Shanaya
Designed for Recycling

ENGINEERING A
CIRCULAR FUTURE

ANNUAL REPORT **2022**

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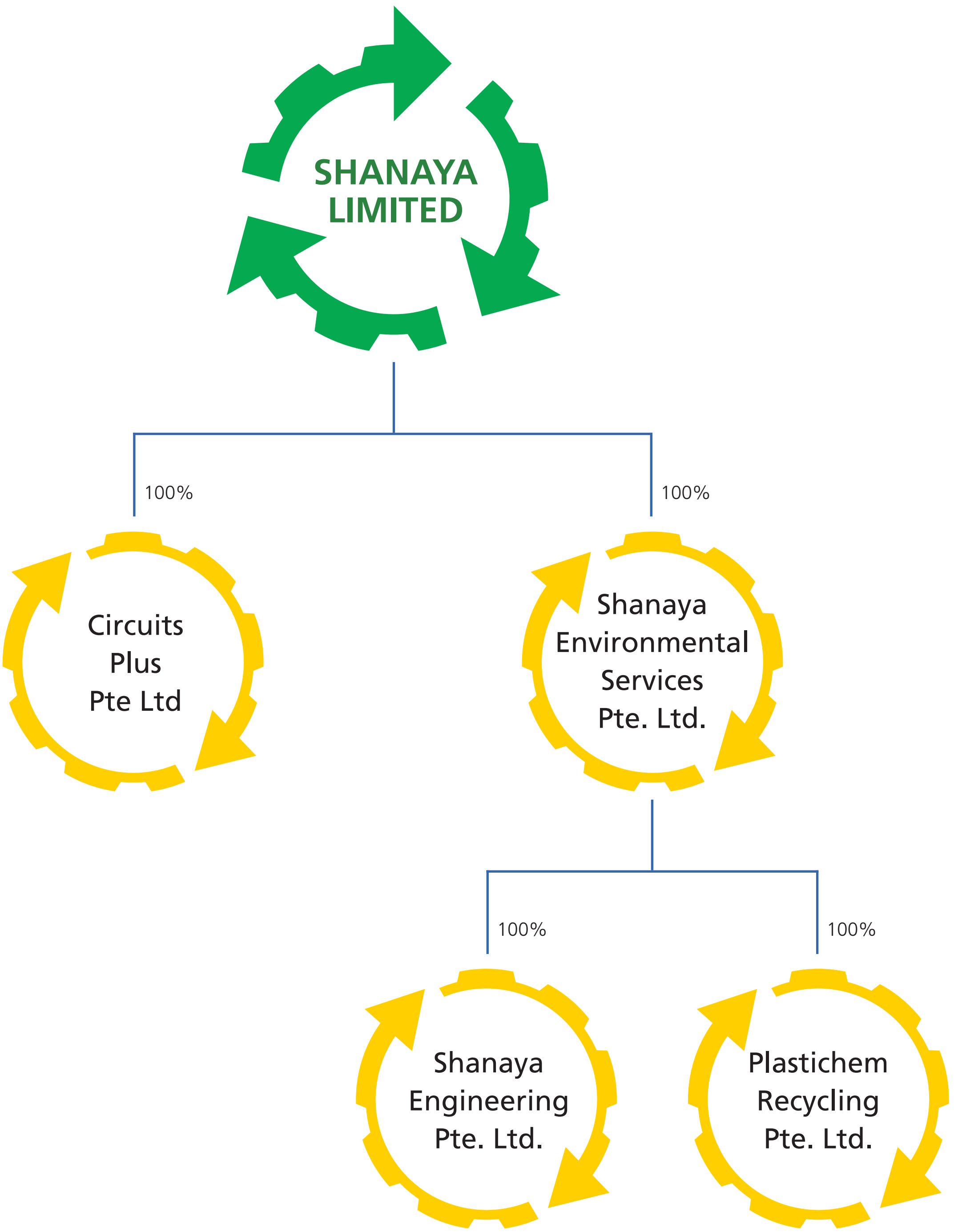
OUR VISION

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

OUR MISSION

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

GROUP STRUCTURE



WHAT WE DO

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

Waste management services

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

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

Kian Teck Facility

Sitting on land area of 2,211.3 square metres, the Kian Teck Facility allows SES to handle industrial, commercial and electronic waste with a permitted design capacity of 50 tonnes per day. As part of the Group's growth plan, certain section of the premises has been repurposed for biomedical waste handling operations which is slated to commence by the first half of FY2023.

Tuas Facility

Spanning a larger land space of 8,829.6 square meters, the Tuas Facility provides the Group a larger operating capacity of handling 220 tonnes of industrial, commercial and electronic waste per day and a storage limit of up to 500 tonnes of waste within the facility at any given time. Location-wise, the Tuas Facility sits within close proximity to the Tuas mega port where the Singapore container port operator, PSA, is expecting to move over all their operations in Tanjong Pagar, Keppel, and Brani Terminals by 2027. PSA's operations at Pasir Panjang Terminal will be consolidated at the new port by 2040s.

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

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

JOINT STATEMENT BY CHAIRMAN & CEO

The changes in Shanaya's business environment requires us to be even more nimble in seizing opportunities and managing our costs.

Dear Shareholders,

Engineering a Circular Future

On behalf of the Board of Directors and the Management, we are pleased to present Shanaya Limited's ("**Shanaya**", "**the Company**", or with its subsidiaries "**the Group**") Annual Report for the financial year ended 31 December 2022 ("**FY2022**"), which details the Company's performance in FY2022 and provides a perspective on the outlook for FY2023.

The business environment in FY2022

Despite the waning of the Covid-19 pandemic and the gradual easing of Covid-19 control measures, 2022 was beset with many negative developments in the business environment including but not limited to the increasing geopolitical and trade tensions between major world powers, the Russia-Ukraine war, inflationary pressures and the hike in interest rates by central banks. The lingering impact of Covid-19 mobility restrictions including lockdowns in China had created much disruptions to the global supply chain. With the adverse trend of labour shortages, the Group's waste management service was significantly impacted given that foreign workers constitute the majority of the Group's employees, in particular, the drivers.

While falling freight rates and commodity prices in the first quarter of 2023 are possible indicators that inflationary pressures may have peaked, labour shortages and wage spirals have raised the possibility that inflation may now lead to a period of stagflation (a period of persistent inflation accompanied by slow economic growth), especially for the United States and Europe. The highly open nature of the Singapore economy means that it is more susceptible to the impact of negative developments in the global economy. As the Group's business activities are currently only in Singapore, there will be a negative impact on the Group's business as the amount of waste as well the type of waste generated are a function of the state of the economy.

Financial performance

Amidst the challenges aforementioned, the Group had reported a net loss attributable to shareholders of $1.43 million for FY2022, a decrease of 70% from the loss of $4.71 million for FY2021. The improvement was chiefly attributable to the absence of exceptional items relating to the reverse acquisition in FY2021. Revenue increased 21% year on year, from $6.38 million in FY2021 to $7.73 million in FY2022.

The net loss was primarily due to increased operating expenses as well as non-operating costs such as amortization of right-of-use ("**RoU**") assets and depreciation of property, plant, and equipment ("**PPE**").

In FY2022, employee benefits expenses increased by $0.20 million, or 11%, to $2.00 million. The increase was primarily due to salary increases following the August 2021 reverse acquisition ("**Reverse Acquisition**"), which was offset by a reduction in the foreign worker levy and provision for unutilised leave.

Amortisation of RoU assets increased by $0.15 million, or 41%, from $0.37 million to $0.53 million. The increase was primarily due to the capitalization of amortisation related to the Group's land lease at 3A Tuas South Street 15 prior to the 1 June 2021.

Depreciation of PPE increased by $0.51 million, or 76%, from $0.68 million to $1.19 million in FY2022. The increase was largely due to the commencement of depreciation in respect of our Tuas facility and integrated recycling plant with effect from 1 June 2021 and 1 May 2022, respectively.

Other operating expenses increased by $1.38 million, or 38%, to $5.05 million in FY2022, primarily due to the increase in purchase of scrap metal for recycling, subcontractor service costs and diesel expenses.

Finance costs increased by 62% from $0.41 million to $0.66 million as a result of capitalization of interest on the bank loan used to construct the Tuas facility prior to 1 June 2021, hike in bank loan interest rates, and higher interest on the amount owed to shareholders in respect of the Reverse Acquisition.

As at 31 December 2022, our Group's cash and bank balances was $1.85 million, with net debt to equity stood at 3.96 and current ratio 1.28.

The unique advantages of modern waste management business

The waste management business has some unique advantages. In a circular economy, the waste discarded by clients who pay us for the disposal becomes the input for our recycling business. Embracing such green practice of sorting out recyclable material from our general waste collections essentially brings down the volume of disposable residual waste, thereby conferring operating margin advantage to Shanaya in terms of overall reduced waste disposal cost. As Singapore recovers from the pandemic gradually, the quantity of waste generated will increase with 'higher residual value waste' from industries increasing at a faster rate than common household waste. Because Shanaya invests in waste management technology, mechanization, and automation for recycling of waste with a higher recycled value, the higher operational efficiency will have positive impact on the Group's net profit margins.

Going forward

The changes in Shanaya's business environment requires us to be nimble and respond with an appropriate strategy. The strategy considers the need for revenue growth in the context of changing consumer behaviour and socio-economic transformation imperatives. Our strategy is centred on growth, innovation, customer focus, efficiency and market positioning. For 2023, we will focus on maximising operational efficiency and financial sustainability in all areas of our business. The specific areas of concern are the high cost of diesel for our vehicles, restricted supply and high cost of manpower, and higher borrowing costs due to higher interest rates.

We present below a summary of our current waste management operations and their status as of 31 December 2022.

Waste management for the cruise ship industry

Genting Dream, operated by Resorts World Cruises, began sailing to Indonesia and Malaysia in July 2022, and to Thailand in October 2022 with port calls also into Singapore at times. Following the progressive easing of the Covid-19 travel restrictions since February 2023, the Singapore cruise industry appears to have shown signs of recovering notably in the fourth quarter of FY2022. Correspondingly, the Group saw a steady recovery of its trash collection volume from cruise ships. According to a report by Statista – an online statistical data platform for businesses, the Singapore cruise market is projected to increase its revenue from US$224.8 million in 2022 to US$288.1 million in 2023^. How fast the Singapore cruise industry recovers to pre-pandemic level will be crucial in determining the Group's recovery for its cruise ship waste management business in 2023.

Biomedical waste management

Biomedical waste is classified by Singapore's National Environment Agency as toxic waste and its handling and disposal must be in accordance with strict procedures and regulations. With an aging population and better facilities for health care and hospitalization as well as the increase in R&D activities conducted by the biotechnology sector, the amount of biomedical waste is expected to grow in Singapore.

The biomedical waste incineration plant has been delivered and installed at the Group's Kian Teck Drive facility. It is currently undergoing essential upgrade for compliance with all relevant authority requirements before commencing its commercial operation.

Treatment and handling of oil sludge and oily water:

The Group observed that ships berthing in Singapore ports discharge their oil waste at ports other than those in Singapore due to cost considerations. Oil waste discharge prices in Singapore are generally less competitive in comparison to those in neighbouring countries. We will continue to monitor the situation with regards to the supply of oil sludge and oily water from ships as well as explore sources from other industries.

Pelletization of wood waste

Wood pellets are compressed wood chips that are used as fuel. They have the same advantages as firewood and are a renewable energy, low-cost fuel. Wood pellets are very low in moisture and ash content and as such they burn with high heat and less residue. The biomass power plants in Japan and South Korea are the biggest consumers of wood pellets and there are some suppliers of wood pellets in Singapore. The Group is installing the wood pallet system at the Group's 3A Tuas South Street 15 facility for the conversion of wood waste into wood pellets for sale in the first half of FY2023.

^ #https://www.statista.com/outlook/mmo/travel-tourism/cruises/singapore#revenue

JOINT STATEMENT BY CHAIRMAN & CEO

Our strategy is centred on growth, innovation, customer focus, efficiency and market positioning. For 2023, we will focus on maximising operational efficiency and financial sustainability in all areas of our business.

