIAL CONTRACTS

Save for the service agreement between the Executive Director and CEO and the Company, there were no material contracts (including loans) entered into by the Company and its subsidiaries involving the interests of any Director or controlling Shareholders of the Company, either still subsisting at the end of FY2021, or if not then subsisting, entered into since the end of the previous financial year ended 30 June 2020.

Use of Proceeds from the Placement

On 22 September 2021, the Company completed a placement of an aggregate of 700,000,000 new ordinary shares at an issue price of S$0.0027 per share (the "**Placement**"), raising net proceeds of approximately S$1,865,000 (the "**Placement Net Proceeds**"). Please refer to the Company's announcements dated 27 July 2021, 14 September 2021, 21 September 2021 and 22 September 2021 for more information on the Placement.

As at the date of this Corporate Governance Report, the following is a summary of the Placement Net Proceeds and the utilisation thereof:

USE OF THE PLACEMENT NET PROCEEDS	ALLOCATION OF THE PLACEMENT NET PROCEEDS	AMOUNT UTILISED	BALANCE OF THE PLACEMENT NET PROCEEDS
Funding of the Group's Investment and Trading Business Segment	S$280,000 to S$560,000 (15% to 30% of Placement Net Proceeds)	S$230,000	S$50,000 to S$330,000
General Working Capital of the Group	S$1,305,000 to S$1,585,000 (70% to 85% of Placement Net Proceeds)	S$1,311,000	S$0 to S$274,000
Total	S$1,865,000	S$1,541,000	S$324,000

The use of the Placement Net Proceeds is in accordance with the intended use and percentage allocated as stated in the Company's announcement dated 14 September 2021.

The Company will make periodic announcements via SGXNet as and when the balance of the Placement Net Proceeds is materially utilised.

CORPORATE GOVERNANCE REPORT

SUSTAINABILITY REPORTING

The Board recognises that good governance is essential for continued growth and investors' confidence, and that all businesses have to manage their own operations responsibly. The Board strongly believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out and work together with all its stakeholders, from its employees to the community, and be responsible stewards of its natural environment. The Company endeavours to comply with Rule 711A of the Catalist Rules to issue its sustainability report by end of November 2021.

RISK MANAGEMENT POLICIES AND PROCESSES

Political Risks and Exposure

The Group is exposed to political risks and government initiatives, policies and regulations towards the oil and gas industry which may affect the level of oil and gas activities in the regions the Group operates or seeks to operate in. In order to lower the potential exposure, the Management reviews opportunities from a wide geographic area. The Group endeavors to lower risks by focusing on stable political environments.

Exploration and Development Risks

The Group is also exposed to the exploration and development risks innate to the oil and gas industry. Each opportunity is reviewed by a technical team taking into account production history, availability of data, interpretation of data and track record of previous initiatives by other ventures.

Reliance on Third Party Providers

The Management constantly evaluates resources against ongoing and developing workload in the worldwide endeavors. Through a fine balance between retaining core competencies in a lean in-house team and selective outsourcing of experienced consulting resources from the industry worldwide, the Group is able to remain flexible and dynamic while retaining global knowledge assets. This helps to manage the risk of retaining organisational capability while keeping internal team sizes at reasonable numbers and manageable costs. The Management work very closely with the selected partners and service providers to ensure timely and quality execution of projects globally.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Mr Ong Beng Chye, Ms Lim Hwee Yong Nana and Mr Zhao JiAn are the Directors retiring and seeking re-election at the forthcoming AGM of the Company (the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules is set out below:

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
Date of first appointment	11 August 2016	31 March 2021	31 March 2021
Date of last re-appointment	26 October 2018	NA	NA
Age	53	47	51
Country of principal residence	Singapore	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience, independence and suitability of Mr Ong Beng Chye for re-appointment as Non-Executive Independent Director of the Company. The Board has reviewed and concluded that Mr Ong Beng Chye possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience, independence and suitability of Ms Lim Hwee Yong Nana for re-appointment as Non-Executive Independent Director of the Company. The Board has reviewed and concluded that Ms Lim Hwee Yong Nana possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience, independence and suitability of Mr Zhao JiAn for re-appointment as Non-Executive Independent Director of the Company. The Board has reviewed and concluded that Mr Zhao JiAn possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Independent Director, AC Chairman, NC Member and RC Member	Non-Executive Independent Director, RC Chairman, AC Member and NC Member	Non-Executive Independent Director, NC Chairman, AC Member and RC Member

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
Professional qualifications	Bachelor of Science (Honours), City, University of London Fellow of The Institute of Chartered Accountants in England and Wales Chartered Financial Analyst conferred by The Institute of Chartered Financial Analysts Non-practising member of the Institute of Singapore Chartered Accountants	Bachelor of Accountancy, Nanyang Technological University Master of Commerce (Information Systems), University of Queensland Chartered Accountant, Institute of Singapore Chartered Accountants Certified Information Systems Auditor, Information Systems Audit & Control Association	Doctor in Computer Science and Technology, Hong Kong University of Science and Technology Master in Computer Science and Technology, Institute of Computer Mathematics and Science, Engineering, Computing, Chinese Academy of Sciences Bachelor in Information Science, Beijing Information Science and Technology University
Working experience and occupation(s) during the past 10 years	January 2007 to present: Appleton Global Private Limited - Director January 2007 to October 2014: Higson International Pte Ltd - Group Financial Controller	2012 to present: Self-employed - Forensic Accountant 2008 to 2010: Societe Generale - Head of New Products	2017 to present: Luokung Technology Corp - Technology Director 2012 to 2016: JHBY Information Technology Co., Ltd (subsidiary of Luokung Technology Corp) - Chief Technical Director 2010 to 2012: DHP Information Technology Co., Ltd - Chief Technical Director
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 4,968,200 Shares of the Company, representing 0.07% of the issued and paid-up capital of the Company and 992,050 warrants of the Company	Direct interest in 189,927,844 Shares of the Company, representing 2.51% of the issued and paid-up capital of the Company	NIL
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	Mr Ong Beng Chye is a shareholder and warrantholder of the Company, details as set out above.	Ms Lim Hwee Yong Nana is a shareholder of the Company, details as set out above.	No

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the last 5 years): Directorships: 1. Heatec Jietong Holdings Ltd. 2. Kitchen Culture Holdings Ltd. 3. Shin-Omi International Pte. Ltd. 4. GEM Accounting Pte. Ltd. Other Principal Commitment: Nil Present: Directorships: 1. Geo Energy Resources Limited 2. Hafary Holdings Limited 3. IPS Securex Holdings Limited 4. ES Group (Holdings) Limited 5. Appleton Global Private Limited 6. GEM Corp Services Pte. Ltd. Other Principal Commitment: Nil	Past (for the last 5 years): Directorship: Nil Other Principal Commitment: Nil Present: Directorships: 1. OOSS Global Pte Ltd 2. SMG Development Pte Ltd 3. Univerlux (Singapore) Pte Ltd Other Principal Commitment: Nil	Past (for the last 5 years): Directorship: 1. Suqian Bohai Information Technology Co., Ltd (deregistered) Other Principal Commitment: Nil Present: Directorships: 1. Beijing Chaomi Technology Co., Ltd 2. Beijing Zhicai Technology Co., Ltd Other Principal Commitment: Nil

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
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	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
(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 (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 (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?			

NAME OF RETIRING DIRECTOR	MR ONG BENG CHYE	MS LIM HWEE YONG NANA	MR ZHAO JIAN
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. 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. 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 as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2021 and the balance sheet of the Company as at 30 June 2021.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 66 to 141 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) 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.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Lee Chye Cheng, Adrian	
Ong Beng Chye	
Zhao JiAn	(appointed on 31 March 2021)
Lim Hwee Yong Nana	(appointed on 31 March 2021)
Pang Kee Chai, Jeffrey	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than Warrants as disclosed under "Directors' interests in shares or debentures" in this Statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding 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 follows:

	HOLDINGS REGISTERED IN NAME OF DIRECTOR OR NOMINEE		
	AT 21.7.2021	AT 30.6.2021	AT 1.7.2020 OR DATE OF APPOINTMENT IF LATER
The Company			
(No. of ordinary shares)			
Lee Chye Cheng, Adrian	1,103,000	1,103,000	1,103,000
Pang Kee Chai, Jeffrey	24,600,000	24,600,000	24,600,000
Ong Beng Chye	4,968,200	4,968,200	4,968,200
Lim Hwee Yong Nana	189,927,844	189,927,844	–
Warrants			
Pang Kee Chai, Jeffrey	2,964,250	2,964,250	2,964,250
Ong Beng Chye	992,050	992,050	992,050

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

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

AUDIT COMMITTEE

The members of the Audit Committee ("**AC**") at the end of the financial year were as follows:

Ong Beng Chye (Chairman)
Lee Chye Cheng, Adrian
Zhao JiAn
Lim Hwee Yong Nana

All members of the AC were independent and non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

In performing those functions, the AC carried out the following:

- Reviews the audit plans and results of the external and internal audits;
- Reviews the Group's financial and operating results and accounting policies;
- Reviews the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the independent auditors' report on those financial statements;
- Reviews the quarterly (if applicable), half-yearly and annual announcements on the results and financial position of the Company and of the Group;
- Ensures the co-operation and assistance given by the management to independent and internal auditors;
- Makes recommendations to the Board on the appointment of independent and internal auditors; and
- Reviews the Interested Person Transactions as defined in Chapter 9 of the Catalist Rules as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The AC has full access to and has the 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 independent auditor has unrestricted access to the AC.

The AC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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Pang Kee Chai, Jeffrey
Director

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Lee Chye Cheng, Adrian
Director

14 October 2021

INDEPENDENT **AUDITOR'S REPORT**

to the Members of CapAllianz Holdings Limited (formerly known as CWX Global Limited)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying financial statements of CapAllianz Holdings Limited (formerly known as CWX Global Limited) (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2021, and 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, as set out on pages 66 to 141.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section in our report, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Qualified Opinion

<u>Investments in associated companies and loan to associated companies, FIT Global Pte. Ltd. and its subsidiary corporations</u>

During the financial year ended 30 June 2020, in view of the significant economic uncertainties brought about by the COVID-19 pandemic, the Group and the Company made full allowance for impairment against the total gross carrying amounts of the debt and equity investments in associated companies, Fit Global Pte. Ltd. and its subsidiary corporation. Accordingly, a total impairment charge of US$5,851,000 was recognised in profit or loss of the Group thereby bringing the net carrying amounts of the investments in associated companies and loan to associated companies of the Group and the Company to zero.

The predecessor auditor were unable to evaluate and determine whether the assessment (including any bases thereof) has been robustly and comprehensively carried out by the Group and the Company. Consequently, the predecessor auditor issued a modified opinion as they were unable to ascertain the appropriateness of the impairment amount recognised for the financial year ended 30 June 2020.

INDEPENDENT AUDITOR'S REPORT

to the Members of CapAllianz Holdings Limited (formerly known as CWX Global Limited)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Basis for Qualified Opinion

As the carrying amounts of investments in associated companies and loan to associated companies in FIT Global Pte. Ltd. and its subsidiary corporation as at 30 June 2020 formed part of the opening balances for the Group's and the Company's current financial year, and as we were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidences on the opening balances, we were unable to determine whether any adjustments might be necessary in respect of the consolidated statement of comprehensive income for the current financial year, and whether there will be possible effects on the comparability of current year's figures with corresponding figures.

For the financial year ended 30 June 2021, we have obtained sufficient and appropriate audit evidence to determine the carrying amounts on the investments in associated companies and loan to associated companies in FIT Global Pte. Ltd. and its subsidiary corporation.

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 financial year. 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. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of the going concern basis in preparation of the financial statements
(Refer to Notes 2.1 and 37 to the financial statements)

The Group incurred a net loss of US$4,725,000 and net cash used in operating activities of US$1,046,000 for the financial year ended 30 June 2021, and as of that date, the Group's current liabilities exceeded its current assets by US$17,010,000. As at 30 June 2021, the Group's current liabilities amounted to US$20,250,000, which mainly comprised of bank borrowings amounted to US$17,826,000 due on demand or latest by 30 July 2021.

The above constitutes events or conditions which indicate the existence of material uncertainties which may cast significant doubt as to whether the Group will be able to continue as a going concern for the next 12 months.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matters

Assessment of the going concern basis in preparation of the financial statements
(Refer to Notes 2.1 and 37 to the financial statements)

As disclosed in Note 2.1 to the financial statements, the directors are of the view that the Group will be able to meet their obligations in the foreseeable future due to the following:

- The Group had, on 14 September 2021, successfully completed a S$1,890,000 placement exercise and raised gross placement proceeds amounting to S$1,865,000 (equivalent to approximately US$1,381,000);

- The Group had, on 8 September 2021, entered into a loan facility of up to S$2,000,000 with a shareholder. The loan facility will be valid till December 2022 or such later date that the borrower and the Group may mutually agree to in writing. The funds are expected to be received on a timely manner. Such funds when received, will be adequate for the Group's working capital purposes for the next 12 months;

- The Group will not be required to provide additional funds to the joint operation in Thailand ("Thailand Operations") for the next 12 months as the Thailand Operations as at the date of this report are currently able to generate sufficient cash flows to sustain its operations and there are existing undrawn bank facilities of US$10,000,000 obtained from a financial institution by the Thailand Operations. Such facilities will be sufficient to cover the discretionary capital costs of the Thailand Operations including drilling of new wells and workovers of existing wells.

- The Group had, on 16 August 2021, entered into a settlement agreement ("Settlement Agreement") with Oversea-Chinese Banking Corporation Limited ("OCBC Bank") in relation to an outstanding Bank Loan I (Note 27) (the "Term Loan"). Under the terms of the Settlement Agreement, the Group will make a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank by 30 September 2021 ("Completion"). This will extinguish all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18,600,000 as at 30 June 2021. All collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) will also be discharged by OCBC Bank on Completion. OCBC Bank has also given an in-principle approval in writing for the waiver of financial covenants that have been technically breached in relating to the Term Loan for the financial year ended 30 June 2021.

  On 27 September 2021, the Group has made a final repayment of S$1,500,000 to OCBC Bank. Pursuant to the terms of the Settlement Agreement, with effect from 27 September 2021 (i) all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs have been extinguished; and (ii) all collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) have been discharged by OCBC Bank.

  As at the date of this report, the Group is in the process of releasing the registered charges in accordance with the Settlement Agreement.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

We identified the assessment of whether the financial statements have been prepared on a going concern basis as a key audit matter because of the management's judgements involved in determining the appropriateness of the use of going concern assumption in preparing the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matters

Assessment of the going concern basis in preparation of the financial statements
(Refer to Notes 2.1 and 37 to the financial statements)

In addition, given that the COVID-19 situation remains very fluid as at the date of issuances of these financial statements, any post balance sheet effects that the events may have on the going concern of the Group cannot be, and have not been, incorporated into the Group's financial statements.

How our audit addressed the matter

In obtaining sufficient audit evidence, the following procedures were carried out:

- Enquired the status of the Group's Settlement Agreement with OCBC Bank and verified the repayment of S$1,500,000 to OCBC Bank;
- Reviewed management's assessment on going concern through obtaining management's forecast of the cash flows projection of the Group over the next 12 months;
- Challenged the appropriateness of the key assumptions used by the management in the cash flows projection, including timing of cash inflows and cash required for operations;
- Discussed with management on any material judgements and uncertainties identified;
- Reviewed minutes of board meetings and relevant committees for events and conditions after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements; and
- Evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Impairment assessment of (i) exploration, evaluation and development assets; and (ii) oil and gas properties
(Refer to Notes 3.1, 16, 17 and 23 to the financial statements)

As at 30 June 2021, the carrying amount of exploration, evaluation and development assets ("E,E&D") and oil and gas properties were US$14,187,000 and US$54,521,000 respectively which accounted for a total of 92% of the Group's total assets. The impairment assessment is significant to our audit because the recoverability of these assets is dependent on management's estimation and judgement of the future cash flows and profits of the oil exploration and production business. As these are long-lived assets, the most critical assumptions are the oil prices, discount rates, inflation rates, decommissioning costs and estimation of the oil and gas reserves compiled by management's experts.