Opportunities in the circular economy

During June 2022, the Group participated in the trial with TRIA Pte Ltd ("**TRIA**") for the recovery and recycling of food and food packaging waste. In the trial, Shanaya supported TRIA with facilities and logistics to collect food and food packaging waste from KFC for producing compost out of the food and food packaging waste. Further up the value chain, Boralis Group and Yara International extract industry-standard organic fertilisers from the compost and Com Crop buys and uses the fertilisers in its farms.

In September 2022, the Group signed a business collaboration agreement with Alpha Grace Enviro-Tech Pte Ltd to jointly promote and globally market an environmentally sustainable waste treatment system that is capable of treating many types of waste. The system converts the waste into green electricity and ash. The electricity can be used to operate industrial processes while the ash can be used as agricultural fertiliser.

Conclusion

The Company is confident that the fundamentals of its core business remain sound, and indeed there is some room for optimism. As Singapore embraces the circular economy and implements is sustainability regulations, waste management companies will play a bigger role. And as we invest in technology and automation and diversify into recycling of higher value waste, we will be able to reap the harvest of the circular economy.

Acknowledgements

Despite difficult economic and business conditions, the Group's performance in FY2022 is commendable. We would like to thank fellow Directors for their invaluable counsel as we navigated the Group through a difficult year. We are grateful to our partners and customers for their continuous support and our loyal shareholders for their trust and confidence in us, which motivates us to do our best. Finally, we would like to thank the management and staff for their sacrifices, dedication, and hard work over the course of the year as we worked together to emerge stronger from the pandemic and ready to face the future and its business opportunities. Let us collectively commit to engineering a circular future in coming years.

Sincerely,

Sukhvinder Singh Chopra
Independent and Non-Executive Chairman

Mohamed Gani Mohamed Ansari
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS

SUKHVINDER SINGH CHOPRA

Independent and Non-Executive Chairman

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

MOHAMED GANI MOHAMED ANSARI

Executive Director and Chief Executive Officer

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

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

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

LEE TEONG SANG

Independent and Non-Executive Director

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

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

BOARD OF DIRECTORS

TITO SHANE ISAAC

Independent and Non-Executive Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and last re-elected on 28 April 2022. Mr Isaac is a practicing advocate and solicitor with over 25 years of experience in legal practice. He is the managing partner of Tito Isaac & Co LLP, a firm he founded in 1999. Mr Isaac is the firm's leading litigator with extensive trial and appellate experience, having advocated for individuals and corporations from a range of industries in complex, multi-jurisdictional matters. He is a Fellow of the Singapore Institute of Arbitrators; and a Master Mediator as appointed by the Ministry of Law. For his contributions to the legal profession, he has received appreciation awards from The Minister of Law, Singapore in 2008 and 2014. For representing a Korean citizen, Mr Isaac also received an appreciation award from the Minister of Foreign Affairs and Trade, Republic of Korea in 2012. Mr Isaac is also an Independent Non-Executive Director of New Wave Holdings Ltd. and an Independent Non-Executive Director of Hiap Tong Corporation Ltd.

ONG KIAN SOON

Non-Independent and Non-Executive Director

Mr Ong Kian Soon was first appointed as an Executive Director of the Company on 29 December 1998. He was re-designated as the Non-Independent and Non-Executive Director of the Company with effect from 1 July 2011 and was last re-elected on 28 April 2022. Mr Ong has more than 40 years of experience in the areas of accounting, finance, administration and sales. He is also an Executive Director of New Wave Holdings Ltd.

KEY MANAGEMENT

SHITTHI NABESATHUL BATHURIA D/O ABDUL HAMID

Chief Administrative Officer

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

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

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

SIVAKUMAR MARTIN S/O SIVANESAN

Chief Operating Officer

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

Mr Martin is a director of the Group's subsidiaries, Shanaya Environmental Services Pte. Ltd. and Shanaya Engineering Pte Ltd. His additional duties include business development, marketing, sales, public relations, and customer relations. He represents Shanaya Environmental Services Pte. Ltd. at the Waste Management and Recycling Association of Singapore.

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

KEY MANAGEMENT

PERUMAL S/O GOPAL

Chief Sales Officer

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

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

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

LOY SUAN CHOO

Chief Financial Officer

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

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

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

OPERATING & FINANCIAL REVIEW

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME

	Group		
	FY2022 S'000	FY2021 S'000	Change %
Revenue	7,726	6,381	21%
Other income	310	172	80%
Amortisation of right-of-use assets	(526)	(374)	41%
Depreciation of property, plant and equipment	(1,191)	(678)	76%
Employee benefits expense	(2,003)	(1,808)	11%
Loss allowance on trade receivables	(18)	(79)	-77%
Other operating expenses	(5,046)	(3,668)	38%
Finance costs	(658)	(405)	62%
Loss before exceptional items	(1,406)	(459)	206%
Exceptional items:			
Acquisition-related cost	–	(1,022)	n/m
Loss on reverse acquisition	–	(3,262)	n/m
Loss before tax	(1,406)	(4,743)	-70%
Income tax (expense)/credit	(22)	32	n/m
Loss for the year, net of tax	(1,428)	(4,711)	-70%

n/m: not meaningful

FY2022 vs FY2021

For FY2022, the Group's revenue increased by $1.35 million, or 21%, from $6.38 million to $7.73 million. The increase was primarily attributable to one-off project-based services supplied for the disposal of near-expired grocery products and damaged ship cargo, as well as an increase in scrap metal sales during FY2022.

Other Income increased by $0.14 million, or 80%, from $0.17 million to $0.31 million in FY2022, primarily attributable to an insurance claim for damaged equipment and an increase in government grants.

Employee benefits expenses increased by $0.20 million, or 11%, to $2.00 million in FY2022. The rise was primarily due to salary increases following the reverse acquisition ("**Reverse Acquisition**") in August 2021, which were mitigated by a reduction in the foreign worker levy and provision for unutilised leave.

During FY2022, the amortisation of right-of-use ("**RoU**") assets grew by $0.15 million, or 41%, from $0.37 million to $0.53 million. The increase was primarily attributable to the capitalization of amortisation in respect of the Group's land lease at 3A Tuas South Street 15 prior to 1 June 2021.

Depreciation of property, plant, and equipment ("**PPE**") increased by $0.51 million, or 76%, from $0.68 million to $1.19 million in FY2022. The increase was primarily attributable to:

i) the depreciation of the Group's Tuas plant ("**Tuas Facility**") beginning on 1 June 2021; and

ii) the depreciation of the majority of the Group's integrated recycling plant beginning on 1 May 2022.

Other operating expenses increased by $1.38 million, or 38%, to $5.05 million in FY2022. The increase resulted largely from the following:

i) a $1.03 million, or 39%, increase in direct operating costs, which was disproportionately larger than the revenue increase, owing mostly to an increase in the procurement of scrap metal for recycling and subcontracted services engaged for project-based waste disposals;

ii) a $0.23 million, or 55%, increase in vehicle overhead, due to higher diesel costs as a result of higher diesel prices; and

iii) a $0.13 million, or 24%, increase in general and administrative expenses which was primarily attributable to higher compliance-related expenses following the completion of the Reverse Acquisition in August 2021, which mainly comprised professionals' fees and directors' fees.

For FY2022, finance costs increased by $0.25 million or 62%, from $0.41 million to $0.66 million. The increase was primarily attributable to:

i) capitalisation of interest on bank loan taken to construct the Tuas Facility prior to 1 June 2021;

ii) rise in bank loan interest; and

iii) increase in interest on amount owed to shareholders arising from the Reverse Acquisition.

As a result of the above, the Group reported a net loss attributable to shareholders of $1.43 million for FY2022, a decrease of $3.28 million, or 70% from the loss of $4.71 million of FY2021.

OPERATING & FINANCIAL REVIEW

REVIEW OF STATEMENT OF FINANCIAL POSITION

	Group		
	31.12.2022 S'000	31.12.2021 S'000	Change %
Non-current assets	19,026	19,686	-3%
Current assets	3,867	6,713	-42%
Non-current liabilities	15,699	17,353	-10%
Current liabilities	3,022	3,756	-20%
Equity	4,172	5,290	-21%

Non-current assets

Non-current assets declined by $0.66 million from $19.69 million at the end of 2021 to $19.03 million at the end of 2022, mainly attributable to the following:

i) $1.19 million in depreciation of PPE; and

ii) $0.53 million in amortisation of RoU assets;

partially offset by the purchase of additional plant and machinery of $1.06 million.

Current assets

Current assets decreased by $2.84 million from $6.71 million as at 31 December 2021 to $3.87 million as at 31 December 2022, primarily due to a decrease of $3.44 million in cash and bank balances offset by an increase of $0.60 million in trade and other receivables. The rise in trade and other receivables was largely due to a substantial increase in revenue towards the final quarter of FY2022.

Current liabilities

Current liabilities decreased by $0.74 million from $3.76 million as at 31 December 2021 to $3.02 million as at 31 December 2022. This was primarily due to the reclassification of certain loan portions from current to non-current following the completion of loan restructuring towards the end of FY2022.

Non-current Liabilities

Non-current liabilities fell by $1.65 million from $17.35 million as at 31 December 2021 to $15.70 million at 31 December 2022. The decline was primarily due to the repayment of term loans and lease liabilities during FY2022, as well as the effect of further deferment of the settlement date for loans due to shareholders, offset by the reclassification of certain loan portions from current to non-current.

Equity

After accounting for the loss in FY2022, total equity was $4.17 million as at 31 December 2022 which compares with $5.29 million as at 31 December 2021.

REVIEW OF STATEMENT OF CASH FLOWS

	Group		
	FY2022 S'000	FY2021 S'000	Change %
Net cash generated from/(used in)			
- operating activities	341	610	-44%
- investing activities	(986)	5,495	n/m
- financing activities	(2,799)	(2,288)	22%
Net (decrease)/increase in cash and cash equivalents	(3,444)	3,817	n/m
Cash and cash equivalents at beginning of year	4,902	1,085	352%
Cash and cash equivalents at end of year	1,458	4,902	-70%

Operating activities

Net cash generated from operating activities was $0.34 million in FY2022. This was primarily attributable to $0.99 million of operating cash inflows before working capital changes, which were offset by a $0.61 million negative net working capital change and a $0.03 million income tax payment. The negative net working capital change of $0.61 million was due to an increase in trade and other receivables of $0.65 million and an increase in prepayments of $0.02 million, partially offset by a decrease in trade and other payables of $0.06 million. The increase in trade and other receivables was mostly due to the build-up of receivables as a result of significant increase in revenue in December 2022.

Investing activities

In FY2022, net cash used in investing activities was $0.99 million, due to:

i) $0.93 million in acquisition of new plant and equipment; and

ii) $0.05 million in advance payments made for acquiring plant and equipment.

Financing activities

In FY2022, net cash used in financing activities was $2.80 million, due to:

i) $1.91 million in repayment of bank borrowings;

ii) $0.54 million in repayment of obligations under lease liabilities; and

iii) $0.55 million in interest payments;

partially offset by $0.19 million in fresh proceeds from lease financing.

As a result of the above, cash and cash equivalents declined by $3.44 million to $1.46 million as at 31 December 2022 as compared with $4.90 million as of at 31 December 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Sukhvinder Singh Chopra
Independent and Non-Executive Chairman

Mr Mohamed Gani Mohamed Ansari
Executive Director and
Chief Executive Officer

Mr Lee Teong Sang
Independent and Non-Executive Director

Mr Tito Shane Isaac
Independent and Non-Executive Director

Mr Ong Kian Soon
Non-Independent and Non-Executive Director

COMPANY SECRETARY

Mr Yoo Loo Ping

SHARE REGISTRAR

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w: boardroomlimited.com

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Singapore 188778
t: +65 6828 9118
w: bdo.com.sg

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

BOARD COMMITTEES

Audit Committee

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

Nominating Committee

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

Remuneration Committee

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

SPONSOR

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f: +65 6862 0304
w: shanayagroup.com

COMPANY REGISTRATION NO.