In accordance with SFRS(I) 1-36 Impairment of assets, management assessed that there is objective evidence and indication that the E,E&D and oil and gas properties of the Group may be impaired due to the potential adverse effect on the market conditions as a result of the on-going COVID-19 situation and carried out an impairment assessment exercise during the financial year. The recoverable amount of these assets were estimated based on higher of the fair value less costs to sell and value-in-use. Notes 16, 17 and 23 to the financial statements include details of the Group's E,E&D and oil and gas properties and the related impairment charge recorded during the financial year.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

How our audit addressed the matter

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed management's impairment assessment on the indicators of impairment, on non-financial assets in accordance with SFRS(I) 1-36;
- Evaluated the objectivity, independence and expertise of management's expert who provided the valuation of the reserve reports;
- Critically evaluated whether the valuation methodology used to determine the recoverable amounts of the E,E&D and oil and gas properties complied with the requirements of SFRS(I) 1-36;
- Critically evaluated the reasonableness and appropriateness of the key inputs and assumptions used, tested and challenged the underlying assumptions of the calculation as well as the reasonableness of discount rate used in determining the recoverable amount;
- Reviewed the sensitivity analyses in consideration of the potential impact of possible downside changes in these key assumptions; and
- Evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Other Matter

The consolidated financial statements of the Group for the financial year ended 30 June 2020 and the balance sheet of the Company as at 30 June 2020 were audited by another independent auditor who issued a disclaimer opinion on those statements on 15 November 2020 due to predecessor auditor's inability to obtain sufficient audit evidence regarding the going concern assumptions used by the directors in preparing the consolidated financial statements of the Group and inability to ascertain the appropriateness of the impairment amount recognised for the investment in associate and loan to associate for the financial year ended 30 June 2020.

Other Information

Management is responsible for the other information. The other information comprises the information include in the annual report, but does not included 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 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements

- 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.

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 year 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 director on the audit resulting in this independent auditor's report is Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
14 October 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	NOTE	2021 US$'000	2020 US$'000
Revenue	4	1,915	2,554
Cost of sales		(1,668)	(2,388)
Gross profit		247	166
Other income			
- Interest		2	4
- Others	7	73	77
Other losses			
- Impairment loss on financial assets	34(b)	–	(4,472)
- Others	8	(5,646)	(26,851)
Expenses			
- Administrative		(1,964)	(2,069)
- Finance	9	(407)	(878)
Share of loss of associated companies		(30)	(120)
Loss before income tax		(7,725)	(34,143)
Income tax credit	10	3,000	788
Net loss for the financial year		(4,725)	(33,355)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation		(7)	6
Other comprehensive (loss)/income, net of tax		(7)	6
Total comprehensive loss for the financial year		(4,732)	(33,349)
Net (loss)/profit attributable to:			
Equity holders of the Company		(4,731)	(33,358)
Non-controlling interests		6	3
		(4,725)	(33,355)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(4,738)	(33,352)
Non-controlling interests		6	3
		(4,732)	(33,349)
Loss per share attributable to equity holders of the Company (US$ cents per share)			
- Basic and diluted	11	(0.09)	(0.86)

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

BALANCE **SHEETS**

As at 30 June 2021

	NOTE	GROUP 2021 US$'000	GROUP 2020 US$'000	COMPANY 2021 US$'000	COMPANY 2020 US$'000
ASSETS					
Current assets					
Cash and bank balances	12	922	402	43	6
Financial asset, at FVPL	13	14	24	–	–
Trade and other receivables	14	355	295	29	11
Inventories	15	1,949	2,048	–	–
		3,240	2,769	72	17
Non-current assets					
Exploration, evaluation and development assets	16	14,187	16,793	–	–
Oil and gas properties	17	54,521	58,363	–	–
Other property, plant and equipment	18	1,189	1,238	–	–
Right-of-use asset	19	–	83	–	–
Investments in subsidiary corporations	20	–	–	57,580	54,989
Investments in associated companies	22	–	–	–	–
Intangible assets	23	–	–	–	–
Financial asset, at FVOCI	24	–	–	–	–
Bonds receivable	25	–	–	–	–
Other receivables	14	1,809	–	1,809	-
		71,706	76,477	59,389	54,989
Total assets		74,946	79,246	59,461	55,006
LIABILITIES					
Current liabilities					
Trade and other payables	26	2,417	3,229	171	284
Borrowings	27	17,826	20,005	–	–
Income tax payables		7	15	–	–
Financial guarantee liability		–	–	–	1,000
		20,250	23,249	171	1,284
Non-current liabilities					
Provision for restoration costs	28	1,460	1,553	–	–
Deferred tax liabilities	29	34,164	37,179	–	–
		35,624	38,732	–	–
Total liabilities		55,874	61,981	171	1,284
NET ASSETS		19,072	17,265	59,290	53,722
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	146,784	140,245	146,784	140,245
Reserves	31	(5,102)	(5,095)	–	–
Accumulated losses		(122,617)	(117,886)	(87,494)	(86,523)
		19,065	17,264	59,290	53,722
Non-controlling interests		7	1	–	–
Total equity		19,072	17,265	59,290	53,722

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

	NOTE	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY → SHARE CAPITAL	OTHER RESERVE	FOREIGN CURRENCY TRANSLATION	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
30 June 2021								
Beginning of financial year		140,245	(5,102)	7	(117,886)	17,264	1	17,265
Net (loss)/profit for the financial year		–	–	–	(4,731)	(4,731)	6	(4,725)
Other comprehensive loss for the financial year		–	–	(7)	–	(7)	–	(7)
Issuance of shares	30	6,539	–	–	–	6,539	–	6,539
End of financial year		146,784	(5,102)	–	(122,617)	19,065	7	19,072
30 June 2020								
Beginning of financial year		140,245	(5,102)	1	(84,528)	50,616	(2)	50,614
Net (loss)/profit for the financial year		–	–	–	(33,358)	(33,358)	3	(33,355)
Other comprehensive income for the financial year		–	–	6	–	6	–	6
End of financial year		140,245	(5,102)	7	(117,886)	17,264	1	17,265

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	NOTE	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Loss before tax		(7,725)	(34,143)
Adjustments for:			
- Depletion of oil and gas properties	5	848	1,054
- Depreciation of other property, plant and equipment	5	41	106
- Depreciation of right-of-use asset	5	83	165
- Share of results of an associated company		30	120
- Allowance for inventories obsolescence	8	87	–
- Impairment loss on other receivable	34(b)	–	4,472
- Impairment loss on goodwill	8	–	24,612
- Impairment loss on oil and gas properties	8	4,372	515
- Impairment loss on exploration, evaluation and development assets	8	1,114	149
- Impairment loss on investment in associated companies	8	–	1,379
- Loss on disposal of other property, plant and equipment	8	25	–
- Net fair value changes in financial asset, at FVPL	8	(27)	42
- Finance expenses	9	407	878
- Rental concessions	7	(20)	–
- Interest income		(2)	(4)
		(767)	(655)
Changes in working capital:			
- Inventories		12	79
- Trade and other receivables		(60)	461
- Trade and other payables		(210)	(296)
Cash used in operations		(1,025)	(411)
Interest received		2	4
Income tax paid		(23)	(47)
Net cash used in operating activities		(1,046)	(454)
Cash flows from investing activities			
Additions to oil and gas properties	17	(99)	(904)
Acquisition of other property, plant and equipment	18	(17)	(17)
Investment in associated company		(4)	–
Loan to associated company		(1,809)	–
Proceeds from sales of financial asset, at FVPL		37	211
Purchase of financial asset, at FVPL		–	(2)
Net cash used in investing activities		(1,892)	(712)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	NOTE	2021 US$'000	2020 US$'000
Cash flows from financing activities			
Interest paid		(884)	(72)
Repayment of lease liability		(63)	(167)
Issuance of shares	30	6,539	–
Repayment of borrowings		(2,127)	–
Increase in cash pledged		(154)	(3)
Net cash provided by/(used in) financing activities		3,311	(242)
Net increase/(decrease) in cash and bank balances		373	(1,408)
Cash and bank balances			
Beginning of financial year		398	1,817
Effect of exchange rate changes in cash and bank balances		(7)	(11)
End of financial year	12	764	398

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 JULY 2020 US$'000	FINANCING CASH FLOWS US$'000	RENTAL CONCESSION US$'000	ACCRETION OF INTERESTS US$'000	30 JUNE 2020 US$'000
Bank borrowings	19,923	(2,127)	–	30	17,826
Lease liability	82	(63)	(20)	1	–

	30 JUNE 2019 US$'000	ADOPTION OF SFRS(I) 16 US$'000	1 JULY 2019 US$'000	FINANCING CASH FLOWS US$'000	FOREIGN EXCHANGE MOVEMENT US$'000	ACCRETION OF INTERESTS US$'000	30 JUNE 2020 US$'000
Bank borrowings	19,710	–	19,710	(72)	–	285	19,923
Lease liability	–	248	248	(167)	(9)	10	82

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

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

1. GENERAL INFORMATION

CapAllianz Holdings Limited (formerly known as CWX Global Limited) (the "Company") is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal place of business is 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiary corporations. The principal activities of the subsidiary corporations, joint operations and associated companies are set out in Notes 20, 21 and 22 to the financial statements respectively.

With effect from 3 June 2021, the name of the Company was changed from CWX Global Limited to CapAllianz Holdings Limited.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movements controls and other measures imposed by the various governments, The Group's significant operations are in Singapore and Thailand, all of which have been affected by the spread of COVID-19 for the financial year ended 30 June 2021.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 30 June 2021.

(a) The Group had assessed that the going concern basis of preparation for this set of financial statements remains appropriate based on the sources of funding available to the Group as disclosed in Note 2.1 to the financial statements.

(b) During the financial year ended 30 June 2021, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were suspended to adhere to the respective governments' movement control measures. These have negatively impacted business operations, production and volume, resulting in negative impact on the Group's financial performance for the financial year ended 30 June 2021.

(c) The Group had considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 30 June 2021. The significant estimates and judgements applied are disclosed in Note 3 to the financial statements.

As the global COVID-19 situation remains very fluid as at the date of issuance of these financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in United States Dollar ("US$") and all values are rounded up to the nearest thousand ("US$'000") except as otherwise indicated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 July 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Going concern

The Group incurred a net loss of US$4,725,000 and net cash used in operating activities cash flows of US$1,046,000 for the financial year ended 30 June 2021, and as of that date, the Group's current liabilities exceeded its current assets by US$17,010,000. As at 30 June 2021, the Group's current liabilities amounted to US$20,250,000 which mainly comprised of bank borrowings amounted to US$17,826,000 due on demand or latest by 30 July 2021 (Note 27).

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts over the ability of the Group and the Company to continue as a going concern. Notwithstanding the above, the financial statements have been prepared on a going concern basis which contemplates that the Group will be able to pay its debts as and when they fall due and payable and realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts included the financial statements after taking into consideration the following measures and assumptions:

(a) the Group had, on 14 September 2021, successfully completed a S$1,890,000 placement exercise and raised gross placement proceeds amounting to S$1,865,000 (equivalent to approximately US$1,381,000);

(b) the Group had on 8 September 2021 entered into a loan facility of up to S$2,000,000 with a shareholder. The loan facility will be valid till December 2022 or such later date that the borrower and the Group may mutually agree to in writing. The funds are expected to be received on a timely manner. Such funds when received, will be adequate for the Group's working capital purposes for the next 12 months;

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern (Continued)

(c) the Group will not be required to provide additional funds to the joint operation in Thailand ("Thailand Operations") (Note 21(a)) for the next 12 months as the Thailand Operations as at the date of this report are currently able to generate sufficient cash flows to sustain operations and there are existing undrawn bank facilities of US$10,000,000 obtained from a financial institution by the Thailand Operations. Such facilities will be sufficient to cover the discretionary capital costs of the Thailand Operations including drilling of new wells and workovers of existing wells.

(d) the Group had, on 16 August 2021, entered into a settlement agreement ("Settlement Agreement") with Oversea-Chinese Banking Corporation Limited ("OCBC Bank") in relation to an outstanding Bank Loan I (Note 27) (the "Term Loan"). Under the terms of the Settlement Agreement, the Group will make a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank by 30 September 2021 ("Completion"). This will extinguish all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18,630,000 as at 30 June 2021. All collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) will also be discharged by OCBC Bank on Completion. OCBC Bank has also given an in-principle approval in writing for the waiver of financial covenants that have been technically breached in relating to the Term Loan for the financial year ended 30 June 2021.

    On 27 September 2021, the Group has made a final repayment of S$1,500,000 to OCBC Bank. Pursuant to the terms of the Settlement Agreement, with effect from 27 September 2021 (i) all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs have been extinguished; and (ii) all collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) have been discharged by OCBC Bank.

    As at the date of this report, the Group is in the process of releasing the registered charges in accordance with the Settlement Agreement.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. These financial statements do not include any adjustment which may arise from these uncertainties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is measured based on the consideration to 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.

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

Sale of crude oil

Revenue from sale of crude oil is recognised upon transfer of control to the customers usually at the point in time when the goods have been delivered to customers. The Group normally invoices the customers upon delivery of the goods with a 30 days credit term.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Government grants

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are shown separately in other income. Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) Subsidiary corporations (Continued)

(i) Consolidation (Continued)

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the entity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interest having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates. If the associated companies subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associated company . Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(d) Joint operation

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output arising from the joint operation; and
- its expense, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to a third party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations and associated companies in the separate financial statements of the Company.

2.5 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Exploration, evaluation and development assets ("E, E&D")

(a) Exploration and evaluation costs ("E&E")

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Exploration, evaluation and development assets ("E, E&D") (Continued)

(a) Exploration and evaluation costs ("E&E") (Continued)

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets comprises costs that are directly attributable to: researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of E, E&D assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. If no potentially commercial oil and gas reserves are discovered, the exploration asset is written off as dry hole. If extractable oil and gas reserves are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation assets while sufficient/continued progress is made in assessing the commerciality of the oil and gas.

All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss.

(b) Development assets

Development assets incurred within an area of interest are considered as a component of a commercial development phase only upon its commitment to a commercial development.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, is capitalised within E, E&D assets.

Amortisation is not charged on costs carried in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are transferred to oil and gas properties.

Development assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of non-financial assets as set out in Note 2.10 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Oil and gas properties and other property, plant and equipment

(a) Measurement

Oil and gas properties and other property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, oil and gas properties and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an asset includes expenditure that is directly attributable to the acquisition of the asset. Dismantlement, removal or restoration costs are included as part of the cost of the asset if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) Depreciation

Oil and gas properties are depleted on a unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the field.

Freehold land is not depreciated. Other property, plant and equipment is calculated using straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

OTHER PROPERTY, PLANT AND EQUIPMENT ARE DEPRECIATED USING THE STRAIGHT-LINE METHOD TO ALLOCATE THE DEPRECIABLE AMOUNTS OVER THEIR ESTIMATED USEFUL LIVES AS FOLLOWS:	USEFUL LIVES
Leasehold land	5 years
Leasehold building	61 years
Plant, machinery and equipment	
- plant and machinery	21 years
- other equipment	2 – 5 years
Furniture and fittings	
- furniture and fittings	15 years
- other furniture and fittings	3 – 5 years
Motor vehicles	5 – 10 years

Depreciation relating to other property, plant and equipment attributable directly to activities for exploration, evaluation and development of oil and gas are capitalised as part of exploration, evaluation and development assets.

The estimated useful lives and depreciation method are reviewed at each financial year end to ensure that the period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of oil and gas properties and other property, plant and equipment.

(c) Subsequent expenditure

Subsequent expenditure relating to the asset that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Oil and gas properties and other property, plant and equipment (Continued)

(d) Disposal

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

2.8 Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiary corporations or interests in joint operations that constitute a businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations or interests in joint operations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations or interests in joint operations and associated companies include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of other intangible assets are assessed to be either finite or indefinite.

Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite useful lives is recognised in profit or loss or capitalised as E&E assets, where applicable.

Other intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such other intangible assets are not amortised. The useful life of an other intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(ii) Other intangible assets (Continued)

Gains or losses arising from derecognition of other intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Software
Software is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 2-5 years.

Acquired pre-exploration data
Acquired pre-exploration data has indefinite useful life as the Group has a contractual right to the exclusive use of the asset indefinitely and in perpetuity.

Overriding royalty interest
Overriding royalty interest is estimated to have indefinite useful life as the exploration period of the concession cannot be reliably measured.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or production of that assets. This includes those costs on borrowings acquired specifically for the assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the assets. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the CGU *pro-rata* on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (Continued)

(b) **Other intangible assets**
Exploration, evaluation and development assets
Oil and gas properties and other property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and associated companies

Other intangible assets, exploration, evaluation and development assets, oil and gas properties and other property, plant and equipment, right-of-use assets, and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised costs;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification depends 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(a) *Classification and measurement* (Continued)

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial guarantees (Continued)

Financial guarantee contracts are initially measured at fair value plus transaction costs and 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 expected loss computed using the impairment methodology under SFRS(I) 9.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as below:

	USEFUL LIVES
Office premise	3 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

When the Group is the lessee: (Continued)

- Lease liabilities

  The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments, less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the "weighted average" method and includes all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Spare parts and consumables are usually carried as inventory and recognised in profit or loss when consumed. They are recoognised in oil and gas properties or other property, plant and equipment if they are expected to be used for more than one year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax assets is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

<u>Royalties</u>

In addition to corporate taxes, the Group's consolidated financial statements also included and recognised as income taxes, other type of taxes on net income which are calculated based on oil and gas production.

Royalties are accounted for under SFRS(I) 1-12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed by the government tax authority and the amount payable is based on taxable income – rather than based on physical quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions

(a) General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(b) Provision for restoration costs

The Group recognises a decommissioning liability when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory item is expensed as incurred.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with SFRS(I) 1-36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance expense.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation (Continued)

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("US$"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in income statement within "other gains/(losses) - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (Continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 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 who make strategic decisions for the Group.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital account.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Impairment assessment of development assets, oil and gas properties and intangible assets – Goodwill

Goodwill
Goodwill arising from acquisition of the interest in joint operation ("Thailand operations") is allocated to these Cash-generating units ('CGU') which also includes development assets and oil and gas properties, and other property, plant and equipment. As such, this CGU is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. A formal estimate of the recoverable amount is made, which is considered to be the higher of fair value less costs to sell and value-in-use ("VIU"). The Group determines recoverable amount using VIU.

Calculation of VIU require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs and operating performance (from production volumes which is also affected by the probable oil and gas reserves as described below), including the future net cash flows arising from such operations. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to CGU.

These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in geological circumstances and market prices will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Favourable changes to some assumptions may allow the Group to avoid the need to further impair the goodwill, whereas unfavourable changes may cause the further impairment to goodwill.

Oil and gas reserve estimates
The Group estimates its oil and gas reserve based on information compiled by appropriately qualified and independent persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Reserves are determined using estimates of the reserves in place, recovery factors and future oil prices. Future development costs are estimated using assumptions as to number of wells required to produce the reserves, the cost of such wells and associated production facilities, and other capital costs.

Oil and gas reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Such changes may impact the Group's reported financial position and results, which include:

- the carrying amounts of development assets (Note 16), oil and gas properties (Note 17), and goodwill (Note 23) may be affected due to changes in estimated future cash flows considered in the impairment testing; and

- depletion and depreciation charges in profit or loss may change where such changes are determined using the units of production method, or where the useful life of the related assets change.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(a) Impairment assessment of development assets, oil and gas properties and intangible assets – Goodwill (Continued)

The carrying amounts of the development assets, oil and gas properties and goodwill are disclosed in Notes 16, 17 and 23 to the financial statements respectively. The key assumptions applied in impairment testing are disclosed in Note 23 to the financial statements.

(b) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, geographical location, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The carrying amounts representing the credit risk exposure, key assumptions and inputs used in ECL assessment are disclosed in Note 34(b) to the financial statements.

(c) Estimation of provision for restoration costs

Restoration costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The ultimate restoration costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the asset and could have a material impact on the Group's consolidated financial statements.

The carrying amount of the Group's provision for restoration costs is disclosed in Note 28 to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(d) Units of production method for depletion of oil and gas properties

Oil and gas properties are depleted on a unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the field. This results in a depletion charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the units of production rate for depletion could be impacted to the extent that actual production in the future is different from current forecast production based on total proved and probable developed and undeveloped reserves, or future capital assumptions used in estimating reserves, including the effect on proved reserves of differences between actual commodity prices and commodity price assumptions; or unforeseen operational issues.

Any changes in estimates are accounted for prospectively. A 1% difference in the forecasted production based on total petroleum reserves from management's estimates will result in approximately 0.02% (2020: 0.02%) variance in the net carrying amount of oil and gas properties. The carrying amount of the oil and gas properties is disclosed in the Note 17 to the financial statements.

(e) Income taxes

The Group and the Company recognised liabilities for expected income taxes based on the estimates of income tax payable. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of the Group's deferred tax liability and income tax payable as at 30 June 2021 were approximately US$34,164,000 (2020: US$37,179,000) and US$7,000 (2020: US$15,000) respectively.

3.2 Critical judgements in applying the entity's accounting policies

Impairment of investments in subsidiary corporations / associated companies

The Company follows the guidance of SFRS(I) 1-36 in determining whether there is an indication that an investment in subsidiary corporations / associated companies are impaired. This determination requires significant judgement. The Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment or the fair value of a financial asset is less than its carrying amount and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The carrying amounts of the investments in subsidiary corporations and investment in associated companies are disclosed in Notes 20 and 22 to the financial statements respectively.

4. REVENUE

	GROUP	
	2021 US$'000	2020 US$'000
Sales of crude oil [a]	1,890	2,279
Interest income [b]	25	275
	1,915	2,554

(a) The Group derives revenue from the transfer of goods at a point in time and all customers are based in Thailand.

(b) Interest income are calculated on effective interest method for loan to associated company, Preferred Mart Pte. Ltd. (2020: Fit Global Pte. Ltd.) (Note 14).

5. EXPENSES BY NATURE

	GROUP	
	2021 US$'000	2020 US$'000
Audit fees		
- Auditor of the Company	70	78
- Other auditors	6	7
Depreciation of other property, plant and equipment (Note 18)	41	106
Depreciation of right-of-use asset (Note 19(a))	83	165
Depletion of oil and gas properties (Note 17)	848	1,054
Thailand Petroleum royalties and other government taxes	94	114
Directors' fees of the Company	63	73
Employee compensation (Note 6)	924	1,016
Production expense	662	1,116
Professional fees	447	254
Transportation	64	85
Rental expense – short term lease (Note 19(c))	41	53
Other expenses	289	336
Total cost of sales and administrative expenses	3,632	4,457

6. EMPLOYEE COMPENSATION

	GROUP	
	2021 US$'000	2020 US$'000
Salaries, bonuses and other short-term benefits	895	980
Defined contributions plans	29	36
	924	1,016

7. OTHER INCOME

	GROUP	
	2021 US$'000	2020 US$'000
Write-back of other payables	25	–
Government grant income		
- Jobs support scheme [(a)]	26	–
- Others	2	–
Rental concessions [(b)]	20	–
Miscellaneous income	–	77
	73	77

(a) The Job Support Scheme ("JSS") is a temporary scheme introduced into the Singapore Budget 2020 to provide wage support to employers to help them retain their local employees (Singapore Citizens and permanent Residents) during this period of economic uncertainty.

(b) Due to COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provide a rental relief framework for Small and Medium Enterprises (SMES) which came into effect on 31 July 2020 to help businesses during the circuit breaker and phase 2.

8. OTHER (LOSSES)/GAINS - OTHERS

	GROUP	
	2021 US$'000	2020 US$'000
Allowance for inventories obsolescence	(87)	–
Net fair value changes in financial asset, at FVPL (Note 13)	27	(42)
Loss on disposal of other property, plant and equipment	(25)	–
Impairment loss on goodwill (Note 23)	–	(24,612)
Impairment loss on oil and gas properties (Note 23)	(4,372)	(515)
Impairment loss on exploration, evaluation and development assets (Note 23)	(1,114)	(149)
Impairment loss on investment in associated companies (Note 22)	–	(1,379)
Foreign exchange loss, net	(75)	(154)
	(5,646)	(26,851)

9. FINANCE EXPENSES

	GROUP	
	2021 US$'000	2020 US$'000
Interest expense on:		
- Bank borrowings	286	798
- Lease liability	1	10
Unwinding of discount on provisions (Note 28)	120	70
	407	878

10. INCOME TAXES

	GROUP	
	2021	2020
	US$'000	US$'000
Tax credit attributable to the loss is made up of:		
Current income taxes	552	576
Deferred income tax (Note 29)	(3,015)	(827)
Over provision in prior financial years		
Current income taxes	(537)	(537)
	(3,000)	(788)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	GROUP	
	2021	2020
	US$'000	US$'000
Loss before income tax	(7,725)	(34,143)
Share of loss of associated companies, net of tax	30	120
Loss before tax and share of loss of associated companies	(7,695)	(34,023)
Tax calculated at tax rate of 17% (2020: 17%)	(1,308)	(5,784)
Effects of:		
- different tax rates in other countries	(1,944)	(302)
- expenses not deductible for tax purposes	818	5,898
- income not subject to tax	(33)	(72)
- deferred tax assets not recognised	4	9
- overprovision of tax in prior financial years	(537)	(537)
Tax credit	(3,000)	(788)

<u>The Company and Singapore subsidiary corporations</u>
The Company and Singapore subsidiary corporations are subjected to an applicable tax rate of 17% (2020: 17%). Certain subsidiary corporations are in a tax loss position for both the financial years ended 30 June 2021 and 2020 and hence they are not subject to tax in the respective years.

<u>Thailand Operations (Note 21)</u>
The Thailand Operation is subjected to an applicable tax rate of 50% (2020: 50%).

<u>Others</u>
These are subsidiary corporations in Australia, New Zealand, Hong Kong and United States of America (2020: Australia, New Zealand, Hong Kong and United States of America), which are subjected to an applicable tax rate ranging from 16.5% to 30% (2020: 16.5% to 30%). These subsidiary corporations are mainly either dormant or in a tax loss position for both the financial years ended 30 June 2021 and 2020 and hence they are not subjected to tax.

10. INCOME TAXES (CONTINUED)

Unrecognised deferred tax assets

The movements of unrecognised deferred tax assets are as follows:

	GROUP	
	2021 US$'000	2020 US$'000
Beginning of financial year	1,718	1,770
Deferred tax not recognised during the financial year	4	9
Effects of change in tax rate	(1)	(61)
End of financial year	1,721	1,718

The unrecognised deferred tax assets are attributable to the following temporary differences:

	2021 US$'000	2020 US$'000	JURISDICTION	YEAR OF EXPIRY
Group				
Unutilised tax losses	1,377	1,374	New Zealand, Australia, Hong Kong	Indefinite
Unutilised tax losses	344	344	United States of America	2033
	1,721	1,718		

Deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements of the Group in accordance with the accounting policy as disclosed in Note 2.18 to the financial statements.

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Outstanding warrants of 487,502,256 have not been included in the calculation of diluted loss per share because they are anti-dilutive for the current and previous financial years. There is no dilutive effect arising from the warrants as the exercise price of the warrants was higher than the Company's average share price for the financial year.

11. LOSS PER SHARE (CONTINUED)

The calculation of basic and diluted loss per share is as follows:

	GROUP	
	2021	2020
Net loss attributable to equity holders of the Company (US$'000)	(4,731)	(33,358)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share ('000)	5,388,858	3,900,018
Basic and diluted loss per share (US cents per share)	(0.09)	(0.86)

With the completion of the share placement on 14 September 2021 as disclosed in Note 37(a) to the financial statements, the number of ordinary shares will increase from 6,867,914,879 as at 30 June 2021 to 7,567,914,879. Loss per share for the financial years ended 30 June 2021 was not required to be adjusted in accordance with the requirement of SFRS(I)1-33 Earnings per share.

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	922	402	43	6

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2021	2020
	US$'000	US$'000
Cash and bank balances (as above)	922	402
Less: Bank deposits pledged	(158)	(4)
Cash and cash equivalents per consolidated statement of cash flows	764	398

Bank deposits are pledged in relation to the security granted for certain borrowings granted to a subsidiary corporation (Note 27).

13. FINANCIAL ASSET, AT FVPL

	GROUP 2021 US$'000	GROUP 2020 US$'000
Beginning of financial year	24	275
Additions	–	2
Sales of financial asset, at FVPL	(37)	(211)
Unrealised fair value gain/(loss) (Note 8)	27	(42)
End of financial year	14	24
Listed securities		
- Equity securities – Singapore	14	24

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Trade receivable – Non-related party	197	135	–	–
Other receivables				
- Non-related parties	50	37	–	–
- Subsidiary corporations	–	–	5,453	5,629
Less: Allowance for impairment loss (Note 34(b))	–	–	(5,453)	(5,629)
	247	172	–	–
Deposits	46	72	4	–
Prepayments	62	51	25	11
	355	295	29	11
Non-current				
Other receivables – Associated companies (a)(b)	6,607	4,798	6,607	4,798
Less: Allowance for impairment loss (Note 34(b))	(4,798)	(4,798)	(4,798)	(4,798)
	1,809	–	1,809	–
Total trade and other receivables	2,164	295	1,838	11

Other receivables due from subsidiary corporations are unsecured, interest-free and repayable on demand.

(a) In the previous financial years, other receivable (non-current) due from an associated company represents a zero-coupon loan extended to FIT in the financial year ended 30 June 2018. On the commencement of the loan, an amount of S$6,500,000 (equivalent to approximately US$4,821,000) was disbursed, representing a discount of 15.8% of the principal of S$7,720,000 (equivalent to approximately US$5,726,000). The loan is unsecured and the full principal is repayable on 18 December 2022. The loan has been carried at amortised cost with an effective interest rate of 6% per annum, with the fair value difference at inception recognised as deemed capital contribution in the associated company (Note 22). During the financial year ended 30 June 2020, a full provision has been made on this balance due to the factors disclosed in Note 22 to the financial statements.

(b) During financial year ended 30 June 2021, a loan of S$2,400,000 (equivalent to approximately US$1,809,000) bearing an interest of 5% per annum was extended to an associated company, Preferred Mart Pte. Ltd.. The loan is unsecured and is not expected to be receivable within the next 12 months.

15. INVENTORIES

	GROUP	
	2021 US$'000	2020 US$'000
Stores and consumables	1,938	2,036
Crude oil	11	12
	1,949	2,048

16. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	EXPLORATION AND EVALUATION ASSETS US$'000	DEVELOPMENT ASSETS US$'000	TOTAL US$'000
Group			
2021			
Beginning of financial year	–	16,793	16,793
Transfer to oil and gas properties (Note 17)	–	(1,492)	(1,492)
Impairment loss (Note 23)	–	(1,114)	(1,114)
End of financial year	–	14,187	14,187
2020			
Beginning of financial year	–	18,434	18,434
Transfer to oil and gas properties (Note 17)	–	(1,492)	(1,492)
Impairment loss (Note 23)	–	(149)	(149)
End of financial year	–	16,793	16,793

The development assets arose from the acquisition of the Thailand operations in 2014 as disclosed in Note 21(a) to the financial statements.

During the financial year ended 30 June 2021, the Group recognised an impairment loss of US$1,114,000 (2020: US$149,000) (Note 23).

17. OIL AND GAS PROPERTIES

	2021 US$'000	2020 US$'000
Group		
Cost		
Beginning of financial year	76,308	72,406
Additions	99	904
(Reversal)/provision of restoration costs (Note 28)	(213)	1,506
Transfer from exploration, evaluation and development assets (Note 16)	1,492	1,492
End of financial year	77,686	76,308
Accumulated depletion and impairment loss		
Beginning of financial year	17,945	16,376
Depletion (Note 5)	848	1,054
Impairment loss (Note 23)	4,372	515
End of financial year	23,165	17,945
Net book value		
End of financial year	54,521	58,363

These are attributable to the Thailand operations (Note 21(a)).