199804583E

PLACE OF INCORPORATION

Singapore

DATE OF INCORPORATION

19 September 1998

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

CORPORATE GOVERNANCE REPORT

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

The following report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "**Code**") for the financial year ended 31 December 2022 ("**FY2022**") and the relevant provisions in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Rules of Catalist**"). The Board of Directors of the Company (the "**Board**") is pleased to inform that the Company is substantially in compliance with the principles and provisions of the Code and any deviations are explained below. Such compliance is regularly reviewed to ensure transparency and accountability.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

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

The Board conducts regular scheduled meetings at least four times yearly and as warranted by particular circumstances. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings. At each meeting, the Board is provided with adequate and timely information by Management on matters to be deliberated, thus facilitating an informed decision-making process.

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

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

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

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

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

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

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

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

To facilitate effective management, the Board delegates certain functions to the various Board committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), all of which operate within clearly defined terms of reference and functional procedures. Each of these Board Committees reports its activities regularly to the Board with their decisions and recommendations. However, the ultimate responsibility on all matters lies with the Board. The terms of reference and further details of the activities of the Board Committees in FY2022 are set out under the respective sections in this Report.

The Company recognises the importance of appropriate training for its Directors. The Board ensures that incoming new Directors are familiar with the Group's structure, business strategies, operations, and policies. The Company will provide newly appointed director(s) with a formal letter setting out their duties and obligations. The Company will ensure that first-time director of a listed company ("**First-Time Director**") will receive relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange to meet the Mandatory Training requirements under Rule 406(3)(a) and Practice Note 4D of the Rules of Catalist. There was no new Director appointed by the Company in FY2022.

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

Briefing and updates provided to the Directors for FY2022 include:

– briefing by the external auditor, BDO LLP, on the developments in financial reporting and governance standard; and

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

During FY2022, the Directors had attended the mandatory e-learning on sustainability reporting and other appropriate courses and seminars to keep abreast with changes in regulations, financial reporting standards, continuing listing obligations as well as industry-related matters.

The Board meets regularly on a quarterly basis and ad-hoc Board Committee or Board meetings are convened when they are deemed necessary. The number of Board and Board Committee meetings held during FY2022 and the attendance of each Director are set out as follows:

Number of meetings										
	Board Meetings		**AC Meeting**		**NC Meeting**		**RC Meeting**		**General Meeting**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Sukhvinder Singh Chopra	6	6	4	4	1	1	1	1	1	1
Mohamed Gani Mohamed Ansari	6	6	4	4*	1	1	1	1*	1	1
Lee Teong Sang	6	6	4	4	1	1	1	1	1	1
Tito Shane Isaac	6	6	4	4	1	1	1	1	1	1
Ong Kian Soon	6	6	4	4*	1	1*	1	1*	1	1

Note:

* Attendance at meetings that were held on a "By Invitation" basis.

Board Composition and Guidance

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

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

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

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

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

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

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

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Mr Lee Teong Sang and Mr Tito Shane Isaac ("**Nine Years Directors**") who have served as Independent Directors of the Company for more than nine years from the date of their respective appointments, have been approved at the extraordinary general meeting of the Company held on 4 August 2021 under the Two-Tiered Voting, to continue as Independent Directors of the Company. With the new ruling set out under Rule 406(3)(d)(i) and 406(3)(d)(iv) of Rules of Catalist, a director who has served on board for an aggregate period of nine years will no longer be eligible to be designated as an independent director of the Company, with a transition period up to the conclusion of the Company's financial year ending 31 December 2023 for the application of the said new Catalist rules. Accordingly, both Nine Years Directors who confirmed their independence in accordance to Rule 406(3)(d)(i) and (ii) of the Rules of Catalist, can only remain as Independent Directors of the Company until the conclusion of the Company's annual general meeting ("**AGM**") for the financial year ending 31 December 2023 ("**FY2023**"). The NC and the Board will look into the Board renewal process for compliance with the above in due course.

The Company has adopted a Board Diversity Policy. The Company understands and believes that a diverse Board will help improve the overall performance and operation capability of the Company. It enhances decision-making capability and with a diverse Board, it is more effective in dealing with organisational changes as well as getting different views. This also provides an opportunity to ensure that all Board discussions and decisions made are considered thoroughly. The NC is responsible for setting and maintaining the Board Diversity Policy, including setting of its targets, plans and timelines. The NC and the Board regularly review the size and composition of the Board, as well as succession planning, gender diversity and refreshment of the Board.

In FY2022, the Board, with the concurrence of the NC, is of the view that the current composition is appropriate, having taken into consideration the nature and scope of the Group's operations. The Board comprises members with expertise, knowledge and experience in business management, law, investor relations and waste industry which provide diverse perspectives to the Board and thus better support the Company's achievement of its strategic objectives.

As at to date, there are two Independent Directors who had served on the Board for more than nine years will no longer be considered independent following the conclusion of the AGM of the Company for FY2023 to be held. In view of that, the NC will be reviewing the composition of Board which may include the appointment of additional Board member(s) with relevant industry experience, for the potential Board renewal process over the next 2 years (which address the new rule affecting the Nine-Years Directors).

The NC will continue to review and consider the size and composition of the Board for the proposed renewal process to ensure that the Board has the appropriate mix of core skills and experience commensurate with the nature, size and complexity of the Group's business, its operating environment, and its current and future targets and focus.

Details of targets, plans and timelines will be set and be disclosed when they become available.

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

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

Chairman and Chief Executive Officer

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

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

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

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

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

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

Board Membership

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

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

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

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

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees (including alternate directors, if any);
- review and nominate a Director for re-election to the Board, having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent;

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- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;

- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as Director of the Company;

- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/Chief Executive Officer) and key management personnel;

- review the training and professional development programmes for the Board and its directors; and

- other acts as may be required by the SGX-ST and the Code of Corporate Governance from time to time.

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

In identifying suitable candidates, the NC may:

1. advertise or use services of external advisers to facilitate the search;

2. approach alternative sources such as the Singapore Institute of Directors; or

3. consider candidates from a wide range of backgrounds from internal or external sources.

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

(a) consider and interview all candidates on merit against objective criteria, taking into consideration the appointees' ability to devote sufficient time in fulfilling the obligations of the position; and

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

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

According to Article 97 of the Company's Constitution, Mr Mohamed Gani Mohamed Ansari ("**Mr Ansari**") and Mr Lee Teong Sang ("**Mr Lee**") will retire at the Company's forthcoming AGM. They are eligible for re-election and have consented to continue in office, and the Board has accepted the NC's recommendation for their re-election. In making the recommendation, the NC had considered their overall contribution and performance. Mr Lee does not have any relationships, including immediate family relationships with the other Directors, the Company or its substantial shareholders. Mr Ansari is the spouse of Shitthi Nabesathul D/O Abdul Hamid who is the Chief Administrative Officer and a controlling shareholder of the Company holding 55,416,666 ordinary shares in the capital of the Company, representing approximately 49.12% of shareholding interests in the Company.

The disclosure of information on Directors seeking re-election can be found on pages 107 to 111 of the Annual Report.

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

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

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

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

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

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

Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Sukhvinder Singh Chopra	62	Independent Non-Executive Chairman	18 August 2021	–	Nil	Nil	• Executive Director, SGVector Pte. Ltd. • Director, LOVE, NILS LTD • Director and Non-Executive Chairman, TSC Global Limited • Director and Non-Executive Chairman, Qiji Holding Pte Ltd • Adjunct Trainer, Lee Kuan Yew School of Public Policy, National University of Singapore • Vice Chairman, Bedok Reservoir-Punggol Citizens' Consultative Committee (CCC) • Member, Bedok Reservoir-Punggol Garden Residents' Network Committee

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Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Mohamed Gani Mohamed Ansari	64	Executive Director and CEO	18 August 2021	–	Nil	Nil	• Director, Kalisp Realty Private Limited • Director, Onaro Recycling Sdn Bhd • Director, Seven Green Recycling Sdn Bhd • Director, Shanaya Environmental Services Pte. Ltd. • Director, Singapore Precious Metal Refinery Pte. Ltd. • Partner, Yanasha Enterprise (formerly known as Shanaya Recycling) • Director, Plastichem Recycling Pte. Ltd.
Lee Teong Sang	63	Independent Non-Executive Director	16 September 2004	9 July 2021	New Wave Holdings Ltd.	Nil	• Principal Consultant Cyrus Capital Consulting, • Director, Cyrus Corporation Pte Ltd, • Director, Kyrus Investment Pte. Ltd. • Director, Scent Loft Pte. Ltd.
Tito Shane Isaac	52	Independent Non-Executive Director	30 August 2006	28 September 2020	New Wave Holdings Ltd. and Hiap Tong Corporation Ltd.	Nil	• Managing Partner, Tito Isaac & Co LLP • Director, International Institute of Mediators (Singapore) Limited

Directors	Age	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
					Current	Past 3 Years	Current
Ong Kian Soon	67	Non-Independent Non-Executive Director	29 December 1998	28 September 2020	New Wave Holdings Ltd.	Nil	• Director, Eplus Technologies Pte Ltd • Director, Eplus Technologies Sdn. Bhd. • Director, General Electronics & Instrumentation Corporation Private Limited • Director, Manufacturing Network Pte Ltd • Director, MNPL Aluminium Centre Sdn. Bhd. • Director, MNPL Investments Pte. Ltd. • Director, MSC Aluminium Holdings Pte. Ltd. • Director, Twin Metal Service Centre Sdn. Bhd. • Director, Twin Metal (Penang) Sdn. Bhd. • Director, Alutech Metals Asiatic Pte. Ltd. • Director, MNPL Metals Co., Ltd. (Incorporated in the PRC) • Legal Representative, Alutech Metals Co., Ltd. (Incorporated in the PRC)

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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 evaluates the Board's performance annually based on established criteria.

Through the NC, the Board has implemented an annual evaluation process to assess the effectiveness of the Board as a whole. The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to:

- Board structure
- Conduct of Meetings
- Access to information
- Corporate Strategy and Planning
- Risk Management and internal control
- Measuring and monitoring performance
- Compensation
- Financial Reporting
- Whistle-blowing
- Communication with shareholders

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide constructive feedback on the workings of the Board including its procedures and processes and whether these may be improved upon.

A collective evaluation exercise was carried out by the NC and the Board in the financial year under review. Led by the NC Chairman, this collective assessment was conducted by means of a confidential online questionnaire completed by each Director which is collated, analysed and discussed with the NC and the Board. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate. The Chairman shall act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The evaluation determined that all Directors had contributed effectively and had demonstrated full commitment to their roles.

Given the current size of the Board, the NC was of the view that the performance evaluation of the Board as a whole would suffice and that performance evaluation of the Board Committees and individual performance evaluation of each Director is not necessary at this juncture. The NC would consider carrying out the aforesaid performance evaluation in the future, should the need arise.

For FY2022, the Board has not engaged any external consultant to conduct an assessment of the effectiveness of the Board and the contribution by each individual Director to the effectiveness of the Board. Where relevant, the NC will consider such an engagement.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

- review and recommend to the Board a framework of remuneration that will attract, retain and motivate Directors and key management personnel and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;
- review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly-generous;
- consider whether Directors, the CEO and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and
- consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

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

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

The RC's recommendations will be submitted for endorsement by the Board. From time to time, the RC, where necessary, will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and KMPs. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022. None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

Level and Mix of Remuneration

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

In its review and recommendations for remuneration and the remuneration framework, the RC ensures that the Directors and KMPs are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. In discharging its responsibilities, the RC takes into account the Group's relative performance and the performance of individual Directors and KMPs, linking rewards to corporate and individual performance, ensuring that the remuneration packages are fair and sufficiently competitive to attract, retain and motivate the directors and key management personnel for long-term success of the Company.