During the financial year ended 30 June 2021, the Group recognised an impairment loss of US$4,372,000 (2020: US$515,000) (Note 23).

18. OTHER PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND US$'000	LEASEHOLD LAND AND BUILDING US$'000	PLANT, MACHINERY AND EQUIPMENT US$'000	FURNITURE AND FITTINGS US$'000	TOTAL US$'000
Group					
2021					
Cost					
Beginning of financial year	1,071	112	493	103	1,779
Additions	–	8	7	2	17
Disposal	–	–	(26)	(9)	(35)
Written off	–	(37)	–	(91)	(128)
End of financial year	1,071	83	474	5	1,633
Accumulated depreciation					
Beginning of financial year	–	67	386	88	541
Depreciation (Note 5)	–	18	7	16	41
Disposal	–	–	(2)	(8)	(10)
Written off	–	(37)	–	(91)	(128)
End of financial year	–	48	391	5	444
Net book value	1,071	35	83	–	1,189

18. OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD LAND US$'000	LEASEHOLD LAND AND BUILDING US$'000	PLANT, MACHINERY AND EQUIPMENT US$'000	FURNITURE AND FITTINGS US$'000	TOTAL US$'000
Group					
2020					
Cost					
Beginning of financial year	1,130	77	488	106	1,801
Additions	–	11	5	1	17
Transfer	(59)	59	–	–	–
Disposal	–	–	–	(4)	(4)
Written off	–	(35)	–	–	(35)
End of financial year	1,071	112	493	103	1,779
Accumulated depreciation					
Beginning of financial year	–	67	350	57	474
Depreciation (Note 5)	–	35	36	35	106
Disposal	–	–	–	(4)	(4)
Written off	–	(35)	–	–	(35)
End of financial year	–	67	386	88	541
Net book value	1,071	45	107	15	1,238

19. RIGHT-OF-USE ASSET

(a) Carrying amounts

	GROUP	
	2021 US$'000	2020 US$'000
2021		
Office premises		
Cost		
Beginning of financial year	248	–
Initial adoption of SFRS(I) 16	–	248
Written off	(248)	–
End of financial year	–	248
Accumulated depreciation		
Beginning of financial year	165	–
Depreciation (Note 5)	83	165
Written off	(248)	–
End of financial year	–	165
Net book value	–	83

There is no externally imposed covenant on these lease arrangements.

(b) Interest expense

	GROUP	
	2021 US$'000	2020 US$'000
Interest expense on lease liabilities (Note 9)	1	10

(c) Lease expense not capitalised in lease liabilities

	GROUP	
	2021 US$'000	2020 US$'000
Lease expense – short-term leases (Note 5)	41	53

19. RIGHT-OF-USE ASSET (CONTINUED)

(d) Total cash outflow for all the leases was US$84,000 (2020: US$167,000).

(e) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for certain office premises contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2021	2020
	US$'000	US$'000
Composition:		
Unquoted equity shares, at cost	26,120	26,158
Capital contribution in the form of share options issued to employees of a subsidiary corporation	1,378	1,378
Loans deemed as investment in subsidiary corporations [a]	95,398	91,724
Deemed capital contribution - financial guarantee contracts (Note 32)	–	1,000
Impairment loss	(65,316)	(65,271)
	57,580	54,989

(a) The management has deemed these loans as investments in subsidiary corporations as the Company will not be expecting repayment of such loans from these subsidiary corporations.

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 30 June 2021 and 2020:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP		PROPORTION (%) OF OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS ("NCI")	
			2021	2020	2021	2020
			%	%	%	%
Held by the Company						
Loyz Oil Pte. Ltd. [1] ("Loyz Oil")	Exploration and production of oil and gas and investment holding	Singapore	100	100	-	-
CWX Investments Pte. Ltd. ("CWX Investments")[1]	Investment	Singapore	100	100	-	-
J&D Capital Limited.[3]	Dormant	Hong Kong	100	100	-	-
Held by Loyz Oil						
Loyz Oil Thailand Pte. Ltd. ("Loyz Thai") [1] [5]	Exploration and production of oil and gas and investment holding	Singapore	100	100	-	-
Loyz NZ Ventures Limited [2] ("Loyz NZ")	Exploration and production of oil and gas	New Zealand	51	51	49	49
CWX HK Limited. [7]	Dormant	Hong Kong	-	100	-	-
Loyz Oil New Zealand Ltd [3]	Dormant	New Zealand	100	100	-	-
Loyz Oil Australia Pty Ltd ("Loyz Oil Australia") [2] [4]	Exploration and production of oil and gas and investment holding	Australia	100	100	-	-
Loyz Oil Philippines Pte. Ltd. [6]	Dormant	Singapore	–	100	-	-

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 30 June 2021 and 2020: (Continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP		PROPORTION (%) OF OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS ("NCI")	
			2021	2020	2021	2020
			%	%	%	%
Held by LOA						
Loyz USA Holdings LLC (8) ("Loyz USA")	Investment holding	United States of America	–	100	-	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International
(2) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
(3) Not required to be audited under the laws of the country of incorporation.
(4) Inclusive of 100% interest held in the Permit as disclosed in Note 21(b).
(5) Inclusive of 20% Participating Interest in Thailand Operations as disclosed in Note 21(a).
(6) Dissolved with effect from 7 December 2020
(7) Deregistered from the Companies Registry of Hong Kong with effect from 26 February 2021
(8) Cancelled from State of Delaware with effect from 23 February 2021

Significant restrictions

As at 30 June 2021 and 2020, there were no significant restrictions with regards to the Company's investments in subsidiary corporations.

Impairment of subsidiary corporations

Movement in allowance for impairment loss of subsidiary corporations during the financial year is as follows:

	COMPANY	
	2021 US$'000	2020 US$'000
Beginning of financial year	65,271	45,461
Impairment loss	45	19,810
End of financial year	65,316	65,271

Management performed an impairment test for the Company's cost of investment in Loyz Oil Australia Pty Ltd and J&D Capital Limited (2020: Loyz Oil Pte. Ltd.), wholly-owned subsidiary corporations of the Company because of the facts and circumstances described in Note 23 to the financial statements. As a result of the impairment assessment, an impairment loss of US$45,000 (2020: US$19,810,000) is recognised for the financial year ended 30 June 2021. The key assumptions are disclosed in Note 23 to the financial statements.

21. INTEREST IN JOINT OPERATIONS

(a) Interest in the Thailand Operations

On 30 April 2014, Loyz Thai, a wholly-owned subsidiary corporation of the Company, completed the acquisition of 20% participating interest in Petroleum Concessions Nos. 1/2527/24 (SW1) held by ECO Orient Energy (Thailand) Ltd., and 3/2546/60 (L44/43) and 5/2546/62 (L33/43) held by ECO Orient Resources (Thailand) Ltd. located about 300 km north of Bangkok, Thailand (the "Thailand Operations") from Carnarvon Thailand Limited ("CVN"), at a purchase consideration of US$65,000,000 ("the Original SPA"):

Following the acquisition, the Thailand Operations was held by 3 parties, namely the Operator, CVN and Loyz Thai ("3 Parties") with participating interests of 60%, 20% and 20% ("Participating Interests") respectively. On 16 February 2015, CVN assigned its 20% Participating Interests to Berlanga Thailand Limited. Pursuant to the terms of the International Operating Agreements ("IOA") between the 3 Parties, management assessed and concluded that the Thailand Operations qualify as a joint operation under SFRS(I) 11 Joint Arrangements, notwithstanding that all decisions, approvals and other actions of the operating committee are decided by the affirmative vote of one or more parties, with a collective vote of at least 75% Participating Interests.

In the event where votes are not unanimous, the IOA provides for an exclusive operation ("EO") clause, for consenting parties to bear all relevant costs and liabilities of the EO, in proportion to their respective Participating Interests, and to indemnify the non-consenting party from any costs and liabilities incurred in relation to the EO. The EO shall be excluded from the scope of the IOA. Accordingly, the management concluded that the Thailand Operations is jointly controlled by the 3 Parties, and the Group will share the respective rights and interests, the obligations, liabilities and expenses incurred by the Thailand Operations, according to its Participating Interest.

In the Original SPA, the purchase consideration of US$65,000,000 was to be satisfied by:

(i) Cash payment of US$33,000,000; and
(ii) Deferred consideration of US$32,000,000 payable annually, commencing on 30 November 2015, for an amount equal to 12% of the concession revenue for the year, not exceeding US$10,000,000 for any given payment year. The deferred consideration was measured at its present value at initial recognition and subsequently carried at amortised cost in the previous financial years.

In the financial year ("FY") ended 30 June 2017, taking into account of the volatility in the oil and gas industry, the Group and CVN entered into a supplemental agreement to revise the deferred consideration, to be satisfied by:

(i) An upfront payment of US$4,000,000, in cash of US$50,000 and issuance of 331,653,000 new ordinary shares of the Company which has been settled during FY2018; and
(ii) In the event of a disposal of the Thailand Operations by the Group and the sale proceeds exceed US$45,000,000, a cash payment amounting to 12% of the sale proceeds that is in excess of US$45,000,000 shall be payable to CVN.

As at 30 June 2021 and 2020, the management has assessed that the fair value of this part of deferred consideration to be US$Nil as the Group does not foresee the disposal of Thailand Operation at amount exceeding US$45,000,000 to be likely within the near future.

21. INTEREST IN JOINT OPERATIONS (CONTINUED)

(a) Interest in the Thailand Operations (Continued)

The following amounts represent the assets controlled and liabilities obligated, income and expenses incurred by the Group in relation to its interest in the joint operations that are included in the Group's financial statements:

	GROUP	
	2021 US$'000	2020 US$'000
Assets and liabilities		
Non-current assets [(1)]	69,891	76,379
Current assets	2,914	2,590
Non-current liabilities [(2)]	(35,625)	(38,733)
Current liabilities	(1,242)	(1,298)
Profit or loss		
Income	1,890	2,279
Expenses	(4,897)	(15,911)

(1) Mainly comprise of development asset (Note 16) and oil and gas properties (Note 17).
(2) Mainly comprise provision for restoration costs (Note 28) and deferred tax liabilities (Note 29).

The Thailand Operations is reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.

As disclosed in Note 27 to the financial statements, the shares of Loyz Thai, which hold the interest in the Thailand Operations, are pledged to a bank to secure the Group's bank borrowings and credit facilities.

(b) Interest in joint operation with Trident

On 26 November 2011, Loyz Oil Australia Pty Ltd ("Loyz Australia") entered into a farm-in agreement with Trident Energy Limited ("Trident") in relation to the acquisition of Petroleum Exploration Permit VIC/P62 (the "Permit") over Area V04-2 in the Victorian Adjacent Area, Australia (the "Permit Area") granted to it by the Commonwealth-Victoria Offshore Petroleum Joint Authority.

Pursuant to the farm-in agreement, Loyz Australia shall have:

(i) 20% interest upon payment of A$650,000 and subject to government approval of the transfer of interest;
(ii) Further 31% interest upon completion of the 3D Seismic Program; and
(iii) Further 19% upon issuance of the 3D Seismic Interpretation Report.

21. INTEREST IN JOINT OPERATIONS (CONTINUED)

(b) Interest in joint operation with Trident (Continued)

Pursuant to the minimum requirements approved by the Victoria Offshore Petroleum Joint Authority, Loyz Australia has an obligation to complete the 175 square kilometer 3D Seismic acquisition, processing and interpretation before the expiration of the Permit (i.e. 10 July 2019).

As at 30 June 2013, the Group held 51% interest in the Permit. In 2014, the Group obtained an additional 19% interest in the Permit after the issuance of the 3D Seismic Interpretation Report. Accordingly, the Group held 70% interest in the joint operation, with effect from FY2014.

On 21 July 2016, Loyz Australia and Trident entered into a termination agreement, whereby Trident disposed its 30% interest in the Permit to Loyz Australia at US$Nil consideration, being a farm-out decision. Pursuant to the termination, Loyz Australia held 100% interest in the Permit, and accordingly, with effect from that date, the Group accounted for 100% of the assets, liabilities, revenue and expenses arising from the farm-in agreement in Loyz Australia (Note 20).

On 3 September 2018, Loyz Australia has received approval from the Commonwealth-Victoria Offshore Petroleum Joint Authority of Australia to cancel the Permit.

22. INVESTMENT IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	1,506	1,476	1,476	1,476
Deemed capital contribution	542	542	542	542
Accumulated share of losses	(676)	(646)	–	–
Accumulated share of other reserves	7	7	–	–
Allowance for impairment loss	(1,379)	(1,379)	(2,018)	(2,018)
Net carrying amount	–	–	–	–

During the financial year ended 30 June 2020, management performed an impairment review on the investment in associated companies due to the challenging business environment and on-going restrictions arising from COVID-19, the Company has decided to take a more stringent and prudent approach which resulted in an impairment of US$1,379,000 being recognised.

There are no contingent liabilities relating to the Group's interest in associated companies.

22. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Set out below are the associated companies of the Group:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	% OF OWNERSHIP INTEREST	
			2021	2020
			%	%
Held by the Company				
Fit Global Pte. Ltd. ("FIT") (i)	Investment holding and trading	Singapore	40	40
Held by FIT				
Fit Fund Investments Pte. Ltd.	Fund management	Singapore	40	40
TEC Advance Trading Pte. Ltd.	Fund management	Singapore	40	40
Held by CWX Investments				
Preferred Mart Pte. Ltd.(i) ("Preferred Mart")	Investment holding and management of a retail supermarket	Singapore	40	–
Held by Preferred Mart				
Chinese International Commodity City Pte. Ltd.	Management of a retail supermarket	Singapore	40	–
Immense Wellness Pte. Ltd. (ii)(iii)	Healthcare services and trading of healthcare products	Singapore	16	–

(i) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
(ii) Incorporated on 22 June 2021.
(iii) Not required to be audited under the laws of country of incorporation.

The directors are of the opinion that the associated companies are not individually material to the Group as at 30 June 2021. Aggregate of unaudited financial information about the Group's investments in associated companies that are not individually material is as follow:

	TOTAL FOR THE FINANCIAL YEAR ENDED 30 JUNE	
	2021	2020
	US$'000	US$'000
Total comprehensive loss, representing net loss	(569)	(300)

22. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

FIT

(a) The investment cost was contributed by the Company through cash of S$1,000,000 (equivalent to approximately US$734,000) and issuance of Company's shares amounting to US$1,000,000 (equivalent to approximately US$742,000) to the majority shareholder of FIT, Apostar Pte. Ltd. ("APL").

(b) Deemed capital contribution of S$731,167 (equivalent to approximately US$542,000), being the difference between amounts of the zero-coupon 5 years loan disbursed to FIT (Note 16) and its fair value on inception.

(c) Pursuant to an extraordinary general meeting held on 27 October 2017, the Company diversified its business into investment, financial and other related services ("New Business"). Since the inception of the investment into FIT in 2017, the investment and trading business managed by FIT has been hit by the economic downturn and the unprecedented coronavirus pandemic. Based on the past performance and the adverse business conditions which remains uncertain, the business prospects remains fairly dim for now. The Group has made full allowance for impairment against the total gross carrying amount of the debt and equity investments in FIT, on account of the significant economic uncertainties brought about by the COVID-19 pandemic. The Group will continue to monitor the performance and assess the way forward for this business. Based on the future performances, adjustments to the impairment reserve will be made as appropriate.

(d) During the financial year ended 30 June 2021, management re-assessed the impairment made against the total gross carrying amount of the debt and equity investments in FIT to its recoverable amount, after taking into account the operations and financial conditions of FIT. Based on the re-assessment, adjustments to the impairment loss remains appropriate.

(e) With effect from 13 August 2021, FIT has been placed under member voluntary liquidation (Note 37).

Preferred Mart

On 19 February 2021, the Company, through its wholly-owned subsidiary corporation CWX Investments Pte Ltd ("CWX Investments") acquired 40% of the issued share capital in Preferred Mart, an investment in and/or management of the operation of a retail supermarket chain, for a consideration of S$40,000 (equivalent to approximately US$30,000) through a joint venture agreement entered on 5 February 2021 with four non-related parties.

The four non-related parties (jointly and not severally) irrevocably and unconditionally grants a call option ("Call Option") to the Company, whereby the Company shall have the right to require each of the parties (jointly and not severally) to sell to the Company all Shares held by them for an aggregate consideration of S$120,000. The Call Option shall be exercisable any time and at the discretion of the Company.

On 22 February 2021, Preferred Mart acquired 100% of issued and paid-up share capital of Chinese International Commodity City Pte. Ltd. ("CICC") from an non-related third party (the "Vendor"), on the terms and subject to the conditions set out in a sale and purchase agreement entered into between Preferred Mart and the Vendor on the same day (the "Acquisition"). Following completion of the Acquisition, CICC is a wholly-owned subsidiary corporation of Preferred Mart.

23. INTANGIBLE ASSETS

	GOODWILL US$'000	PRE-EXPLORATION DATA US$'000	SOFTWARE US$'000	OVERRIDING ROYALTY INTEREST US$'000	TOTAL US$'000
Group					
2021					
Cost					
Beginning and end of financial year	35,410	593	43	2,886	38,932
Accumulated amortisation and impairment loss					
Beginning and end of financial year	35,410	593	43	2,886	38,932
Net book value	–	–	–	–	–
2020					
Cost					
Beginning and end of financial year	35,410	593	43	2,886	38,932
Accumulated amortisation and impairment loss					
Beginning of financial year	10,798	593	43	2,886	14,320
Impairment loss	24,612	–	–	–	24,612
End of financial year	35,410	593	43	2,886	38,932
Net book value	–	–	–	–	–

Pre-exploration data and software and Overriding royalty interest

Pre-exploration data relates to proprietary technologies reports on the non-core concessions in Australia, New Zealand and the Philippines (2020: Australia, New Zealand and the Philippines).

The overriding royalty interest relates to the Group's rights to a 28.5% overriding royalty interest in the gross production of oil and gas from the Awakino permit area (Petroleum Exploration Permit 38479) in New Zealand, under Loyz NZ.

Both assets had been fully impaired since FY2016.

Goodwill

Goodwill arising on acquisition of Loyz USA, Loyz Australia and the participating interest in the Thailand operations (Note 21(a)) is attributable mainly to the potential for the recognition of or the access to additional reserves and the synergies expected to be achieved from integrating the investees into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

(a) Impairment testing of goodwill, exploration, evaluation and development assets and oil and gas properties

For the purpose of management's impairment assessment, goodwill is allocated to the Thailand Operations as a cash-generating unit ("CGU").

23. INTANGIBLE ASSETS (CONTINUED)

Goodwill (Continued)

(a) *Impairment testing of goodwill, exploration, evaluation and development assets and oil and gas properties (continued)*

Impairment loss on exploration, evaluation and development assets, oil and gas properties and intangible assets have been recognised as follows:

	2021 US$'000	2020 US$'000
Exploration, evaluation and development assets (Note 8 and Note 16)	1,114	149
Oil and gas properties (Note 8 and Note 17)	4,372	515
Goodwill (Note 8)	–	24,612
	5,486	25,276

The recoverable amount of the Group's goodwill has been determined based on value-in-use calculations for the assets owned by the CGU using management-approved discounted cash flow projections covering a period of 6 to 22 years (2020: 7 to 22 years) based on development plans for the producing wells and the remaining concession periods including expected renewals of 10 years each at the end of respective concession periods.

Management has assessed that a longer period for the financial forecast of the above CGU is appropriate considering the long-term development plans for the fields and the terms of the respective permits.

The value-in-use calculations are most sensitive to the following assumptions:

- Crude oil prices (taking into consideration of current and future outlook in fluctuating oil prices);
- Forecast annual production volumes (taking into account proved and probable reserve); and
- Pre-tax discount rate.

Crude oil prices of US$57 to US$85 (2020: US$43 to US$96) per barrel are based on publicly available benchmark oil prices by petroleum consultants, with the forecasted declined of 7% to 10% per annum in the next 2 years (2020: forecasted recovery of 12.5% to 14.3% per annum in next 3 years) and forecasted recovery of 2% per annum from year 2024 onwards (2020: 1.5% to 3.2% per annum for subsequent 6 years and 2% per annum from year 2030 onwards).

Forecasted annual production volumes are based on detailed data for the reserves of the fields and taking into account the development plans for the fields approved by Operating Committee (Note 21a)) as part of the long-term planning process. Whereby reserves are based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

The discount rate of 10% (2020: 10%) represents the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of underlying assets which have not been incorporated in the cash flows estimates. The discount rate calculation is based on the specific circumstances of the CGU and derived with reference to the weighted average cost of capital (WACC) of the CGU, adjusted for the risks specific to the CGU.

23. INTANGIBLE ASSETS (CONTINUED)

Goodwill (Continued)

(b) *Sensitivity analysis*

The recoverable amount is most sensitive to the discount rate, oil price and production volume used for the discounted cash flow model. If the discount rate, oil prices and production volume deviate in respect of 1%, 5% and 5% respectively, the impact on the impairment loss recognised in profit or loss are at as below:

FY2021

ABSOLUTE CHANGE IN DISCOUNT RATE	APPLIED DISCOUNT RATE	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+1	11	332,173	17,282
0	10	349,455	–
-1	9	368,019	(18,564)

ABSOLUTE CHANGE IN OIL PRICE	OIL PRICE (US$/BBL)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+5	60.06 – 89.31	375,275	(25,820)
0	57.20 – 85.06	349,455	–
-5	54.34 – 80.81	323,635	25,820

PERCENTAGE CHANGE IN PRODUCTION VOLUME	TOTAL PRODUCTION VOLUME (MSTB)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+5	16,186	372,057	(22,602)
0	15,416	349,455	–
-5	14,645	326,853	22,602

23. INTANGIBLE ASSETS (CONTINUED)

Goodwill (Continued)

(b) Sensitivity analysis (Continued)

FY2020

ABSOLUTE CHANGE IN DISCOUNT RATE	APPLIED DISCOUNT RATE	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+1	11	330,481	8,791
0	10	374,435	–
-1	9	393,974	(3,908)

ABSOLUTE CHANGE IN OIL PRICE	OIL PRICE (US$/BBL)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+5	45.03 – 101.01	402,261	(5,565)
0	42.89 – 96.20	374,435	-
-5	40.74 – 91.39	346,610	5,565

PERCENTAGE CHANGE IN PRODUCTION VOLUME	TOTAL PRODUCTION VOLUME (MSTB)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+5	16,503	402,261	(5,565)
0	15,718	374,435	–
-5	14,932	346,610	5,565

24. FINANCIAL ASSET, AT FVOCI

	GROUP	
	2021 US$'000	2020 US$'000
Beginning and end of financial year	–	–

On adoption of SFRS(I) 9, the Group made an irrevocable election to measure the unquoted equity securities which represent a 13.75% equity interest in Fram Exploration ASA ("Fram") as it is a strategic investment that the Group intends to hold for long term.

As at both reporting date, the carrying amount is US$Nil as it has been fully impaired since financial year 2016. In the opinion of the directors this represents the fair value of the investment in view of the financial difficulties faced by Fram (Note 25).

25. BONDS RECEIVABLE

	GROUP	
	2021 US$'000	2020 US$'000
Bonds receivable	673	673
Allowance for impairment	(673)	(673)
	–	–

In the previous financial years, the Group acquired 67.778% of the 13% senior secured convertible bonds ("Bonds") issued by Fram, with a total par value of NOK 48,100,000 (equivalent to approximately US$4,000,000) maturing in December 2016 for an aggregate consideration of US$2,627,000. The Bonds are secured by Fram's certain oil assets in North Dakota and Colorado ("Assets").

The aggregate consideration was satisfied as follows:

(i) US$848,000 by way of issuance of 43,697,520 new ordinary shares of the Company;
(ii) US$803,000 by way of procurement and transfer of 41,344,580 of the Company's existing shares to the Bonds sellers;
(iii) US$98,000 being commission payable in cash to the Bonds sellers within 10 business days, upon full redemption of all the outstanding Bonds by Fram; and
(iv) US$878,000 being commission payable via the issuance of 45,185,333 new ordinary shares of the Company to the Bonds sellers.

25. BONDS RECEIVABLE (CONTINUED)

Pursuant to a bond holders meeting convened by Fram on 4 October 2016, it was concluded that:

(i) The Bonds can be early redeemed, either partially or in full, and the Group shall redeem the Bonds at a par value of US$3,349,000 via (a) set-off arrangement against an amount owing to Fram of US$2,000,000 plus interest of US$151,000, and (b) transferring 41,344,580 of the Company's existing shares held by Fram to the Bond Sellers ("Settlement");

(ii) The maturity date of the Bonds was extended to 31 December 2018, with an early mandatory full redemption of the Bonds in the event of the sale of certain oil assets held by Fram; and

(iii) Interest payable until 31 December 2016 were waived and interest payable from 1 January 2017 until the maturity date was amended to 10% per annum.

Accordingly, the Group exercised and redeemed its Bonds partially in accordance with the Settlement arrangement which result in a net gain of US$755,000 being recorded in the Group's profit or loss due to the derecognition of the Bonds in the financial year ended 30 June 2017.

Pursuant to a bond holders' meeting convened on 19 April 2018 ("Bondholders' Meeting") in Oslo, Norway, due to Fram's financial constraints, it was proposed and approved, inter-alia, the following:

(a) the issuer, Fram, will conduct a partial sale by releasing certain security interest of the Assets in the United States to a third party, of which the third party has an option to purchase the remaining unreleased interest of the Assets within 24 months; and

(b) the maturity date of the Bonds was further extended to 31 December 2019.

Following the Group's review on the recoverability of the Bonds, which took into consideration the outcome of the Bondholders' Meeting, current weak market conditions for the sale of the Assets, the value of the collateral and Fram's financial position, the Bonds amounting to US$673,000 were fully impaired in the financial year ended 30 June 2018.

As at 30 June 2021, the Company has received notice from Fram that it will undergo liquidation process in the foreseeable future and as such, no reversal of allowance for impairment was made due to the uncertainty of any distribution of residual interests to the Group.

26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Trade payables				
- Non-related parties	42	54	–	–
Non-trade payables				
- Non-related parties	1,216	1,170	47	24
- Associated company	26	–	–	–
Accruals for operating expenses	365	609	124	260
Other payable, financial institution (Note 27, Bank Loan I)				
- Amendments fee	768	768	–	–
- Accrued interests	–	628	–	–
Total trade and other payables	2,417	3,229	171	284

The trade amounts due to non-related parties are unsecured, interest-free and are on 30 days (2020: 30 days) credit term.

The non-trade payables due to associated company relates to the remaining consideration payables to an associated company, Preferred Mart (Note 22).

27. BORROWINGS

	GROUP	
	2021 US$'000	2020 US$'000
Current		
Bank borrowings		
- Bank Loan I	17,826	17,993
- Specific Advance Facility	–	930
- Revolving Credit Facility	–	1,000
Lease liability	–	82
	17,826	20,005

27. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	GROUP	
	2021	2020
	US$'000	US$'000
6 months or less	17,826	1,930
6 – 12 months	–	17,993
	17,826	19,923

The bank borrowings bear the interest rates as follows:

	INTEREST RATE (PER ANNUM)	2021	2020
Bank Loan I	SIBOR + 1%	1.29% to 3.55%	1.29% to 3.55%
Revolving credit facility	LIBOR + 2.75%	-	2.944% to 5.027%
Specific advance facility	Bank's cost of fund +1%	-	1.29% to 3.55%

Bank Loan I

On 30 April 2014, the Group obtained a bank loan of US$32,000,000 from Oversea-Chinese Banking Corporation Limited ("OCBC Bank") to finance the acquisition of 20% Participating Interest in the Thailand Operations (Note 21(a)). Part of the loan, amounting to US$8,900,000, is repayable 3 months after the drawdown date (i.e. 30 April 2014) and the balance of the remaining loan, amounting to US$23,100,000, is repayable in 21 quarterly instalments starting 6 months after the drawdown date (i.e. starting 30 October 2014).

Subsequently, the Group has restructured the repayment terms of the outstanding loan as follows:

<u>Financial year ended 30 June 2017</u>

(i) Instalments due shall be revised downwards, with the principal to be paid over 47 monthly instalments and a final instalment of US$16,970,000 in July 2020; and
(ii) Amendments fees of 4% over the then outstanding loan amount of US$19,220,000, which amounted to US$768,000 (Note 26), shall be paid on the maturity of the loan or upon full repayment of the loan, whichever is earlier.

27. BORROWINGS (CONTINUED)

Financial year ended 30 June 2018

(i) Deferment of 9 monthly instalments for the period from Oct 2017 to June 2018 totaling US$405,000 to be paid with the final instalment in July 2020;
(ii) Revision on the interest rate spread above the bank's cost of funds from 4% per annum to 1% per annum; and
(iii) In the event of the disposal of the 20% Participating Interest in the Thailand Operations by the Group by 30 June 2019 or post 1 July 2019 and the sale proceeds is above US$30,000,000, a pay-out of 3% of the entire net sale proceeds, capped at US$500,000 or US$1,000,000 respectively shall be payable to OCBC Bank.

Financial year ended 30 June 2019

Deferment of 14 monthly instalments for the period from May 2019 to June 2020 totaling US$630,000, together with the monthly interest, to be paid with the final instalment in July 2020 or upon disposal of the 20% Participating Interest in the Thailand Operations, whichever is earlier. The accrued interest on deferred instalments amounted to US$115,000 (Note 26) as at 30 June 2019.

100% of the funds received from Loyz Thai's Participating Interest in Thailand Operations in excess of the aggregate of the proposed reduced monthly principal and interest obligation and agreed monthly planned operating expenditure of the Company shall be kept in a bank account with OCBC Bank. The funds shall be reserved mainly for repayments to OCBC Bank.

Bank Loan I is also secured by pledge of shares in Loyz Thai, Loyz Oil's cash balances in the accounts maintained with and as designated by OCBC Bank, all earnings and other cash flow of Loyz Thai, as well as corporate guarantees by the Company and a shareholder, Jit Sun Investments Pte. Ltd..

Financial year ended 30 June 2020

On 2 September 2020, the Company obtained OCBC Bank's approval on the following changes to the terms:

(i) Deferment of final instalment, consist of loan principal (Bank Loan I and Specific Advance Facility) of US$18,005,000, accrued interests of US$628,000 and amendment fees of US$768,000 (Note 26) by one year to 30 July 2021 or upon disposal of the 20% Participating Interest in the Thailand Operations, whichever is earlier.

(ii) Discharge of the corporate guarantees by the Company.

Separately from the changes to the terms above, the Company also undertakes to facilitate, support, and obtain all necessary approvals for the sale of the Petroleum Concession Interests on terms (including sale price) and conditions acceptable to OCBC Bank.

As a condition precedent to the deferment, the Company will repay S$2,500,000 (equivalent to approximately US$1,793,000) to OCBC Bank and deposited US$300,000 to the Company's debt servicing account upon the completion of the fund raising exercise in November 2020.

27. BORROWINGS (CONTINUED)

Financial year ended 30 June 2020 (Continued)

On 10 November 2020 and 11 November 2020, the Company has deposited US$300,000 to the Company's debt servicing account to cover interest for 12 months and repaid S$2,500,000 (equivalent to approximately US$1,793,000) to OCBC Bank respectively.

As at 30 June 2020, the Group has technically breached a financial covenant as stipulated under this loan facility agreement, with the impairments made, resulting in lower Group networth. In addition, a modified audit report that does not give a true and fair view of the consolidated financial statements has also triggered a technical breach of a bank covenant. With regards to the breached of financial covenants, the Group has also confirmed with OCBC Bank, that even if there is a breach, OCBC Bank will have no recourse against the Company and the rest of the Group, apart from the subsidiary corporation, which is the borrower, as the loan has been ringfenced effectively with the release of the corporate guarantee given by the Company.

As at 15 November 2020, OCBC Bank confirmed that the corporate guarantee has been discharged as the payments mentioned above has been paid in accordance to the restructuring agreement. In addition, OCBC Bank has also given an in-principle approval in writing for the waiver of the 2 financial covenants that have been technically breached.