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

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

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

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

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

Disclosure on Remuneration

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

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

	Salary %	Bonus %	Others %	Fees %	Total %
Remuneration Band and Name of Director					
Below S$250,000					
Sukhvinder Singh Chopra	–	–	–	100	100
Mohamed Gani Mohamed Ansari	88	7	5	–	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Ong Kian Soon	–	–	–	100	100

There were only four (4) KMPs (who are not Directors or the CEO of the Company) for FY2022. As such, disclosure was only made in respect of the remuneration of these four KMPs of the Group. A breakdown, showing the level and mix of each of the KMP's remuneration (who are not Directors or the CEO) in bands of S$250,000, or S$100,000-S$199,999 for those who are substantial shareholders or spouse of a director, for FY2022 is as set out below:–

	Salary %	Bonus %	Others %	Fees %	Total %
Remuneration Band and Name of Key Management Personnel					
S$100,000 – S$199,999					
Shitthi Nabesathul Bathuria D/O Abdul Hamid(1)	82	7	11	–	100
Sivakumar Martin S/O Sivanesan(2)	82	7	11	–	100
Perumal S/O Gopal(2)	82	7	11	–	100
Below S$250,000					
Loy Suan Choo	82	7	11	–	100

Notes:

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

(2) A substantial shareholder of the Company.

Saved as disclosed in the table above under the remuneration band of S$100,000 – S$199,000, there is no employee of the Group who is a substantial shareholder of the Company, or is an immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the financial year ended 31 December 2022.

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

Save as disclosed above, the Company does not have any other employee who is a substantial shareholder or an immediate family member of a Director, the CEO and substantial shareholders of the Company in FY2022.

The aggregate remuneration paid to the four (4) KMPs, who are not Directors or Chief Executive Officer, for FY2022 is $703,890.

For FY2022, there were no terminations, retirement or post-employment benefits granted to Directors and KMPs other than the standard contractual notice period termination payment in lieu of service. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

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

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

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

For FY2022, the Board has received written assurance ("**Assurance**") from:

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

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

Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors and reviews performed by the Management, various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, which addresses the financial, operational, compliance and information technology controls and risk management systems, were adequate and effective for FY2022. The AC will continue to assess the adequacy and effectiveness of the internal control systems annually.

Audit Committee

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

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

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

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

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

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

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

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

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

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

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

- review potential conflicts of interest, if any;

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

The AC has met with the external auditor, without the presence of Management, in respect of FY2022 audit. Matters discussed include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditor, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

In the review of the financial statements for FY2022, the AC had discussed with Management and the external auditors on the accounting principles that were applied and its judgment of items that might affect the integrity of the financial statements, and had deliberated the key audit matters ("**KAMs**") presented by the external auditors, including (i) impairment of investments in subsidiaries and (ii) impairment of property, plant and equipment and right-of-use assets. The AC had reviewed the KAMs and concurred with the external auditors and Management on their assessment, judgments and estimates on the significant matters reported by the external auditors as set out under the Independent Auditor's Report on pages 40 to 45 of this Annual Report.

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

The AC noted that there was no non-audit services provided by the external auditor of the Company, BDO LLP for FY2022 and is satisfied with the independence of BDO LLP.

Accordingly, the AC has recommended to the Board the re-appointment of BDO LLP as the Company's external auditor at the forthcoming AGM. Accordingly, the Company is in compliance with Rules 712, 715 and 716 of the Rules of Catalist in relation to its external auditors.

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

<u>Internal Audit</u>

The key objectives of the internal audit function are as follows:

- review the Group's primary business segment in Singapore in which they operate, on a risk-oriented process based audit;
- appraise Management and report to the AC concerning the adequacy and effectiveness of the system of internal controls; and
- assist the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

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

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

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

The AC reviews and approves the annual internal audit plan to ensure the adequacy of the scope of audit. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The IA completed one review during FY2022 in accordance with the risk-aligned internal audit plan approved by the AC. The findings and recommendations of the IA, Management's responses, and Management's implementation of the recommendations have been reviewed and discussed with the AC.

The AC met with the IA without presence of the Management in relation to the work done for the financial year under review. The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the internal audit function for FY2022.

Whistleblowing Policy

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

The AC is in charge of overseeing and monitoring the function and handling of matters being reported through the whistle-blowing system, including ensuring that any investigation and follow-up procedures are taken, if any. The AC reports to the Board on such matters at the Board meetings, or as and when necessary. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary.

No whistle-blowing reports had been received for FY2022.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

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

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

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

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

The Company encourages shareholders' participation at general meetings and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairman of each of the Board Committees. All Directors were present at general meetings held by way of electronic means for FY2022. The Company's external auditors are also present at the AGMs to assist the Board in addressing any queries from shareholders in respect of the conduct of audit and the preparation and content of the auditors' report.

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

The Company will publish its minutes of general meetings of shareholders, which record substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and Management during the general meetings, within one month after the general meetings.

The Company's forthcoming AGM will be convened and held by way of electronic means on 27 April 2023 with real-time electronic voting and real-time electronic communication pursuant to the directive issued by SGX on 23 May 2022, notice of which is set out on pages 101 and 106 of this Annual Report.

The Company currently does not have a fixed dividend policy. The Board will consider various factors, such as the Company's and/or Group's earnings, general financial position, capital expenditure requirements, cash flow, general business environment, development plans and other factors that may be deemed appropriate, to determine whether dividends would be paid for the financial year. The Company does not propose any dividend payment in view of the Group's accumulated losses for FY2022.

Engagement with Shareholders

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

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

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

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings.

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company has in place an informal investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Through an internal assessment, the Company has identified its key stakeholders who could have an impact on the Company's long term sustainability and its service standards are our shareholders, employees, customers, suppliers, regulators as well as the community.

Therefore, the Company regularly engaged these stakeholders through various formal and informal means and through different communication channels including formal meetings, telephonic discussions, induction and training programmes for employees, seminars, trade shows and public announcements via SGXNET. Any enquiries from shareholders, analysts or press are handled internally by our Management team (in lieu of a dedicated investor relations team) who observe strict rules against any possible selective disclosure or forecast.

Besides the current AGMs (whether virtual or physical) where shareholders can provide comments and ask questions relevant to the agenda of the meeting, the Company also provides our stakeholders an email to submit feedback and questions through the Company's website at http://www.shanayagroup.com.

The Company also believes that its interests are best served if the Company could carefully consider and balance the needs and interests of the material stakeholders. Material information regarding the Company and its subsidiaries are available on demand on the SGXNET and the Company's corporate website at http://www.shanayagroup.com Other general information on the Group such as annual reports, financial results and corporate updates are also released through SGXNET.

Dealings in Securities

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

The Board confirms that for FY2022, the Group has complied with Rule 1204(19) of the Rules of Catalist.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder either still subsisting as at 31 December 2022 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

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

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

Non-Sponsorship Fees

There was no non-sponsor fees paid/payable to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2022.

Sustainability Report

As announced by the Company on SGXNet on 20 August 2021, the Company was granted a 12-month grace period to produce a sustainability report from its first full financial year of listing, which is 31 December 2022, and the Company will prepare and publish the same by 31 December 2023.

DIRECTORS' STATEMENT

The Directors of Shanaya Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

2. Directors

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

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

3. Arrangements to enable Directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

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

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interests	
	Balance at 1 January 2022	Balance at 31 December 2022	Balance at 1 January 2022	Balance at 31 December 2022
Company				
Mohamed Gani Mohamed Ansari[(1)]	–	–	55,416,666	55,416,666
Ong Kian Soon	263,350	263,350	–	–

Note:

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 January 2023 in the shares of the Company have not changed from those disclosed as at 31 December 2022

5. Share options

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

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

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

6. Audit Committee

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

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

DIRECTORS' STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Independent auditor

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

On behalf of the Board of Directors

Mohamed Gani Mohamed Ansari
Director

Sukhvinder Singh Chopra
Director

Singapore
6 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHANAYA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shanaya Limited (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (Continued)

1	**Impairment of investments in subsidiaries**

As at 31 December 2022, the net carrying amount of the Company's investments in subsidiaries amounted to $8,409,000. The subsidiaries' principal activities are the provision of waste management and disposal services and sale of recycling of waste.

At the end of the financial year, management carried out an impairment assessment in respect of subsidiaries with indicators of impairment to determine whether an impairment loss should be recognised in the financial statements.

Management determined the recoverable amounts based on higher of the value-in-use calculations by estimating the discounted future cash flows derived from those investments and fair value less of cost of disposal. Arising from the assessment, an impairment loss of $17,352,000 on the investments in subsidiaries was recognised in the Company's profit and loss during the financial year.

We focused on the impairment assessment on the investments in one of the subsidiaries which is based on the value-in-use calculation as a key audit matter owing to the significant management judgements involved in the key assumptions used in estimating the discounted future cash flows such as the revenue growth rates and discount rates.

Related Disclosures

Refer to Note 3.2(ii) and Note 4 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Evaluated management's assessment for indicators of impairment relating to the Company's investments in subsidiaries;
- For investment in subsidiaries with indicators of impairment, obtained and reviewed the cash flow projections based on approved management forecasts;
- Assessed the reasonableness of the key assumptions made by management, including comparing the revenue growth rates against recent trends and market outlook, as appropriate, and terminal growth rate against market data;
- Engaged our internal valuation specialist to evaluate the reasonableness of the discount rates used;
- Performed sensitivity analysis around the key assumptions, including the revenue growth rates and discount rates; and
- Evaluated the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHANAYA LIMITED

Key Audit Matters (Continued)

2 Impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets

As at 31 December 2022, the carrying amount of the Group's PPE and ROU assets were $13,112,000 and $5,914,000, respectively, which comprised 53% and 26% of the Group's total assets, respectively. These assets were used in the Group's provision of waste management and disposal services and sale of recyclable waste.

During the financial year, there were impairment indications on its PPE and ROU assets as the Group reported a net loss. Management engaged a professional valuer to assist them in determining the fair value less cost of disposal of these assets, comprising mainly leasehold land and building, plant and equipment, ROU assets as well as its corresponding lease liabilities.

The fair value less cost of disposal of leasehold land and building were mainly determined by market comparison approach and replacement cost approach which takes into consideration the following:

- for market comparison approach, selling price of comparable properties in similar locations adjusted for location, size, design and layout, tenure, age and condition of property, dates of transactions amongst other relevant factors;

- for replacement cost approach, the value is derived by estimating the present cost of reproducing or replacing the existing properties and other land improvements on the properties with comparable new ones, adjusted for depreciation to reflect the remaining economic life;

The fair value less cost of disposal of other plant and equipment were mainly determined by replacement cost approach.

We have determined the impairment assessment of PPE and ROU assets to be a key audit matter as the impairment assessment involved significant judgements and critical assumptions applied by management in their assessment of the recoverable amounts.

Related Disclosures

Refer to Note 3.2(i), Note 5 and 6 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Evaluated management's impairment assessment of the PPE and ROU assets to determine the recoverable amount in accordance with SFRS(I) 1-36;

- Evaluated the methodology and reasonableness of the key assumptions used to determine the recoverable amounts of the assets;

- Assessed the competency, capabilities and objectivity of the valuer as management's expert;

- Engaged our internal valuation specialist to evaluate the reasonableness of the assumptions applied; and

- Evaluated the adequacy of the related disclosures in the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHANAYA LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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.