Financial year ended 30 June 2021

On 5 January 2021, OCBC Bank has also given an in-principle approval in writing for the waiver of the 2 financial covenants that have been technically breached for the financial year ended 30 June 2021.

Subsequent to financial year ended 30 June 2021

Subsequent to the reporting date, on 16 August 2021, the Group entered into a Settlement Agreement with OCBC Bank in relation to the Bank Loan I. Under the terms of the Settlement Agreement, Loyz Oil will make a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank by 30 September 2021. This will extinguish all payables by Loyz Oil to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18,600,000 as at 30 June 2021. All collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Thailand) will also be discharged by OCBC Bank on Completion.

On 27 September 2021, the Company has made a final repayment of S$1,500,000 to OCBC Bank. As at the date of this report, the Group is in the process of releasing the registered charges in accordance with the Settlement Agreement.

Revolving credit facility

The Group obtained a revolving loan facility from the financial institution, amounting to US$1,000,000. As at 30 June 2020, the Group fully utilised the facility for financing of its general working capital. The facility is secured by corporate guarantee by the Company.

As at 30 June 2021, this facility has been fully repaid.

27. BORROWINGS (CONTINUED)

Specific advance facility

On 8 May 2017, the Group obtained a facility from OCBC Bank amounting to US$1,000,000. As at 30 June 2020, the Group has utilised US$$930,000 (2020: US$930,000) of the facility for the financing of its general working capital.

The facility is secured by pledges of shares in Loyz Thai, Loyz Oil's cash balances in the accounts maintained with and as designated by OCBC Bank, all earnings and other cash flow of Loyz Thai, deed of subordination of Loyz Thai's intercompany loan, as well as corporate guarantees by the Company, Loyz Thai and the shareholder of the Company, Jit Sun Investments Pte. Ltd..

On 11 November 2020, this facility has been fully repaid as part of the restructuring exercise.

28. PROVISION FOR RESTORATION COSTS

	GROUP	
	2021	**2020**
	US$'000	**US$'000**
Provision for restoration costs	1,460	1,553

Movements in provision for restoration costs were as follows:

	GROUP	
	2021	**2020**
	US$'000	**US$'000**
Beginning of financial year	1,553	–
(Reversal)/provision during the financial year (Note 17)	(213)	1,506
Unwinding of discount (Note 9)	120	70
Utilisation of restoration costs	–	(23)
End of financial year	1,460	1,553

The Group's site restoration obligation arose from Loyz Thai's interests in joint operations, for the future cost incurred for restoration of oil production facilities.

In accordance with the Ministerial Regulation of Thailand ("Regulation") which was made retroactive in 2016, all oil and gas operators are required to pay the costs of decommissioning assets they have installed, including those they will transfer free of charge to a next operator. Following recent development of arbitration proceedings taken by the Thailand Authorities against major oil and gas operators, management assessed that the imposition of this Regulation will likely affect the Group's Thailand Operations. Therefore the Group recognised a provision for restoration costs in December 2019 as management believes there exists a present legal obligation for Thailand Operations to restore the production sites at the end of the operating life of the oil and gas assets.

The provision represents the present value of restoration costs which are expected to be incurred up to the end of the concession license using a discount rate of 10% per annum.

29. DEFERRED TAX LIABILITIES

	GROUP	
	2021	2020
	US$'000	US$'000
Beginning of financial year	(37,179)	(38,006)
Credited to profit or loss (Note 10)	3,015	827
End of financial year	(34,164)	(37,179)

The components of deferred tax assets and liabilities as at 30 June prior to offsetting are as follows:

	GROUP	
	2021	2020
	US$'000	US$'000
Deferred tax assets of the Group		
Unutilised tax losses	1,491	1,382
Provision for restoration costs	608	575
Others	121	82
	2,220	2,039
Deferred tax liabilities of the Group		
Exploration, evaluation and development assets	(7,094)	(8,397)
Oil and gas properties	(29,290)	(30,821)
	(36,384)	(39,218)

30. SHARE CAPITAL

	NO. OF ORDINARY SHARES		AMOUNT	
	2021	2020	2021	2020
	'000	'000	US$'000	US$'000
Group and Company				
At beginning of the year	3,900,018	3,900,018	140,245	140,245
Issuance of shares	2,967,896	–	6,579	–
Share issue expense	–	–	(40)	–
At end of the year	6,867,914	3,900,018	146,784	140,245

All issued shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share without restrictions and entitled to receive dividends as and when declared by the Company.

On 9 November 2020 and 29 May 2021, the Company issued 1,888,888,889 ordinary shares and 1,079,007,920 ordinary shares for a total consideration of S$3,400,000 (equivalent to approximately US$2,500,000) and S$5,400,000 (equivalent to approximately US$4,100,000) respectively to provide funds for the Group's operations. The newly issued shares rank pari passu in all aspects with the previously issued shares.

31. RESERVES

	GROUP	
	2021	2020
	US$'000	US$'000
Other reserve (i)	(5,102)	(5,102)
Foreign currency translation (ii)	–	7
	(5,102)	(5,095)

(i) Other reserve pertains to reserve arising from the non-reciprocal capital contribution made to a non-wholly-owned subsidiary corporation.

(ii) The foreign currency translation comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

32. CONTINGENT LIABILITIES

As at 30 June 2021, Loyz Oil has technically breached the financial covenants of its credit facility agreement with a carrying amount of US$17,826,000 with OCBC Bank for Bank Loan I, which the Group has obtained in-principle approval in writing for the waiver of the technical breaches of the financial covenants. On 27 September 2021, the Group has made a final repayment of S$1,500,000 to OCBC Bank. Accordingly, the aforementioned financial covenants have been extinguished. Refer to Note 37(c) to the financial statements for details.

The Company has also given undertakings to continue to provide financial support to certain subsidiary corporations as and when required to allow them to meet their obligations.

33. COMMITMENTS

Joint operation's commitment

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	GROUP	
	2021	**2020**
	US$'000	**US$'000**
Share of capital commitments of joint operation:		
Within one year	–	35

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Company's 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 it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

(i) Currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than its functional currency. The currencies giving rise to this risk is primarily Singapore Dollar ("SGD") and Thai Baht ("THB"). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in the currency that is not the entity's functional currency.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	THB US$'000	OTHERS US$'000	TOTAL US$'000
2021					
Financial assets					
Cash and bank balances	160	100	660	2	922
Trade and other receivables	–	1,814	273	15	2,102
Financial assets, at FVPL	–	14	–	–	14
	160	1,928	933	17	3,038
Financial liabilities					
Borrowings	17,826	–	–	–	17,826
Trade and other payables	950	252	1,214	1	2,417
	18,776	252	1,214	1	20,243
Net financial (liabilities)/assets	(18,616)	1,676	(281)	16	(17,205)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	–	1,676	(281)	16	1,411

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows: (Continued)

	USD US$'000	SGD US$'000	THB US$'000	OTHERS US$'000	TOTAL US$'000
2020					
Financial assets					
Cash and bank balances	14	70	315	3	402
Trade and other receivables	–	43	198	3	244
Financial assets, at FVPL	–	24	–	–	24
	14	137	513	6	670
Financial liabilities					
Borrowings	19,239	82	–	–	19,321
Trade and other payables	1,549	409	1,266	5	3,229
	20,788	491	1,266	5	22,550
Net financial (liabilities)/assets	(20,774)	(354)	(753)	1	21,880
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	–	(354)	(753)	1	(1,106)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows: (Continued)

If the SGD and THB change against USD by 1% (2020: 1%) and 3% (2020: 2%) respectively with all other variables including tax rate being held constant, the effects are as follows:

	LOSS AFTER TAX	
	2021	2020
	US$'000	US$'000
SGD against USD		
- Strengthened	13	(3)
- Weakened	(13)	3
THB against USD		
- Strengthened	(7)	(12)
- Weakened	7	12

The Company's currency exposure based on the information provided to key management is as follows:

	USD	SGD	TOTAL
	US$'000	US$'000	US$'000
2021			
Financial assets			
Cash and bank balances	2	41	43
Trade and other receivables	–	1,813	1,813
	2	1,854	1,856
Financial liabilities			
Trade and other payables	–	171	171
Net financial assets	2	1,683	1,685
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	1,683	1,683

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposure based on the information provided to key management is as follows: (Continued)

	USD US$'000	SGD US$'000	TOTAL US$'000
2020			
Financial assets			
Cash and bank balances	4	2	6
Financial liabilities			
Trade and other payables	–	284	284
Net financial assets/(liabilities)	4	(282)	(278)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	(282)	(282)

If the SGD had strengthened/weakened against USD by 1% (2020: 1%) with all other variables including tax rate being held constant, the Company's profit/(loss) after tax would have been higher/lower by US$16,800 (2020: US$3,000) as a result of currency translation gains/(losses) on SGD denominated financial instruments.

(ii) Equity price risk

The Group is exposed to equity risk arising from its investment in quoted equity securities which are classified as fair value through profit or loss (Note 13). These equity securities are listed in Singapore.

Equity price risk sensitivity

If the prices for equity securities listed in Singapore had increased / decreased by 10% (2020: 10%) with all other variables including tax rate held constant, the loss for the financial year would have been decreased / increased by US$1,000 (2020: US$2,000).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at floating interest rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable rate borrowings. The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

The Group's borrowings at variable rates are denominated in USD. If the USD interest rate increase/decrease by 0.5% (2020: 0.5%) with all other variables including tax rates being held constant, the net profit and equity will be lower/higher by US$89,000 (2020: US$100,000).

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

Bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers and borrowers of loan receivables to make payments when due. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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 balance sheet, except as follows:

	GROUP	
	2021	**2020**
	US$'000	**US$'000**
Corporate guarantees provided to banks on loans held by subsidiary corporations	–	1,000

At the end of the reporting period, approximately 84% (2020: Nil) of the Group's trade and other receivables are due from associated company. As at 30 June 2021, 100% (2020: 100%) of trade receivables are due from a single customer in Thailand.

As at 30 June 2021, approximately 98% (2020: Nil) of the Company's trade and other receivables are due from associated company.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The Group manages credit loss based on Expected Credit Losses (ECL) model.

Trade receivables

The Group's exposure to credit risk arises from trade receivables, which are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry or country brought about by the general economic condition.

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ("Life-time ECL").

The ECL assessment is based on historical credit loss experience, adjusted for forward-looking factors specific to those customers. The Group did not experience any credit loss from its only customer for the past years and there are no significant changes in the business operation of that company nor significant change in credit quality.

The Group considers trade receivables are in default (credit-impaired) when the customers fails to make contractual payments within 90 days when due. When the receivables are overdue for 90 days, the Company will provide provision for the balances while continuing to engage in enforcement activity to recover the balances.

The management have assessed that there are no material ECL on the trade receivables.

Other receivables

The Group applies general approach on all other financial instruments and recognise a 12-months ECL on initial recognition, which are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

	GROUP		COMPANY	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Other receivables				
- Non-related parties	50	37	–	–
- Subsidiary corporations	–	–	5,453	5,629
- Associated companies	6,607	4,798	6,607	4,798
Total gross carrying amount	6,657	4,835	12,060	10,427
ECL allowance	(4,798)	(4,798)	(10,251)	(10,427)
Net carrying amount	1,859	37	1,809	–

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Other receivables (Continued)

The movement of the ECL impairment on other receivables are as follows:

	12-MONTHS ECL	LIFETIME ECL (CREDIT - IMPAIRED)	TOTAL
	US$'000	US$'000	US$'000
Group			
2021			
Beginning and end of financial year	–	4,798	–
2020			
Beginning of financial year	326	–	326
ECL allowance recognised during the financial year	–	4,472	4,472
Transfer to credit impaired	(326)	326	–
End of financial year	–	4,798	4,798

	12-MONTHS ECL	LIFETIME ECL (CREDIT - IMPAIRED)	TOTAL
	US$'000	US$'000	US$'000
Company			
2021			
Beginning of financial year	–	10,427	10,427
ECL allowance recognised during the financial year	–	15	15
Written off	–	(191)	(191)
End of financial year	–	10,251	10,251
2020			
Beginning of financial year	326	–	326
ECL allowance recognised during the financial year	–	10,101	10,101
Transfer to credit impaired	(326)	326	–
End of financial year	–	10,427	10,427

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Other receivables (Continued)

Subsidiary corporations

The life-time ECL allowance of the Company on the amount due from subsidiary corporations is made based on the financial position of the subsidiary corporations, and the underlying assets relevant to the ultimate manner of recovery of these amounts. Based on the particular circumstances and unpredecented uncertainties brought about by COVID-19 on oil and gas industry, the Company has determined that the balances are credit-impaired (Stage 3), as at 30 June 2021 and 30 June 2020 due to lack of revenue generating activities and net liabilities position.

Associated companies - FIT

As disclosed in Note 22, FIT represents the Group's New Business with a fairly dim business prospects, and has assessed the amount due from associate as credit-impaired (Stage 3) and provided full impairment since the financial year ended 30 June 2020.

Bond receivables

As disclosed in Note 25, a full impairment loss of US$673,000 was recognised in the Group's profit or loss in the financial year ended 30 June 2018, which the Group has assessed and determined the financial assets to be credit-impaired (Stage 3).

Bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents has been measured on the 12-months expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. ECL on cash and cash equivalents are immaterial.

Deposits

The Group assessed and determined the ECL on the deposits are immaterial.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet obligations when due. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 12 to the financial statements.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	GROUP		COMPANY	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Less than 1 year				
Trade and other payables	2,417	3,229	171	284
Borrowings	17,826	20,005	–	–
Financial guarantee liability	–	–	–	1,000
	20,243	23,234	171	1,284

(d) Capital risk

The Group manages its capital to ensure that the Group is able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group is able to service any debt obligations based on its operating cash flows. The Group's overall strategy remains unchanged from 2020.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt. The Group includes within net debt, trade and other payables, finance lease payables and bank borrowings less cash and bank balances. Equity attributable to owners of the Company consists of share capital, reserves and accumulated losses.

The liabilities-equity ratio is calculated as total liabilities divided by total equity.

	GROUP	
	2021	2020
	US$'000	US$'000
Net debt	19,321	22,832
Total equity	19,065	17,264
Total capital	38,386	40,096
Gearing ratio	50.3%	56.9%

As at reporting dates, a subsidiary corporation is subject to external imposed capital requirements, amongst others, not met the financial covenants (Note 27).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

The table below presents assets and liabilities recognised and measure at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets ofliabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 13 and Note 24 to the financial statements.

	GROUP			
	(LEVEL 1)	(LEVEL 2)	(LEVEL 3)	TOTAL
	US$'000	US$'000	US$'000	US$'000
2021				
Financial asset, at FVPL	14	–	–	14
2020				
Financial asset, at FVPL	24	–	–	24

The carrying amount of financial assets and financial liabilities carried at amortised cost approximate their fair values due to the relatively short-term maturity of these financial instruments.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Financial assets, at FVPL	14	24	–	–
Financial assets, at amortised cost	3,024	646	1,856	6
Financial liabilities, at amortised cost	20,243	23,234	171	284

35. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group with related parties at terms and rates agreed between the parties:

(a) Sales and purchase of goods and services

	GROUP	
	2021	2020
	US$'000	US$'000
Payment made on behalf of associated companies	–	39
Interest income from loan	25	275

(b) Key management personnel compensation

	GROUP	
	2021	2020
	US$'000	US$'000
Directors' fees	67	73
Short-term benefits	412	402
Defined contributions plans	22	22
	501	497
Analysed into:		
- Compensation of Directors of the Company	387	385
- Compensation of Directors of the subsidiary corporations and other ley management personnel	114	112
	501	497

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and respective subsidiary corporations, including all directors of the Company and respective subsidiary corporations. The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (chief operating decision maker). A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

For management purposes, the Group has 2 operating and reportable segments – oil and gas segment and investment and trading segment. The principal activities of the Group's operating segments are summarised as follows:

(i) Oil and gas segment – Comprising exploration, development and production activities and drilling activities; and

36. SEGMENT INFORMATION (CONTINUED)

(ii) Investment and trading – Mainly comprising of the following business activities:

(a) investments, including in private equity deals, pre-initial public offerings (mature stage), initial public offerings, fixed income and hybrid instruments; and

(b) trading, including the trading of equities, commodities and other financial instruments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

The segment information provided to the management for the reportable segments are as follows:

	OIL AND GAS US$'000	INVESTMENT AND TRADING US$'000	UNALLOCATED US$'000	TOTAL US$'000
2021				
Revenue				
Sales to external customers	1,890	25	–	1,915
Segment results	222	25	–	247
Interest income	–	–	2	2
Other income	7	11	55	73
Other losses	(5,647)	27	(26)	(5,646)
Administrative expenses	(1,142)	(229)	(593)	(1,964)
Finance costs	(373)	–	(34)	(407)
Share of loss of associated companies	–	(30)	–	(30)
Loss before tax	–	–	–	(7,725)
Income tax credit	–	–	–	3,000
Loss for the financial year				(4,725)
Total assets	72,822	1,843	281	74,946
Total liabilities	54,878	35	961	55,874
Other information				
Capital expenditure	116	–	–	116
Other material non-cash items				
Depreciation of property, plant and equipment and right-of-use asset	(50)	(8)	(91)	(149)
Depletion of oil and gas properties	(848)	–	–	(848)
Net fair value change in investment carried at fair value through profit or loss	–	27	–	27
Impairment loss on oil and gas properties	(4,372)	–	–	(4,372)
Impairment loss on exploration, evaluation and development assets	(1,114)	–	–	(1,114)

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments are as follows: (Continued)

	OIL AND GAS US$'000	INVESTMENT AND TRADING US$'000	UNALLOCATED US$'000	TOTAL US$'000
2020				
Revenue				
Sales to external customers	2,279	275	–	2,554
Segment results	(109)	275	–	166
Interest income	–	–	4	4
Other income	–	–	77	77
Other losses	(25,281)	(42)	(6,000)	(31,323)
Administrative expenses	(1,155)	(313)	(601)	(2,069)
Finance costs	(796)	–	(82)	(878)
Share of loss of associated companies	–	(120)	–	(120)
Loss before tax				(34,143)
Income tax credit	788	–	–	788
				(33,355)
Total assets	79,060	83	103	79,246
Total liabilities	58,812	35	3,134	61,981
Other information				
Capital expenditure	921	–	–	921
Investment in associate (equity accounted)	–	1,379	–	1,379
Other material non-cash items				
Depreciation of property, plant and equipment and right-of-use asset	(72)	(15)	(184)	(271)
Depletion of oil and gas properties	(1,054)	–	–	(1,054)
Net fair value change in investment carried at fair value through profit or loss	–	(42)	–	(42)
Impairment loss on goodwill	(24,612)	–	–	(24,612)
Impairment loss on oil and gas properties	(515)	–	–	(515)
Impairment loss on exploration, evaluation and development assets	(149)	–	–	(149)
Impairment loss on other receivables	–	(4,472)	–	(4,472)
Impairment loss on investments in associated companies	–	(1,379)	–	(1,379)

* Capital expenditure consists of additions to oil and gas properties and other property, plant and equipment.

36. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's business segments operate in 2 geographical areas:

- Singapore – the operation comprise investment and trading segment.
- Thailand – the operation comprise oil and gas segment.

	REVENUE		NON-CURRENT ASSETS	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Singapore	25	275	1,816	98
Thailand	1,890	2,279	69,890	76,379
	1,915	2,554	71,706	76,477

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from and is measured in a manner consistent with that in the statement of comprehensive income.

Non-current assets are presented based on the location of the assets mainly include exploration, evaluation and development assets and oil and gas properties held under Thailand Operations (Note 21(a)), its related goodwill (Note 23) and other property, plant and equipment (Note 18) in Singapore.

Revenue from major customers

Revenue of approximately US$1,890,000 (2020: US$2,279,000), or 99% (2020: 89%) of the Group's revenue is derived from one customer in Thailand, which is attributable to the "Oil and gas" segment.

37. SUBSEQUENT EVENTS

(a) On 25 July 2021, the Company entered into a placement agreement ("Placement Agreement") with seven (7) placees. Subject to and upon the terms of the Placement Agreement, the Company has agreed to allot and issue, and the placees have agreed to subscribe and pay for, an aggregate of 1,815,445,559 new ordinary shares in the capital of the Company ("Placement Shares") at S$0.0027 per Placement Share, amounting to an aggregate consideration of approximately S$4,902,000 (equivalent to approximately US$3,631,000) (the "Proposed Placement").

Pursuant to the terms and conditions of the Placement Agreement, completion of the Proposed Placement shall take place by 22 September 2021 (or such other date as the parties to the Placement Agreement may agree in writing).

The Proposed Placement is undertaken by the Company to raise funds and strengthen the Group's financial position. The Proposed Placement will improve the Group's cash flows to meet anticipated general working capital requirements and provide capital to the Group to fund acquisition of potential assets as and when opportunities arise, as part of the Group's strategy for long-term business growth.

On 14 September 2021, the Placement Agreement has been revised to allot and issue an aggregate of 700,000,000 Placement Shares ("Revised Placement Shares") at the Placement Price of S$0.0027 per Revised Placement Share, amounting to an aggregate consideration of S$1,890,000 (equivalent to approximately US$1,400,000). The Placement has been completed.

(b) Fit Global Pte. Ltd. ("FIT"), a 40%-owned associate company of the Group, has been placed under member voluntary liquidation (the "Liquidation") with effect from 13 August 2021. The Group and the Company had made full allowance for impairment against the total gross carrying amounts of the debt and equity investments in FIT group in FY2020 on account of the significant economic uncertainties brought about by the COVID-19 pandemic.

(c) The Group had on 16 August 2021, entered into a settlement agreement ("Settlement Agreement") with Oversea-Chinese Banking Corporation Limited ("OCBC Bank") in relation to an outstanding Bank Loan I (Note 27) (the "Term Loan"). Under the terms of the Settlement Agreement, the Group will make a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank by 30 September 2021 ("Completion"). This will extinguish all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18,630,000 as at 30 June 2021. All collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) will also be discharged by OCBC Bank on Completion. OCBC Bank has also given an in-principle approval in writing for the waiver of financial covenants that have been technically breached in relating to the Term Loan for the financial year ended 30 June 2021.

On 27 September 2021, the Group has made a final repayment of S$1,500,000 to OCBC Bank. Pursuant to the terms of the Settlement Agreement, with effect from 27 September 2021 (i) all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs have been extinguished; and (ii) all collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Oil Thaialnd Pte Ltd, a subsidiary corporation of the Group) have been discharged by OCBC Bank.

The Completion is expected to provide the Group with an one-off gain of approximately US$17,500,000 which will significantly improve the consolidated net tangible assets per share and earnings per share of the Group for FY2022.

On Completion, the Group will turn around from its negative working capital position and strengthen its balance sheet.

As at the date of this report, the Group is in the process of releasing the registered charges in accordance with the Settlement Agreement.

The above events are not expected to have a material effect to the Group for the financial year ending 30 June 2022, except for expected material effect as disclosed above in events (a) and (c).

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the balance sheet date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment:

Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:

Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of CapAllianz Holdings Limited (formerly known as CWX Global Limited) on 14 October 2021.

STATISTICS OF SHAREHOLDINGS

As at 5 October 2021

SHARE CAPITAL

Issued and fully paid-up capital	:	S$170,793,632.52
Number of issued shares	:	7,567,914,879
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	7	0.23	193	0.00
100 - 1,000	808	26.49	781,721	0.01
1,001 - 10,000	320	10.49	2,045,500	0.03
10,001 - 1,000,000	1,543	50.59	425,731,502	5.62
1,000,001 and above	372	12.20	7,139,355,963	94.34
TOTAL	**3,050**	**100.00**	**7,567,914,879**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 5 October 2021 and to the best knowledge of the Directors of the Company, approximately **83.21%** of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

STATISTICS OF SHAREHOLDINGS

As at 5 October 2021

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	766,884,610	10.13
2	MAYBANK KIM ENG SECURITIES PTE.LTD	649,122,900	8.58
3	ZHANG JIAHUI	500,000,000	6.61
4	CITIBANK NOMINEES SINGAPORE PTE LTD	458,262,600	6.06
5	SAW GEOK CHING @ DONGYU TAISHANG	345,370,371	4.56
6	CHRISTINE TAN WAN ZHEN	345,370,370	4.56
7	TAN KIM GUAN	283,333,333	3.74
8	PHILLIP SECURITIES PTE LTD	281,872,400	3.73
9	DBS NOMINEES PTE LTD	219,340,811	2.90
10	LIM HWEE YONG NANA	144,444,444	1.91
11	TANG CHUNMEI	144,338,624	1.91
12	HUANG CHUNLAN	133,333,333	1.76
13	SUN JIA	127,996,032	1.69
14	TAN YEN KEOW	105,555,556	1.39
15	OCBC NOMINEES SINGAPORE PTE LTD	102,172,500	1.35
16	ZHANG YANGYANG	100,000,000	1.32
17	LIU QIANG	100,000,000	1.32
18	HO BENG SIANG	89,000,000	1.18
19	RAFFLES NOMINEES (PTE) LIMITED	86,472,958	1.14
20	JOYCE WONG SI TING	80,000,000	1.06
	Total	**5,062,870,842**	**66.90**

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%
1.	Zhang Jiahui	650,000,000[(a)]	8.59	–	–
2.	UG Technology Group Limited	400,000,000	5.29	–	–
3.	Sakamoto Tatsuo[(b)]	–	–	400,000,000	5.29

Notes:

(a) Mr Zhang Jiahui holds direct interest in 500,000,000 shares of the Company held in his own name and 150,000,000 shares of the Company held in the name of a nominee account.

(b) Sakamoto Tatsuo holds 42% shares in UG Technology Group Limited ("**UG Technology**") and accordingly, Sakamoto Tatsuo is deemed interested in the 400,000,000 shares of the Company held by UG Technology in the Company by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

STATISTICS OF WARRANTHOLDINGS

As at 5 October 2021

DISTRIBUTION OF WARRANTHOLDINGS

RANGE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	17	2.81	660	0.00
100 - 1,000	34	5.61	16,550	0.00
1,001 - 10,000	76	12.54	402,225	0.08
10,001 - 1,000,000	425	70.13	79,873,525	16.39
1,000,001 and above	54	8.91	407,209,296	83.53
TOTAL	**606**	**100.00**	**487,502,256**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDER	NO. OF WARRANTS	%
1	PAUL GO KIAN LEE	70,000,000	14.36
2	YEO HOON CHONG	50,000,000	10.26
3	PHUA BOON KENG	40,000,000	8.21
4	NG KIM SOON	25,000,000	5.13
5	DBS NOMINEES PTE LTD	22,737,177	4.66
6	KOH WEE SENG	20,000,033	4.10
7	MAYBANK KIM ENG SECURITIES PTE.LTD	15,537,525	3.19
8	UOB KAY HIAN PTE LTD	13,721,750	2.81
9	IFAST FINANCIAL PTE LTD	10,880,000	2.23
10	SOH LYE HOCK	10,500,000	2.15
11	RAFFLES NOMINEES (PTE) LIMITED	10,496,925	2.15
12	LOH POH LIM	10,000,000	2.05
13	PHILLIP SECURITIES PTE LTD	9,956,500	2.04
14	TANG SIAW WEI	6,000,000	1.23
15	OCBC SECURITIES PRIVATE LTD	5,170,487	1.06
16	ENG KOON HOCK	4,970,000	1.02
17	TAN CHING HEAN	4,307,300	0.88
18	FAN BAOQI	4,175,000	0.86
19	WEE MICHAEL JAMES	3,500,000	0.72
20	LIM TIONG KHENG STEVEN	3,112,349	0.64
	Total	**340,065,046**	**69.75**

NOTICE OF
ANNUAL GENERAL MEETING

CAPALLIANZ HOLDINGS LIMITED
(Formerly known as CWX Global Limited)
(Company Registration No. 199905693M)
(Incorporated in the Republic of Singapore)

Important Notes to Shareholders

1. The 2021 Annual General Meeting of the Company ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Documents relating to the business of the AGM (which comprise the Company's annual report for the financial year ended 30 June 2021 ("**Annual Report 2021**"), this Notice and the accompanying proxy form for the AGM) have been sent to members of the Company by electronic means via publication on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and may also be accessed at the Company's corporate website at the URL www.cwxglobal.com. Printed copies of these documents will NOT be sent to members of the Company.

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting ("**AGM**") of CapAllianz Holdings Limited (the "**Company**") will be held by way of electronic means at the date and time for the following purposes:

Date: Friday, 29 October 2021
Time: 2.30 p.m.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 ("**FY2021**"), together with the Auditors' Report thereon. Resolution 1

2. To re-elect Mr Zhao JiAn, a Director of the Company retiring in accordance with Regulation 117 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. Resolution 2

   [See Explanatory Note (i)]

3. To re-elect Ms Lim Hwee Yong Nana, a Director of the Company retiring in accordance with Regulation 117 of the Company's Constitution and who, being eligible, offer herself for re-election, as a Director of the Company. Resolution 3

   [See Explanatory Note (ii)]

4. To re-elect Mr Ong Beng Chye, a Director of the Company retiring in accordance with Regulation 107 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. Resolution 4

   [See Explanatory Note (iii)]

5. To approve the payment of Directors' fees of S$85,123 for FY2021 (FY2020: S$95,574). Resolution 5

   [See Explanatory Note (iv)]

NOTICE OF ANNUAL GENERAL MEETING

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. Resolution 6

7. To transact any other business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

8. To approve a one-time ex-gratia payment of S$20,000, to be paid fully in shares of the Company to be delivered in the form of share awards, to the Non-Executive Independent Director and Chairman of the Company, Mr Lee Chye Cheng, Adrian. Resolution 7

   [See Explanatory Note (v)]

9. Authority to allot and issue shares Resolution 8

   "That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to allot and issue shares and/or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit provided that:

   (i) the aggregate number of shares and/or convertible securities to be issued pursuant to this Resolution must not be more than one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and/or convertible securities to be issued other than on a *pro-rata* basis to existing shareholders of the Company must not be more than fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed after adjusting for:

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

      (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

      (c) any subsequent bonus issue, consolidation or subdivision of shares, adjustments in accordance with sub-paragraph (ii)(a) or (ii)(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;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (vi)]

BY ORDER OF THE BOARD

Yap Peck Khim
Company Secretary
Date: 14 October 2021

Explanatory Notes:

(i) Mr Zhao JiAn shall, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Nominating Committee, as well as a member of the Audit Committee and the Remuneration Committee. Mr Zhao JiAn is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

(ii) Ms Lim Hwee Yong Nana shall, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee. Ms Lim Hwee Yong Nana is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

(iii) Mr Ong Beng Chye shall, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Audit Committee, as well as a member of the Nominating Committee and the Remuneration Committee. Mr Ong Beng Chye is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information (including information as set out in Appendix 7F to the Catalist Rules) on the aforesaid Directors of the Company can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2021.

(iv) Resolution 5 is to approve the payment of Directors' fees of an aggregate of S$85,123 for FY2021 (FY2020: S$95,574) to the Non-Executive Directors (who are all Independent Directors).

Such Directors' fees may be paid fully or partially in ordinary shares of the Company ("**Shares**") to be delivered in the form of share awards to be granted under the proposed CapAllianz Holdings Limited Performance Share Plan ("**CAH PSP**"). The proposed CAH PSP is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting of the Company to be held on Friday, 29 October 2021 at 3.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the 2021 AGM of the Company) ("**EGM**"). Please refer to the Company's circular to shareholders dated 14 October 2021 for more information on the proposed CAH PSP. The actual number of Shares to be awarded will be determined by reference to the volume weighted average price of a Share on the SGX-ST over the ten (10) trading days immediately following the date of the 2021 AGM of the Company, rounded down to the nearest Share, and any balance will be paid in cash. The awards will be for the delivery of fully paid Shares, with no performance conditions attached and no vesting periods imposed. The Company will make further announcement(s) on the awards as and when necessary.