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

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

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Investments in subsidiaries	4	–	–	8,409	25,761
Property, plant and equipment	5	13,112	13,331	–	–
Right-of-use assets	6	5,914	6,355	–	–
Amount due from a subsidiary	7	–	–	3,931	–
		19,026	19,686	12,340	25,761
Current assets					
Trade and other receivables	7	1,889	1,290	–	733
Prepayments		124	125	18	23
Cash and bank balances	8	1,854	5,298	670	3,148
		3,867	6,713	688	3,904
Total assets		22,893	26,399	13,028	29,665
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,344	10,344	44,464	44,464
Share-based payment reserve	10	–	–	10	10
Reverse acquisition reserve	11	(2,448)	(2,758)	–	–
Capital reserve	11	–	–	3,606	–
Accumulated losses		(3,724)	(2,296)	(38,298)	(20,561)
Total equity attributable to owners of the parent		4,172	5,290	9,782	23,913
Non-current liabilities					
Bank borrowings	12	7,094	8,228	–	–
Lease liabilities	13	5,667	6,025	–	–
Non-trade payables to shareholders	15	2,607	2,798	2,607	2,798
Deferred tax liabilities	14	331	302	–	–
		15,699	17,353	2,607	2,798
Current liabilities					
Trade and other payables	15	1,153	1,077	639	2,954
Bank borrowings	12	1,380	2,156	–	–
Lease liabilities	13	489	481	–	–
Current income tax payable		–	42	–	–
		3,022	3,756	639	2,954
Total liabilities		18,721	21,109	3,246	5,752
Total equity and liabilities		22,893	26,399	13,028	29,665

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	16	7,726	6,381
Other items of income			
Other income	17	310	172
Other items of expense			
Amortisation of right-of-use assets	6	(526)	(374)
Depreciation of property, plant and equipment	5	(1,191)	(678)
Employee benefits expense	18	(2,003)	(1,808)
Loss allowance on trade receivables	7	(18)	(79)
Acquisition-related cost		–	(1,022)
Loss on reverse acquisition	9(b)	–	(3,262)
Other operating expenses		(5,046)	(3,668)
Finance costs	19	(658)	(405)
Loss before income tax	20	(1,406)	(4,743)
Income tax (expense)/credit	21	(22)	32
Loss for the financial year, total comprehensive income attributable to owners of the parent		(1,428)	(4,711)
Loss per share, attributable to owners of the parent (cents)			
– Basic and diluted	22	(1.27)	(5.13)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Reverse acquisition reserve $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 January 2022		10,344	(2,758)	(2,296)	5,290
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(1,428)	(1,428)
Fair value adjustment of the deferred cash consideration pursuant to reverse acquisition	15	–	310	–	310
Balance as at 31 December 2022		10,344	(2,448)	(3,724)	4,172
Balance as at 1 January 2021		1,500	–	2,415	3,915
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	(4,711)	(4,711)
Issuance of new shares pursuant to reverse acquisition	9(b)	8,844	–	–	8,844
Deferred cash consideration pursuant to reverse acquisition	11	–	(2,758)	–	(2,758)
Balance as at 31 December 2021		10,344	(2,758)	(2,296)	5,290

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Operating activities			
Loss before income tax		(1,406)	(4,743)
Adjustments for:			
Depreciation of property, plant and equipment	5	1,191	678
Amortisation of right-of-use assets	6	526	374
Property, plant and equipment written-off	5	–	21
Written off on right-of-use assets	6	–	94
Loss allowance on trade receivables	7	18	79
Acquisition-related cost		–	1,022
Loss on reverse acquisition	9(b)	–	3,262
Interest expense	19	658	405
Operating cash flows before working capital changes		987	1,192
Working capital changes:			
Trade and other receivables		(647)	702
Prepayments		(23)	(125)
Trade and other payables		58	(1,021)
Cash generated from operations		375	748
Income tax paid		(34)	(138)
Net cash from operating activities		341	610
Investing activities			
Purchase of property, plant and equipment	5	(933)	(878)
Increase in advance payments for acquisition of property, plant and equipment		(53)	(78)
Additions to right-of-use assets	6	–	(108)
Proceeds from disposal of non-current assets classified as held for sale		–	6,500
Cash and cash equivalents acquired on completion of reverse acquisition	9(b)	–	59
Net cash (used in)/generated from investing activities		(986)	5,495
Financing activities			
Proceeds from bank borrowings	A	–	1,200
Repayment of bank borrowings	A, 12	(1,910)	(2,189)
Proceeds from pledging of asset to bank	13	188	–
Repayment of lease obligations	A, 13	(538)	(445)
Interest paid	A, 12, 13	(539)	(532)
RTO expenses paid	A	–	(322)
Net cash used in financing activities		(2,799)	(2,288)
Net change in cash and cash equivalents		(3,444)	3,817
Cash and cash equivalents at beginning of financial year		4,902	1,085
Cash and cash equivalents at end of financial year (Note 8)		1,458	4,902

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	1.1.2022 $'000	Cash flows $'000	Additions from reverse acquisition $'000	Additions of lease liabilities $'000	Additions of property, plant and equipment $'000	31.12.2022 $'000
Lease liabilities	6,506	(350)	–	–	–	6,156
Bank borrowings	10,384	(1,910)	–	–	–	8,474

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. CORPORATE INFORMATION

1.1 General corporate information

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

The principal activity of the Company is that of the provision of management and office administration services on a fee, and investment holding.

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

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors' resolution dated 6 April 2023.

1.2 Reverse acquisition

The Company completed its acquisition of the entire share capital of Shanaya Environmental Services Pte. Ltd. ("SES") ("Reverse Acquisition") on 18 August 2021 via the issuance of 79,166,665 new ordinary shares at $0.24 (after share consolidation) in the Company and the deferred payment consideration of $3,000,000 to the shareholders of SES payable within 48 months (2021: 24 months) from the date of Reverse Acquisition. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of SES became the controlling shareholder of the Company on completion of the transaction. Accordingly, SES (being the legal subsidiary) in the transaction is regarded as the accounting acquirer and the Company (being the legal parent) as the accounting acquiree.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION (CONTINUED)

1.2 Reverse acquisition (Continued)

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

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

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

Separate financial statements of the Company

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2022

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

New standards, amendments and interpretations issued but not yet effective

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

2.2 Basis of consolidation

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

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

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

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

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests (Continued)

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

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

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

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

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

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

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

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

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

2.4 Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets

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

Amortised cost

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (Continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable date about the following events:

- significant financial difficulty of the receivable;
- breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets

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

2.6 Cash and cash equivalents

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

2.7 Equity instruments

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

2.8 Financial liabilities

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

Financial liabilities of the Group are classified as amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial liabilities (Continued)

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

(i) Trade and other payables

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

(ii) Bank borrowings

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

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

(iii) Financial guarantee contracts

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

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

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

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

Derecognition of financial liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial liabilities (Continued)

Derecognition of financial liabilities (Continued)

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The difference between:

a) the carrying amount of the liability before the modification; and

b) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

2.9 Leases

When the Group is the lessee:

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

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

<u>Initial measurement</u>

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

When the Group is the lessee: (Continued)

Initial measurement (Continued)

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

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

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the statements of financial position.

Subsequent measurement

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

When the Group is the lessee: (Continued)

Subsequent measurement (Continued)

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

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

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

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

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

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

2.10 Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Revenue recognition (Continued)

Provision of waste management and disposal services

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

Sale of recyclable waste

Revenue from the sale of recyclable waste is recognised at a point in time when the recyclable materials are delivered to the customer.

2.11 Government grants

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

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

2.12 Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

2.13 Borrowing costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Taxes

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

Current income tax

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

Current income taxes are recognised in profit or loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Taxes (Continued)

Sales tax

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

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

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

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

2.15 Dividends

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

2.16 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.18 Segment reporting

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3.1 Critical judgements made in applying the accounting policies

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

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

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

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

As at the end of the financial year, the total property, plant and equipment that have not commenced depreciation amounted to approximately $559,000 (2021: $2,723,000).

3.2 Key sources of estimation uncertainty

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

(i) *Impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets*

The Group assesses whether there are any indicators of impairment for its PPE and ROU assets at each reporting date. PPE and ROU assets are tested for impairment when there are indicators that the carrying amount may not be recoverable.

During the financial year, there were impairment indicators on its PPE and ROU assets as the Group reported a net loss. Management engaged a professional valuer to assist them in determining the fair value less cost of disposal of these assets. The fair value less cost of disposal were mainly determined by:

- Market comparison approach, considering, the selling price of comparable properties in similar locations adjusted for location, size, design and layout, tenure, age and condition of property, dates of transactions amongst other relevant factors; and

- Replacement cost approach, considering, estimated present cost of reproducing or replacing the existing assets and other improvements on the assets with comparable new ones.

No impairment was recognised from the review as the recoverable amounts were in excess of the carrying amounts.

The carrying amounts of the Group's PPE and ROU assets as at 31 December 2022 were approximately $13,112,000 (2021: $13,331,000) and $5,914,000 (2021: $6,355,000) respectively.

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

3.2 Key sources of estimation uncertainty (Continued)

(ii) *Impairment of investments in subsidiaries*

At the end of each reporting period, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. For those subsidiaries with indication of impairment, the recoverable amounts of these assets and where applicable, cash-generating units ("CGU") have been determined based on higher of value-in-use calculations or fair value less cost of disposal ("FVLCOD") using the key assumptions as disclosed in Note 4 to the financial statements. The carrying amount of the Company's investment in subsidiaries as at 31 December 2022 was approximately $8,409,000 (2021: $25,761,000).

(iii) *Loss allowance on trade receivables*

Management determines the expected loss arising from default for trade receivables by categorising them based on the Group's historical credit loss experience and past due status of the trade receivables. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The carrying amount of the Group's trade receivables as at 31 December 2022 was approximately $1,568,000 (2021: $1,131,000).

(iv) *Loss allowance on amount due from a subsidiary*

The Company is required to assess and recognise a loss allowance for expected credit losses on amount due from a subsidiary in accordance with three-stage impairment model. Management has made the assessment based on whether there has been a significant increase in the credit risk of amount due from a subsidiary since its initial recognition. Subsequently, determine the amount of allowance to be recognised either based on 12-month expected credit loss or lifetime expected credit loss as well as the amount of interest revenue, if any, to be recognised in future periods.

Management's assessment includes judgement reflecting all relevant evidence including the related parties' financial performance, cash position as well as any breach of external financial covenant. The Company continues to monitor the financial performance and financial position of other receivables in order to ensure that 12-month expected credit loss continues to be appropriate.

The carrying amount of the Company's amount due from a subsidiary as at 31 December 2022 was approximately $3,931,000.

(v) *Income taxes*

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

The carrying amount of the Group's current income tax payable as at 31 December 2022 was approximately $294 (2021: $42,000). The carrying amount of the Group's deferred tax liabilities as at 31 December 2022 was approximately $331,000 (2021: $302,000).

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	**2021**
	$'000	**$'000**
Unquoted equity shares, at cost	45,276	45,276
Loan to a subsidiary	659	659
Allowances for impairment losses	(37,526)	(20,174)
	8,409	25,761

At the end of the current financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries with indicators of impairment. Its subsidiaries, Shanaya Environmental Services Pte Ltd ("SES") and Circuit Plus Pte Ltd ("CPS") have been incurring losses.

SES

The management has determined the recoverable amount of SES, as a CGU, of approximately $8,409,000 is based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 3 years and projected to terminal year. Management assessed that the 3 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management's plan for its business plan in the near future.

Key assumptions used for value-in-use calculations:

	SES
31 December 2022	
Revenue growth rates	10.5% to 37.7%
Pre-tax discount rate	12.90%

Revenue growth rates – The forecasted growth rates are based on management's expectations for the CGU with reference to the historical trends, expected commencement of new revenue streams as well as average growth rates of the industry.

Pre-tax discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

As at the end of the financial year, the recoverable amount of the CGU based on value-in-use calculations was approximately $8,409,000 which is lower than its carrying amount and accordingly, an impairment loss of $13,468,000 pertaining to SES is recognised.

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

SES (Continued)

Sensitivity analysis

As at the end of the financial year, based on management's assessment of the CGUs, a change of 100 basis points to the key assumptions applied would cause the recoverable amount to fluctuate as below:

	Increase/ (Decrease) in recoverable amount
	$'000
Revenue growth rates	
– Increase in 100 basis points	405
– Decrease in 100 basis points	(401)
Pre-tax discount rate	
– Increase in 100 basis points	(2,217)
– Decrease in 100 basis points	2,617

CPS

The management has determined the recoverable amount of CPS using the fair value less costs of disposal method which comprised primarily the following methods and assumptions:

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

CPS was in a net liability position and the assessment for impairment as above resulted in recognition of full impairment loss of $3,884,000 (2021: $130,000) inclusive of loan to the subsidiary for the financial year ended 31 December 2022.