In an event that the proposed CAH PSP is not approved by shareholders at the forthcoming EGM, the Company will pay the Directors' fees of S$85,123 for FY2021 in cash to the Non-Executive Directors.

Shareholders' approval is required for the Directors' fees pursuant to the Companies Act and the Constitution of the Company.

The Non-Executive Directors will abstain from voting his/her holding of Shares (if any), and will procure that their respective associates abstain from voting their respective holdings of Shares (if any), in respect of this Resolution 5. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of this Resolution 5, where such shareholder has given specific instructions in a validly completed and submitted instrument appointing a proxy as to voting, or abstentions from voting, in respect of this Resolution 5.

(v) Resolution 7 is to approve the proposed one-time ex-gratia payment of S$20,000 to the Non-Executive Independent Director and Chairman of the Company, Mr Lee Chye Cheng, Adrian ("**Mr Lee**"), (i) in recognition of Mr Lee's ten (10) years of service and contributions to the Company and its subsidiaries as a Director of the Company since January 2011; and (ii) as an appreciation to Mr Lee for waiving his Director's fee from 1 July 2021 onwards.

Such ex-gratia payment will be paid fully in Shares to be delivered in the form of share awards to be granted under the proposed CAH PSP. The actual number of Shares to be awarded will be determined by reference to the volume weighted average price of a Share on the SGX-ST over the ten (10) trading days prior to the date of grant of awards to Mr Lee, to be determined by the Remuneration Committee of the Company (save for Mr Lee) at its absolute discretion, rounded down to the nearest Share. The awards will be for the delivery of fully paid Shares, with no performance conditions attached and no vesting periods imposed. The Company will make further announcement(s) on the awards as and when necessary.

In an event that the proposed CAH PSP is not approved by shareholders at the forthcoming EGM, the Company will pay the one-time ex-gratia payment of S$20,000 in cash to Mr Lee.

Resolution 7 above, if passed, will empower the Directors of the Company to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution.

Mr Lee will abstain from voting his holding of Shares, and will procure that his associates abstain from voting their respective holdings of Shares (if any), in respect of this Resolution 7. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of this Resolution 7, where such shareholder has given specific instructions in a validly completed and submitted instrument appointing a proxy as to voting, or abstentions from voting, in respect of this Resolution 7.

(vi) Resolution 8 above, if passed, will empower the Directors of the Company from the date of the 2021 AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or the date such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue shares and/or convertible securities in the capital of the Company. The number of shares and convertible securities, which the Directors of the Company may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution. For allotment and issuance of shares and/or convertible securities other than on a *pro-rata* basis to existing shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company will be calculated based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

"**Subsidiary holdings**" has the meaning ascribed to it in the Catalist Rules.

Notes:

No Physical Attendance at the AGM

1. Due to the current COVID-19 situation in Singapore, shareholders of the Company ("**Shareholders**") will NOT be able to attend the 2021 Annual General Meeting of the Company to be held on Friday, 29 October 2021 at 2.30 p.m. ("**AGM**" or "**Meeting**") in person. **Any Shareholder seeking to attend the AGM physically in person will be turned away.**

Alternative Arrangements for Participation at the AGM

2. The Company has made the following alternative arrangements for Shareholders to participate at the AGM:

   (a) observing or listening to the proceedings of the AGM contemporaneously via a "live" audio-visual webcast (via smart phones, tablets or laptops/ computers) of the AGM ("**LIVE WEBCAST**") or a "live" audio-only stream (via telephone) of the AGM ("**LIVE AUDIO FEED**"), respectively;

   (b) submitting questions in advance of the AGM; and/or

   (c) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM.

3. Persons who hold the shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate at the AGM by:

   (i) observing or listening to the proceedings of the AGM contemporaneously via LIVE WEBCAST or LIVE AUDIO FEED, respectively;

   (ii) submitting questions in advance of the AGM; and/or

   (iii) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM,

   should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares of the Company as soon as possible in order for the necessary arrangements to be made for their participation at the AGM.

Pre-registration Process for LIVE WEBCAST or LIVE AUDIO FEED

4. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate at the AGM by observing or listening to the proceedings of the AGM by accessing the LIVE WEBCAST (via smart phones, tablets or laptops/computers) or LIVE AUDIO FEED (via telephone). To do so, Shareholders are required to pre-register their participation at the AGM at the URL https://rebrand.ly/CapAllianz-Holdings-Ltd **by 2.30 p.m. on 26 October 2021** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) ("**Registration Deadline**") for verification of their status as Shareholders (or the corporate representatives of such Shareholders).

5. Upon successful verification, each such authenticated Shareholder or its corporate representative will receive an email **by 27 October 2021** which will contain an user ID, a password and a link to access the LIVE WEBCAST to observe the proceedings of the AGM, as well as a telephone number to access the LIVE AUDIO FEED to listen to the proceedings of the AGM.

6. Shareholders or their corporate representatives must not forward the email to other persons who are not Shareholders and who are not entitled to participate at the AGM. This is also to avoid any technical disruptions or overload to the LIVE WEBCAST or LIVE AUDIO FEED.

7. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email **by 27 October 2021** may contact the Company via email at enquiries@capallianzholdings.com.

Voting by Proxy

8. **Voting at the AGM is by proxy ONLY. Please note that Shareholders will not be able to vote through the LIVE WEBCAST or LIVE AUDIO FEED and can only vote with their Proxy Forms (as defined herein) which are required to be submitted in accordance with the following paragraphs.**

9. A Shareholder (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) must submit his/her/its Proxy Form appointing 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 Shareholder wishes to exercise his/her/its voting rights at the AGM. The Proxy Form for the AGM may be accessed on the Company's corporate website at the URL www.cwxglobal.com and on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

10. Where a Shareholder (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) 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 Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

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

12. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their votes by 20 October 2021 (at least seven (7) working days before the AGM).

13. The duly executed instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy ("**Proxy Form**") must be submitted to the Company in the following manner:

    a. if submitted in person or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

    b. if submitted electronically, by sending a scanned pdf copy by email to enquiries@capallianzholdings.com,

    in either case **by 2.30 p.m. on 27 October 2021** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.

    A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it in person or by post to the address provided above, or before scanning and 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 in person or by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

14. The Company will treat any valid Proxy Form appointing other person(s) as proxy(ies) as a valid Proxy Form appointing the Chairman of the Meeting as the Shareholder's proxy to attend, speak and vote at the AGM.

15. Submission by a Shareholder of a valid Proxy Form appointing the Chairman of the Meeting as proxy at least forty-eight (48) hours before the time appointed for holding the AGM will supersede any previous Proxy Form appointing a proxy(ies) submitted by that Shareholder.

Submission of Questions prior to the AGM

16. **Shareholders will NOT be able to ask questions during the AGM via LIVE WEBCAST or LIVE AUDIO FEED, and therefore it is important for Shareholders to submit their questions in advance of the AGM.**

17. Shareholders may submit any questions related to the resolutions to be tabled at the AGM by email to enquiries@capallianzholdings.com by the Registration Deadline.

18. The Company will endeavour to address the substantial and relevant questions received from Shareholders relating to the agenda of the AGM prior to the AGM by publishing the responses to these questions on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL www.cwxglobal.com. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM through the LIVE WEBCAST and LIVE AUDIO FEED. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

19. The Company shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM (together with the responses to the substantial and relevant questions received from Shareholders, if applicable) on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website within one (1) month after the date of the AGM.

Important Reminder: In view of the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's corporate website or announcements released on the SGX's website at the URL https://www.sgx.com/securities/company-announcements for updates on the status of the AGM. Shareholders are also strongly encouraged to submit completed Proxy Forms electronically via email.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via LIVE WEBCAST or LIVE AUDIO FEED, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST or LIVE AUDIO FEED to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members of the Company received before the AGM and if necessary, following up with the relevant members of the Company in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/ or guidelines by the relevant authorities.

Photographic, 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 prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Goh Mei Xian, Associate Director, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

CAPALLIANZ HOLDINGS LIMITED
(Formerly known as CWX Global Limited)
(Company Registration No. 199905693M)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT

1. The 2021 Annual General Meeting of the Company to be held on Friday, 29 October 2021 at 2.30 p.m. (the "**AGM**" or "**Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Company's Notice of AGM dated 14 October 2021 ("**Notice**") and this accompanying proxy form will not be sent to members. Instead, the Notice and this accompanying proxy form will be sent to members by electronic means via publication on the Company's corporate website at the URL www.cwxglobal.com and on the SGX's website at the URL https://www.sgx.com/securities/ company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions related to the resolutions to be tabled at the AGM, prior to, or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice.
3. A member (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) 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.
4. For investors who have used their CPF and SRS monies to buy shares ("**CPF and SRS Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors who hold shares through CPF Agent Banks and SRS Operators and who wish to appoint the Chairman of the Meeting as proxy should contact their respective CPF Agent Banks and SRS Operators to submit their votes by 20 October 2021 (at least seven (7) working days before the AGM).
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

*I/We ______________________________ (Name)

of ______________________________ (Address)

being a member(s) of CapAllianz Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Meeting, as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the 2021 Annual General Meeting of the Company (the "**AGM**" or "**Meeting**") to be held by way of electronic means on Friday, 29 October 2021 at 2.30 p.m. (Singapore time) and at any adjournment thereof. *I/We direct the Chairman of the Meeting as *my/our proxy to vote for or against or abstain from voting on the resolutions to be proposed at the Meeting as indicated below.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**)

* *Delete as appropriate*

NO.	RESOLUTIONS RELATING	FOR	AGAINST	ABSTAIN
1	To adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021, together with the Auditors' Report thereon			
2	To re-elect Mr Zhao JiAn as a Director of the Company			
3	To re-elect Ms Lim Hwee Yong Nana as a Director of the Company			
4	To re-elect Mr Ong Beng Chye as a Director of the Company			
5	To approve the payment of Directors' fees of S$85,123 for the financial year ended 30 June 2021			
6	To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
7	To approve a one-time ex-gratia payment of S$20,000, to be paid fully in shares of the Company to be delivered in the form of share awards, to the Non-Executive Independent Director and Chairman of the Company, Mr Lee Chye Cheng, Adrian			
8	Authority to allot and issue shares			

Signed this __________ day of ______________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s)/Common Seal of Shareholder(s)

Important: Please read the 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 (Chapter 289) 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, this form of proxy shall be deemed to relate to all the shares held by you.

2. A member (whether individual or corporate and including a Relevant Intermediary*) must submit his/her/its proxy form appointing 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. In appointing the Chairman of the Meeting as proxy, such member 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.

3. The duly completed and executed proxy form must be submitted to the Company in the following manner:

   a) if submitted in person or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   b) if submitted electronically, by sending a scanned pdf copy by email to enquiries@capallianzholdings.com,

   in either case **by 2.30 p.m. on 27 October 2021** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the proxy form shall not be treated as valid.

   A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it in person or by post to the address provided above, or before scanning and 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 members to submit completed proxy forms in person or by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the 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. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified true copy thereof must be lodged with the instrument.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the 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 the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) 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; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

LEE CHYE CHENG, ADRIAN
Non-Executive Independent Director and Chairman

PANG KEE CHAI, JEFFREY
Executive Director and Chief Executive Officer

ONG BENG CHYE
Non-Executive Independent Director

LIM HWEE YONG NANA
Non-Executive Independent Director

ZHAO JIAN
Non-Executive Independent Director

SECRETARY

YAP PECK KHIM

REGISTERED OFFICE

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6826 2549
Website: www.cwxglobal.com
Email: enquiries@capallianzholdings.com

SHARE REGISTRAR

B.A.C.S. PRIVATE LIMITED
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS

NEXIA TS PUBLIC ACCOUNTING CORPORATION
80 Robinson Road
#25-00
Singapore 068898

Partner-In-Charge: Chan Siew Ting
(with effect from the financial year ended 30 June 2021)

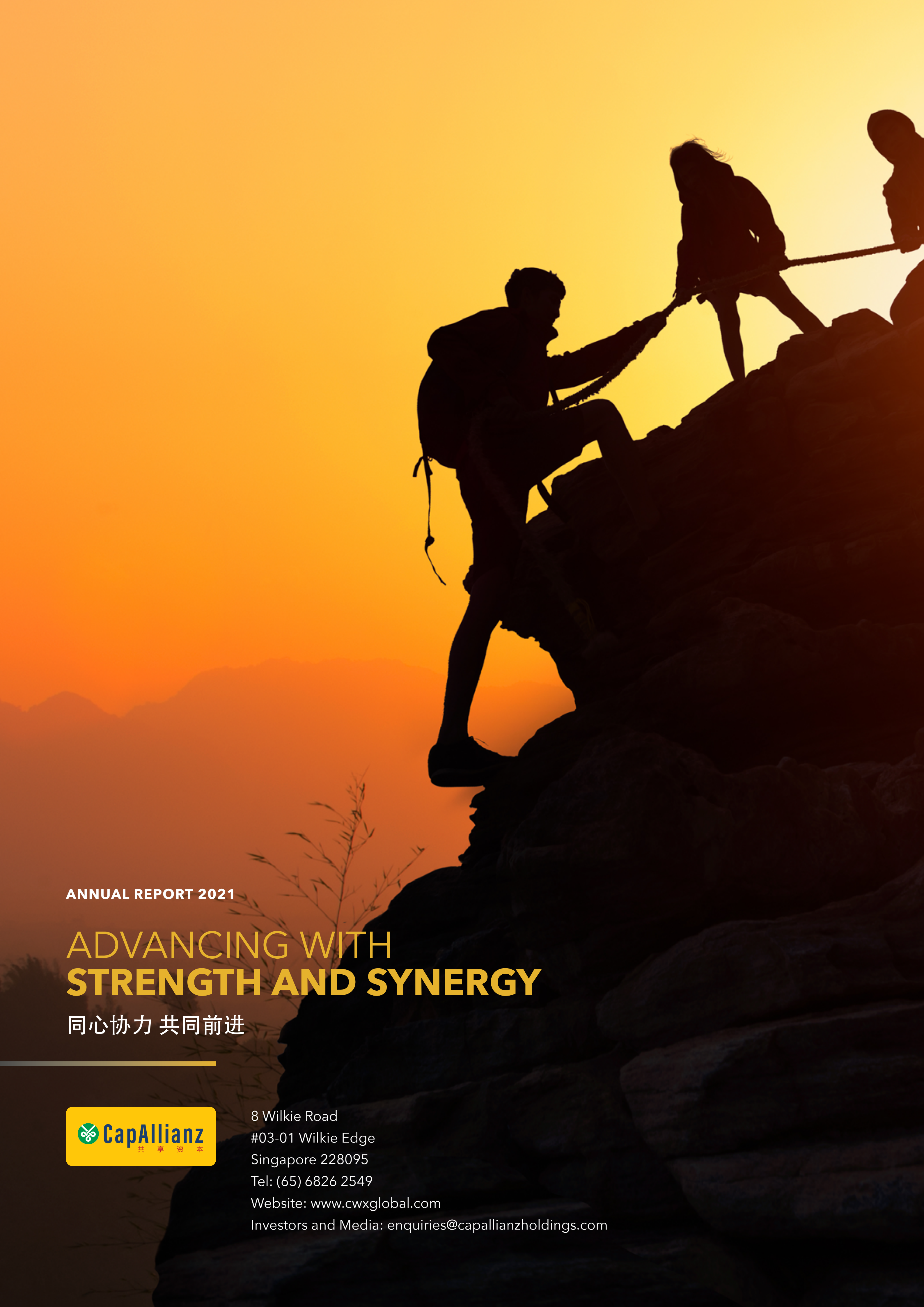
CONTINUING SPONSOR

ZICO CAPITAL PTE. LTD.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

PRINCIPAL BANKERS

OVERSEA-CHINESE BANKING CORPORATION LIMITED
65 Chulia Street
#01-00 OCBC Centre
Singapore 049513

RHB BANK BERHAD
90 Cecil Street
#01-00 RHB Bank Building
Singapore 069531



ANNUAL REPORT 2021

ADVANCING WITH **STRENGTH AND SYNERGY**

同心协力 共同前进

CapAllianz 共享资本

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6826 2549
Website: www.cwxglobal.com
Investors and Media: enquiries@capallianzholdings.com