Movements in allowances for impairment losses:

	Company	
	2022	**2021**
	$'000	**$'000**
Balance at beginning of financial year	20,174	20,044
Impairment made during the financial year	17,352	130
Balance at end of financial year	37,526	20,174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The particulars of the subsidiaries are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group 2022 %	2021 %
Held by the Company				
Shanaya Environmental Services Pte. Ltd.[(1)]	Singapore	Collection of waste and waste management	100	100
Circuits Plus Pte Ltd[(2)]	Singapore	Dormant	100	100
CP Lifestyle Pte. Ltd.[(4)]	Singapore	Dormant	–	100
Held by Shanaya Environmental Services Pte. Ltd.				
Plastichem Recycling Pte. Ltd.[(3)]	Singapore	Chemical recycling of plastic waste	100	–
Shanaya Engineering Pte. Ltd.[(3)]	Singapore	Wrecking and demolition works and electrical works	100	–
Held by Circuits Plus Pte Ltd				
Circuits Plus (M) Sdn. Bhd.[(4)]	Malaysia	Dormant	–	100

Notes:
(1) Audited by BDO LLP, Singapore.
(2) Unaudited, the subsidiary is in the process of striking off subsequent to the year ended 31 December 2022.
(3) Unaudited, the subsidiaries were incorporated during the year ended 31 December 2022 and had yet to commenced its operations since incorporation.
(4) Struck off as of 31 December 2022.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Renovation $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group							
Cost							
Balance as at 1 January 2022	10,440	141	86	29	648	3,782	15,126
Additions	–	127	4	–	310	616	1,057
Reclassification from/(to) right-of-use assets (Note 6)	–	–	–	–	142	(235)	(93)
Reclassification	–	65	–	–	–	(65)	–
Balance as at 31 December 2022	10,440	333	90	29	1,100	4,098	16,090
Accumulated depreciation							
Balance as at 1 January 2022	846	64	46	11	285	543	1,795
Depreciation charge	629	75	18	8	95	366	1,191
Reclassification from/(to) right-of-use assets (Note 6)	–	–	–	–	–	(8)	(8)
Reclassification	–	20	–	–	–	(20)	–
Balance as at 31 December 2022	1,475	159	64	19	380	881	2,978
Carrying amount							
Balance as at 31 December 2022	8,965	174	26	10	720	3,217	13,112

During the current financial year, the Group entered into a leasing arrangement with a bank, whereby the proceeds from the arrangement amounting to approximately $188,000 to be repaid over 5 years, was secured on the plant and machinery with carrying amount of approximately $227,000. Accordingly, the carrying value of plant and machinery pertaining to this arrangement amounting to $227,000 was reclassified from property, plant and equipment to right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

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

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

	Group	
	2022	**2021**
	$'000	**$'000**
Additions to property, plant and equipment	1,057	2,510
Financed via bank borrowings	–	(1,325)
Reclassification from prepayments and deposits	(105)	–
Amortisation of right-of-use assets capitalised (Note 6)	–	(140)
Lease liabilities interest expense capitalised (Note 13)	–	(80)
Loan interest expense capitalised	(19)	(87)
Cash payments to purchase property, plant and equipment	933	878

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

	Group	
	2022	**2021**
	$'000	**$'000**
Buildings	8,965	9,594
Plant and machinery	2,417	2,723
	11,382	12,317

Particulars of the buildings held by the Group are as follows:

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

Interest expenses capitalised under property, plant and equipment of the Group are pertaining to the lease liability on the land leasehold land at Tuas South (Note 13) and Term Loan 6 which are used for the purpose of construction of the facility at Tuas South.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS

	Leasehold lands $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group				
Balance as at 1 January 2022	5,261	1,011	83	6,355
Amortisation charges	(368)	(116)	(42)	(526)
Transferred (to)/from PPE	–	(142)	227	85
Balance as at 31 December 2022	4,893	753	268	5,914
Balance as at 1 January 2021	5,628	579	213	6,420
Additions	–	543	–	543
Amortisation charges				
– Charged to profit or loss	(227)	(111)	(36)	(374)
– Capitalised under property, plant and equipment	(140)	–	–	(140)
	(367)	(111)	(36)	(514)
Write off	–	–	(94)	(94)
Balance as at 31 December 2021	5,261	1,011	83	6,355

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

Restrictions

Included in the above, motor vehicles and plant and machinery with carrying amounts of $753,000 (2021: $1,011,000) and $268,000 (2021: $83,000) respectively, are pledged as security in respect of the lease liabilities of $412,000 (2021: $627,000) and $214,000 (2021: $116,000) (Note 13) respectively. The motor vehicles and plant and machinery will be returned to the lessor in the event of default by the Group.

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

	Group 2022 $'000	Group 2021 $'000
Additions to right-of-use assets	–	543
Acquired under lease arrangements (Note 13)	–	(435)
Cash payments before the lease commencement and initial direct costs	–	108

In the previous financial year included in the right-of-use assets – leasehold land was $4,782,000 pertaining to a remaining lease period of approximately 14 years subject to the Company being able to fulfil certain minimum investment criteria by 14 May 2022. The Group has fulfilled the criteria in the current financial year.

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-current				
Amount due from a subsidiary	–	–	3,931	–
Current				
Trade receivables				
– third parties	1,704	1,249	–	–
– less: loss allowance for trade receivables	(136)	(118)	–	–
	1,568	1,131	–	–
Non-trade receivables				
– subsidiary	–	–	–	433
Loan to subsidiaries	–	–	–	300
Deposits	284	118	–	–
GST receivables	37	41	–	–
	1,889	1,290	–	733

The non-current amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand. As at 31 December 2022, the balance is classified as non-current as the balance is only expected to be realised after 12 months.

The carrying amount of the non-current amount due from a subsidiary approximates their fair value as it is discounted at market interest rate.

Trade receivables from third parties are unsecured, non-interest bearing and generally on 30 to 90 (2021: 30 to 90) days credit terms.

The non-trade amounts due from third parties and subsidiary are unsecured, non-interest bearing and repayable on demand.

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

In the previous financial year, included in the deposits was a deposit $78,000 paid for acquisition of plant and equipment. No deposits were placed for acquisition of plant and equipment in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

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

	Group	
	2022	2021
	$'000	$'000
Balance as at beginning of the financial year	118	39
Loss allowance made during the financial year	18	79
Balance at end of financial year	136	118
Comprising:		
– non-credit impaired	39	39
– credit impaired	97	79
Balance at end of financial year	136	118

As at 31 December 2022, the Group has credit-impaired trade receivables of $97,000 (2021: $79,000) as these customers are in financial difficulties.

Non-trade receivables

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

	Company	
	2022	2021
	$'000	$'000
Balance as at beginning of the financial year	–	191
Loss allowance made during the financial year	–	6
Written-off	–	(197)
Balance at end of financial year	–	–

In the previous financial year, the non-trade balance receivable from a subsidiary was deemed non-recoverable and has been written off as the loss-incurring subsidiary is in the process of striking off. The subsidiary has been struck off in the current financial year.

Trade and other receivables are denominated in Singapore dollar.

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at bank	1,847	5,292	670	3,148
Cash in hand	7	6	–	–
Cash and bank balances as per statement of financial position	1,854	5,298	670	3,148
Restricted cash	(396)	(396)	–	–
Cash and cash equivalents as per statement of cash flows	1,458	4,902	670	3,148

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

Cash and cash equivalents were denominated in Singapore dollar.

9. SHARE CAPITAL

	Group			
	2022		2021	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid:				
Balance as at the beginning of the financial year	112,814	10,344	1,229,226	1,500
Share consolidation[(a)]	–	–	(1,198,495)	–
Balance after share consolidation	112,814	10,344	30,731	1,500
Issuance of shares pursuant to reverse acquisition[(b)]	–	–	82,083	8,844[(1)]
Balance as at the end of the financial year	112,814	10,344	112,814	10,344

9. SHARE CAPITAL (CONTINUED)

	Company			
	2022		2021	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid:				
Balance as at the beginning of the financial year	112,814	44,464	1,229,226	24,764
Share consolidation[(a)]	–	–	(1,198,495)	–
Balance after share consolidation	112,814	44,464	30,731	24,764
Issuance of shares pursuant to reverse acquisition[(b)]	–	–	82,083	19,700[(1)]
Balance as at the end of the financial year	112,814	44,464	112,814	44,464

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

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

The Company did not have any outstanding treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

The Company has no outstanding options and convertible securities as at 31 December 2022 and 31 December 2021.

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

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

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

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

9. SHARE CAPITAL (CONTINUED)

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

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

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

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

10. SHARE-BASED PAYMENT RESERVE

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

11. RESERVES

Reverse acquisition reserve

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

Capital reserve

During the financial year ended 31 December 2022, the Company has loans payable totalling to approximately $3,606,000, to the Company's subsidiary, CPS. In the same financial year, the outstanding amounts were waived by CPS and was recognised in capital reserve, and is non-distributable.

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12. BANK BORROWINGS

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	10,384	9,256
Interest expense during the financial year	301	202
Interest paid during the financial year	(301)	(202)
Repayment of bank borrowings	(1,910)	(2,189)
Additions from reverse acquisition	–	792
Drawdown of bank borrowings	–	1,200
Acquisition of new property, plant and equipment	–	1,325
Total bank borrowings	8,474	10,384
Current		
Term loans – secured		
Term loan 1	–	46
Term loan 2	–	49
Term loan 3	149	231
Term loan 4	57	52
Term loan 5	35	33
Term loan 6	292	314
Term loan 7	227	730
Term loan 8	323	308
Term loan 9	49	96
Term loan 10	48	97
	1,180	1,956
Short-term revolving loan	200	200
	1,380	2,156
Non-current		
Term loans – secured		
Term loan 3	2,077	2,218
Term loan 4	69	127
Term loan 5	41	76
Term loan 6	1,987	2,244
Term loan 7	1,629	1,856
Term loan 8	603	926
Term loan 9	342	389
Term loan 10	346	392
	7,094	8,228

Management has recognised a gain on modification of bank borrowings of approximately $300 to recognise the difference between the new fair value and carrying amount of the bank borrowings on the date of modification. The fair value of the bank borrowings on modification date was determined based on the market value of the bank borrowings as of that date.

12. BANK BORROWINGS (CONTINUED)

Term loan 1

Term loan 1 is a SME working capital loan granted under the Local Enterprise Financing Scheme (LEFS). The loan commenced on 29 November 2017 and is repayable in 60 monthly instalments. It is guaranteed by corporate guarantee (unlimited) from the Company.

The effective interest rate for this facility is 7% per annum. Term loan 1 was fully settled during the financial year.

Term loan 2

Term loan 2 is a working capital loan which commenced on 28 January 2018 and is repayable in 60 monthly instalments. The loan is secured by the following:

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

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

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

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

The interest rate for the loan is calculated at 2.88% above the Bank's prevailing board rate for loans. The effective interest rate for this facility is 10.88% per annum. Term loan 2 was fully settled during the financial year.

Term loan 3

Term loan 3 was taken to finance the purchase of property at 27 Kian Teck Drive, Singapore 628844 ("Property 1"). The loan commenced on 12 December 2018 and is repayable in 192 monthly instalments. It is secured by a first legal mortgage over the leasehold lands (Note 5) and Property 1. It is guaranteed by the Directors of the Company.

In the previous financial year, the interest for the loan is fixed at the bank's specified interest rate of 1.50% per annum.

During the financial year, term loan 3's interest rate was modified. The interest rate is now calculated on Singapore Overnight Rate Average ("SORA") in-advance plus a margin of 1.4% per annum for the first and second subsequent year and SORA in-advance plus a margin of 3% per annum for the third year onwards. The repayment tenure was also extended by 36 months.

As at 31 December 2022, the interest for the loan is fixed at a certain margin above SORA. The effective interest rate for this facility ranges from 1.50% to 3.99% (2021: 1.50%) per annum.

12. BANK BORROWINGS (CONTINUED)

Term loan 4

Term loan 4 commenced on 27 December 2019 and is repayable in 60 monthly instalments. Term loan 4 is guaranteed by the Directors of the Company.

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

Term loan 5

Term loan 5 commenced on 30 December 2019 and is repayable in 60 monthly instalments. Term loan 5 is guaranteed by the Directors of the Company.

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

Term loan 6

Term loan 6 was taken to finance the construction of Property 2. The loan commenced on 15 May 2020 and is repayable in 120 monthly instalments. It is secured by the following:

(i) First legal mortgage over Property 2;

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

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

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

The interest rate for this facility is calculated as 2.50% per annum over the bank's cost of funds or at such other rates as the bank may stipulate from time to time at its absolute discretion. During the year, the effective interest rate for this facility ranges from 2.45% to 5.90% (2021: 2.61%) per annum.

Term loan 7

Term loan 7 is a Temporary Bridging Loan granted under Enterprise Financing Scheme (EFS). The loan commenced on 4 May 2020 and is repayable in 60 monthly instalments. It is guaranteed by corporate guarantee (unlimited) from the Company.

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

During the financial year, term loan 7 was restructured. The loan is now repayable in 120 monthly instalments effective December 2022. The interest rate calculated on the extended tenor is 5.50% per annum.

12. BANK BORROWINGS (CONTINUED)

Term loan 8

Term loan 8 is a term loan taken to finance the purchase of equipment. The loan commenced on 25 September 2020 and is repayable in 60 monthly instalments. It is secured by the following:

(i) First legal mortgage over Property 2;

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

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

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

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

Term loan 9

Term loan 9 commenced on 22 October 2021 and is repayable in 60 monthly instalments. Term loan 9 is secured by securities commonly applicable to those of term loan 6.

(i) First legal mortgage over Property 2;

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

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

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

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing 3-month cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the effective interest rate for this facility ranges from 2.44% to 5.86% (2021: 2.44%) per annum.

During the financial year, term loan 9 was restructured. In addition to the monthly instalments, the loan shall be repaid by additional principal instalments as specified by the bank.

12. BANK BORROWINGS (CONTINUED)

Term loan 10

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

(i) First legal mortgage over Property 2;

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

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

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

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing 3-month cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the effective interest rate for this facility ranges from 2.44% to 5.86% (2021: 2.44%) per annum.

During the financial year, term loan 10 was restructured. In addition to the monthly instalments, the loan shall be repaid by additional principal instalments as specified by the bank.

Unutilised banking facilities

As at the end of the financial year 2022 and 2021, the Group has no unutilised banking facilities.

Short-term revolving loan

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

The loan is secured by the following:

(i) First legal mortgage over Property 2;

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

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

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

The interest rate for this facility is calculated as 2.00% per annum over the bank's prevailing cost of funds or at such other rates as the bank may stipulate from time to time at the bank's discretion. During the year, the effective interest rate for this facility ranges from 2.37% to 4.83% (2021: 2.43%) per annum.

The Group is subject to covenants imposed in respect of the bank borrowings.

13. LEASE LIABILITIES

	Leasehold lands $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group				
Balance as at 1 January 2022	5,763	627	116	6,506
Proceeds from pledging of asset	–	–	188	188
	5,763	627	304	6,694
Interest expense	204	31	3	238
Lease payments				
– Principal portion	(233)	(215)	(90)	(538)
– Interest portion	(204)	(31)	(3)	(238)
Balance as at 31 December 2022	5,530	412	214	6,156
Balance as at 1 January 2021	5,973	368	173	6,514
Additions	–	435	–	435
	5,973	803	173	6,949
Interest expense				
– Charged to profit or loss (Note 19)	130	27	6	163
– Capitalised under property, plant and equipment (Note 5)	80	–	–	80
	210	27	6	243
Lease payments				
– Principal portion	(210)	(176)	(57)	(443)
– Interest portion	(210)	(27)	(6)	(243)
Balance as at 31 December 2021	5,763	627	116	6,506

	Group 2022 $'000	Group 2021 $'000
Contractual undiscounted cash flows		
– Not later than a year	707	715
– Between one and five years	2,334	2,399
– More than five years	4,703	5,203
	7,744	8,317
Less: Future interest expense	(1,588)	(1,811)
Present value of lease liabilities	6,156	6,506
Presented in statements of financial position		
– Non-current	5,667	6,025
– Current	489	481
	6,156	6,506

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13. LEASE LIABILITIES (CONTINUED)

The Group leases leasehold lands in Singapore. As at 31 December 2022, the average incremental borrowing rate applied was 3.60% (2021: 3.60%).

The Group also leases certain motor vehicles and plant and machinery under finance leases with lease term ranging from 4 to 5 years (2021: 4 to 5 years). The average interest rates implicit in the lease range from 1.70% to 3.69% (2021: 1.78% to 3.69%).

The Group's lease liabilities of $626,000 (2021: $743,000) are secured over certain right-of-use assets over motor vehicles and plant and machinery (Note 6), which will revert to the lessors in the event of default by the Group.

As disclosed in Note 5 to the financial statements, the Group entered into a leasing arrangement with a bank, whereby the proceeds from the arrangement amounting to approximately $188,000, to be repaid over 5 years, was recognised in lease liabilities.

Lease liabilities are denominated in Singapore dollar.

14. DEFERRED TAX LIABILITIES

	Group	
	2022	**2021**
	$'000	**$'000**
Balance as at 1 January	302	293
Charged to profit or loss	29	9
Balance as at 31 December	331	302

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

	Accelerated tax depreciation	**Lease assets**	**Lease liabilities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January 2021	169	1,073	(949)	293
Charge/(Credit) to profit or loss	(2)	(38)	49	9
At 31 December 2021	167	1,035	(900)	302
Charge/(Credit) to profit or loss	53	(62)	38	29
At 31 December 2022	220	973	(862)	331

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Trade payables				
– third parties	213	178	–	–
Non-trade payables				
– third parties	403	598	40	34
– subsidiary	–	–	518	223
– loan from subsidiary	–	–	–	2,562
Accrued expenses	537	301	81	135
	1,153	1,077	639	2,954
Non-current				
Non-trade payable				
– shareholders	2,607	2,798	2,607	2,798
	3,760	3,875	3,246	5,752

Trade and other payables to third parties are unsecured, non-interest bearing and normally settled between 30 to 90 (2021: 30 to 90) days credit terms.

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

In the previous financial year, the loan from subsidiary is unsecured, bears interest at a rate of 2.25% per annum and repayable on demand.

The Group's non-current amount due to shareholders relates to discounted value of the deferred consideration of $3,000,000 due to the shareholders.

During the financial year, a supplemental deed was signed between the shareholders and the Group, to extend the repayment period by another 24 months from the due date of 18 August 2023 to 18 August 2025. This resulted in a fair value adjustment of the carrying amount of the non-trade payable due to shareholders by approximately $310,000 and the impact was recognised within the reserves of the Group. Interest accreted on the balance during the year amounts to approximately $119,000 (2021: $40,000).

The amount owing to shareholders are unsecured, non-interest bearing and repayable within 48 months (2021: 24 months) from the completion of Reverse Acquisition (Note 1.2). The carrying amount of the non-current amount due to shareholders approximate their fair value.

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

16. REVENUE

	Group	
	2022	2021
	$'000	$'000
Recognised at a point in time:		
Provision of waste management and disposal services	7,031	5,964
Sale of recyclable waste	695	417
	7,726	6,381

17. OTHER INCOME

	Group	
	2022	2021
	$'000	$'000
Claim from insurance	93	28
Gain on disposal of scrap	23	–
Government grants	194	144
	310	172

18. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022	2021
	$'000	$'000
Salaries, wages and other short-term benefits	1,834	1,670
Contributions to defined contribution plans	169	138
	2,003	1,808

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

19. FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest expense		
– lease liabilities (Note 13)	238	163
– bank borrowings	301	202
– non-trade payables to shareholders	119	40
	658	405

20. LOSS BEFORE INCOME TAX

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

	Group	
	2022	**2021**
	$'000	**$'000**
Other operating expenses		
Crane and wharfage expenses	611	550
Diesel expenses	489	273
Property taxes	98	95
Purchase of recyclables	454	243
Subcontractor and other labour costs	919	494
Upkeep of vehicles	109	90
Vehicle overhead	167	148
Waste disposal fees	1,673	1,346
Written off on right-of-use assets	–	94
Written off on property, plant and equipment	–	21

21. INCOME TAX EXPENSE/(CREDIT)

	Group	
	2022	**2021**
	$'000	**$'000**
Current income tax		
– current financial year	–	7
– overprovision for prior year	(8)	(48)
	(8)	(41)
Deferred tax		
– current financial year	19	(8)
– underprovision for prior year	11	17
	30	9
	22	(32)

21. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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

	Group	
	2022	**2021**
	$'000	**$'000**
Loss before income tax	(1,406)	(4,743)
Income tax at the applicable tax rate of 17% (2021: 17%)	(239)	(806)
Effect of expenses not deductible for tax purposes	263	823
Effect of income not subject to tax	–	(10)
Tax incentives and rebates	(5)	(8)
Overprovision for prior year's current taxation	(8)	(48)
Underprovision for prior year's deferred taxation	11	17
	22	(32)

22. LOSS PER SHARE

The calculation for loss per share is based on:

	Group	
	2022	**2021**
Numerator		
Loss attributable to owners of parent ($'000)	1,428	4,711
Denominator		
Weighted average number of ordinary shares for purpose of computing loss per share ('000)	112,814	91,784
Loss per share		
Basic and diluted (cents)	1.27	5.13

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

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

23. COMMITMENTS

Capital commitments

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

	Group	
	2022	**2021**
	$'000	**$'000**
Capital expenditure contracted but not provided for		
– Property, plant and equipment	160	388

24. CONTINGENT LIABILITIES

Corporate guarantee

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to the subsidiary. These guarantees are financial guarantee contract as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 December 2022, such banking facilities granted to the subsidiary amounted to $8,734,000 in aggregate (2021: $8,858,000) and the amount utilised by the subsidiary amounted to $6,046,000 (2021: $7,645,000). There has been no default or non-repayment since the utilisation of the banking facilities.

25. SEGMENT INFORMATION

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

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

Geographical information

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

Major customer

For the financial year ended 31 December 2022, revenue from one major customer of the Group represents approximately 7.4% (2021: 9.9%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group entities with its related parties during the financial years ended 31 December 2022 and 31 December 2021:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
With shareholders				
Consideration payable to	–	2,798	–	2,798
Interest payable to	119	40	119	40
With subsidiaries				
Management fees charged to	–	–	1,105	433
Interest expense charged by	–	–	44	4
Loan to	–	–	2,370	336
Loan from	–	–	1,044	2,562
Recharge of salaries by			592	223
Waiver of debt by	–	–	3,606	–

As at the end of each financial year end, the outstanding balances in respect of the above transactions are disclosed in Notes 7 and 15 to the financial statements.

Compensation of Directors and key management personnel

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

The remuneration of Directors and key management personnel of the Group and the Company during the financial years ended 31 December 2022 and 31 December 2021 were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	858	749	663	248
Post-employment benefits	93	77	63	22
Directors' fees	84	54	84	54
	1,035	880	810	324

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Directors and key management personnel (Continued)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Directors of the Company				
Short-term employee benefits	195	183	195	72
Post-employment benefits	9	9	9	3
Directors' fees	84	54	84	54
	288	246	288	129
Directors of the subsidiaries				
Short-term employee benefits	507	456	–	–
Post-employment benefits	63	52	–	–
	570	508	–	–
	858	754	288	129

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

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

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

27.1 Credit risks

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

27.1 Credit risks (Continued)

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

	Company	
	2022	**2021**
	$'000	**$'000**
Corporate guarantees provided to a bank for a subsidiary's banking facilities utilised as at the end of financial year	6,046	7,645

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

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

Trade receivables

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, except for the 2 (2021: 1) trade receivables from third parties of approximately $488,000 (2021: $59,000) representing 31% (2021: 5%) of the Group's total trade receivables as at the end of the financial year. The Board of Directors are confident that these debts are recoverable.

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

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

Non-trade receivables

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

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

27.1 Credit risks (Continued)

Cash and cash equivalents

Cash and cash equivalents are deposited with reputable banks with minimum rating "A", based on Moody's credit ratings. The Board of Directors monitor the credit ratings of counterparties regularly. Impairment of cash and cash equivalents has been measured based on a 12-month expected credit loss model. As at 31 December 2022, the Group and Company did not expect any credit losses from non-performance by the counterparties.

27.2 Interest rate risk

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

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

	Group	
	2022	2021
	$'000	$'000
Bank borrowings	5,692	6,517

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

Interest rate sensitivity analysis

At the end of the financial year, if borrowing interest rates had been 100 basis points (2021: 100 basis points) higher with all other variables held constant, the Group's loss would have been $59,979 (2021: $54,758) higher arising from higher interest expense.

27.3 Foreign currency risks

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

27.4 Liquidity risks

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

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

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

Contract maturity analysis

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

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
31 December 2022				
Financial liabilities				
Non-interest bearing				
– Trade and other payables	1,153	3,000	–	4,153
Interest bearing				
– Bank borrowings	1,739	5,291	3,006	10,036
– Lease liabilities	707	2,334	4,703	7,744
	3,599	10,625	7,709	21,933
31 December 2021				
Financial liabilities				
Non-interest bearing				
– Trade and other payables	1,077	3,000	–	4,077
Interest bearing				
– Bank borrowings	2,416	6,514	2,244	11,174
– Lease liabilities	715	2,399	5,203	8,317
	4,208	11,913	7,447	23,568

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

27.4 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
31 December 2022				
Financial liabilities				
Non-interest bearing				
– Trade and other payables	639	3,000	–	3,639
Financial guarantee contracts	1,139	3,606	1,301	6,046
31 December 2021				
Financial liabilities				
Non-interest bearing				
– Trade and other payables	392	3,000	–	3,392
Interest bearing				
– Trade and other payables	2,601	–	–	2,601
	2,993	3,000	–	5,993
Financial guarantee contracts	1,838	4,900	907	7,645

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

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

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

27.5 Capital management policies and objectives

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

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in Notes 9, 10 and 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

27.5 Capital management policies and objectives (Continued)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other payables	1,153	1,077	639	2,954
Bank borrowings	8,474	10,384	–	–
Lease liabilities	6,156	6,506	–	–
Non-trade payables to shareholders	2,607	2,798	2,607	2,798
Less: Cash and bank balances	(1,854)	(5,298)	(670)	(3,148)
Net debt/(cash)	16,536	15,467	2,576	2,604
Total equity	4,172	5,290	9,782	23,913
Total capital	20,708	20,757	12,358	26,517
Gearing ratio	79.8%	74.5%	20.8%	0.1%

The Group and the Company have complied with all externally-imposed capital requirements as disclosed in Note 12 to the financial statements, for the financial years ended 31 December 2022 and 31 December 2021. The Group's overall strategy remains unchanged from 2021.

27.6 Categories of financial instruments

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Trade and other receivables(1)	1,852	1,249	3,931	733
Cash and bank balances	1,854	5,298	670	3,148
Financial assets, at amortised cost	3,706	6,547	4,601	3,881
Financial liabilities				
Trade and other payables	1,153	1,077	639	2,954
Non-trade payables to shareholders	2,607	2,798	2,607	2,798
Bank borrowings	8,474	10,384	–	–
Lease liabilities	6,156	6,506	–	–
Financial liabilities, at amortised cost	18,390	20,765	3,246	5,752

(1) Excludes goods and services tax receivable.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	664	19.31	29,275	0.03
100 – 1,000	1,463	42.56	562,027	0.50
1,001 – 10,000	1,000	29.09	3,191,551	2.83
10,001 – 1,000,000	303	8.81	18,270,279	16.19
1,000,001 AND ABOVE	8	0.23	90,760,738	80.45
TOTAL	**3,438**	**100.00**	**112,813,870**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 31 March 2023[1])

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

Notes:

(1) Based on the total issued share capital of 112,813,870 ordinary shares of the Company as at 31 March 2023.

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

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

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SHITTHI NABESATHUL BATHURIA D/O ABDUL HAMID	55,416,666	49.12
2	SIVAKUMAR MARTIN S/O SIVANESAN	15,833,333	14.03
3	PERUMAL S/O GOPAL	7,916,666	7.02
4	CHOO TUNG KHENG	6,175,307	5.47
5	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,666,666	1.48
6	POH CHONG PENG	1,500,000	1.33
7	OAKWOOD & DREHEM CAPITAL PTE LTD	1,208,000	1.07
8	TAN ENG CHUA EDWIN	1,044,100	0.93
9	LIM KAH HIN	906,127	0.80
10	UOB KAY HIAN PRIVATE LIMITED	779,737	0.69
11	DBS NOMINEES (PRIVATE) LIMITED	752,991	0.67
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	731,744	0.65
13	YEO TIONG BOON	528,750	0.47
14	PHILLIP SECURITIES PTE LTD	520,966	0.46
15	ONG POH CHOO	500,000	0.44
16	TAN CHIN WAH	500,000	0.44
17	NG KWEE PANG	444,880	0.39
18	LIM EE CHUAN	428,125	0.38
19	TAN KOCK HENG	375,000	0.33
20	ZENG HANG CHENG	375,000	0.33
	TOTAL	**97,604,058**	**86.50**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 31 March 2023, approximately 23.85% of the Company's shares are held in the hands of public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Shanaya Limited (the "**Company**") will be convened and held by way of electronic means on Thursday, 27 April 2023 at 10.00 a.m. (Singapore time) to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

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

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

4. To approve the payment of Directors' fees of up to S$84,000 for the financial year ending 31 December 2023, payable quarterly in arrears (FY2022: S$84,000). **(Resolution 4)**

5. To re-appoint BDO LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

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

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

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

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

(i) Additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force of such additional Instruments in (b)(i) above,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

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

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

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

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

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

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

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

[See Explanatory Note (iii)] **(Resolution 6)**

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

   That authority be and is hereby given to the Directors of the Company to offer and grant options (the "**Options**") in accordance with the provisions of the Share Option Scheme and pursuant to Section 161 of the Companies Act to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of Options provided that the aggregate number of new Shares available pursuant to the Share Option Scheme, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
   [See Explanatory Note (iv)] **(Resolution 7)**

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

   That authority be and is hereby given to the Directors to grant awards (the "**Awards**") in accordance with the provisions of the Performance Share Plan and pursuant to Section 161 of the Companies Act to allot and issue new Shares pursuant to the vesting of Awards provided that the aggregate number of new Shares available pursuant to the Performance Share Plan, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding that date.
   [See Explanatory Note (v)] **(Resolution 8)**

By Order of the Board

Yoo Loo Ping
Company Secretary

Singapore, 10 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **Ordinary Resolution 2** – Mr Mohamed Gani Mohamed Ansari will, upon re-election as a Director of the Company, remain as the Executive Director, Chief Executive Officer and Member of the Nominating Committee. Detailed information on Mr Mohamed Gani Mohamed Ansari can be found under the "Board of Directors", "Corporate Governance Report" and "Information on Directors Seeking Re-election" sections in the Company's Annual Report 2022.

(ii) **Ordinary Resolution 3** – Mr Lee Teong Sang will, upon re-election as a Director of the Company, remain as the Independent and Non-Executive Director, Chairman of the Audit Committee, Member of the Nominating Committee and Remuneration Committee. Detailed information on Mr Lee Teong Sang can be found under the "Board of Directors", "Corporate Governance Report" and "Information on Directors Seeking Re-election" sections in the Company's Annual Report 2022.

(iii) **Ordinary Resolution 6** – The resolution, if passed, will empower the Directors of the Company to allot and issue Shares in the capital of the Company and/or Instruments (as defined above), up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro-rata basis to existing shareholders. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held whichever is earlier.

(iv) **Ordinary Resolution 7** – The resolution, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company, to offer and grant Options in accordance with the provisions of the Share Option Scheme, and to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of Options provided that the aggregate number of new Shares available pursuant to the Share Option Scheme, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(v) **Ordinary Resolution 8** – The resolution, if passed, will empower the Directors of the Company from the date of this AGM to grant Awards in accordance with the provisions of the Performance Share Plan and to allot and issue new Shares pursuant to the vesting of Awards provided that the aggregate number of new Shares available pursuant to the Performance Share Plan, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding that date.

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's 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 and Shareholders will not be able to attend the AGM in person.

Copies of the documents and information relating to the AGM (including the Annual Report FY2022, Notice of AGM and Proxy Form) have been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

(a) http://www.shanayagroup.com/; or

(b) http://www.sgx.com/securities/company-announcements

Shareholders should take note of the following arrangements for the AGM:

(a) **Participation in the virtual AGM**

The AGM will be conducted only by way of electronic means, and shareholders will **not** be able to attend the AGM in person. The Company will arrange for (i) a "live" audio-visual webcast of the AGM ("**Live Webcast**"); and (ii) a "live" audio-only feed (via telephone), which allows shareholders to participate at the AGM ("**Audio Feed**"). The Company will utilise both (i) real-time electronic voting and (ii) real- time electronic communication at the AGM.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM are set out in items (b) to (e) below.

(b) **Pre-registration for AGM**

Shareholders, including investors who hold shares through the Central Provident Fund ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**"), or where applicable, their appointed proxy(ies) who wish to attend the AGM must pre-register online at https://agmegm.motionmediaworks.com/shanaya2022agm not later than **24 April 2023, 10.00 a.m.** ("**Pre-Registration Deadline**") for verification purposes. Following successful verification, an email with instructions on how to join the AGM will be sent to the registered shareholders via email by 26 April 2023, 10.00 a.m. Shareholders who have received the email instructions, must not forward the email instructions to other persons who are not shareholders or who are not entitled to attend the AGM proceedings. This is to avoid any technical disruptions or overload to the AGM proceedings. Besides, multiple logins of devices are not allowed as each login credential is only allowed for 1 device.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the AGM. An Investor who wishes to participate in the AGM should approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number), via email to the Company at info@shanayagroup.com not later than **24 April 2023, 10.00 a.m.**

Shareholders and Investors who have registered by the Pre-Registration Deadline but did not receive the aforementioned email by **26 April 2023, 10.00 a.m.** should contact the Company by email to info@shanayagroup.com.

(c) **Submission of Questions**

Shareholders and Investors may submit substantial and relevant textual questions related to the resolutions to be tabled for approval for the AGM in advance of, or "live" at, the AGM.

Submission of Questions in advance of the AGM

Shareholders and Investors who have questions in relation to any agenda item in this notice of AGM can submit their questions to the Company in advance, by **19 April 2023**, through any of the following means:

(i) Via the pre-registration website at the URL https://agmegm.motionmediaworks.com/shanaya2022agm;

(ii) by email to info@shanayagroup.com; or

(iii) by post, to be deposited at the Company's registered office at 3A Tuas South Street 15, Singapore 636845.

Shareholders and/or Investors must identify themselves when posting questions through email or mail by providing the following details:

(i) Full Name;

(ii) Contact Telephone Number;

(iii) Email Address; and

(iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

Shareholders and Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to respond to all substantial and relevant questions on or before 19 April 2023, relating to the ordinary resolutions to be tabled for approval at the AGM via an announcement on SGXNET and the Company's website latest by 22 April 2023.

Substantial and relevant questions which are submitted after 19 April 2023 will be consolidated and addressed either before the AGM via an announcement on SGXNet and the Company's website or at the AGM.

Submission of Questions "live" at the AGM

Shareholders and Investors may submit textual questions "live" at the AGM in the following manner:

(a) Shareholders or where applicable, their appointed proxy(ies) and Investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.

(b) Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their proxy(ies) separately via the pre-registration link https://agmegm.motionmediaworks.com/shanaya2022agm, not later than 24 April 2023, 10.00 a.m.

(c) Shareholders (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM Proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

(d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolution to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

    The Company will publish the minutes of the AGM, which will include responses from the Board and management of the Company on the substantial and relevant questions received from Shareholders via an announcement on SGXNet and the Company's website within one (1) month after the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(d) **Live Voting or Voting by appointing proxy(ies)**

For Investors who hold shares through relevant intermediaries please refer to item (e) for the procedures to vote at the AGM.

Shareholders will be able to vote online at the AGM via the live voting feature. Alternatively, a Shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may submit a Proxy Form to appoint the Chairman of the AGM or such other person(s) as his/her/its proxy(ies) to vote on his/her/its behalf at the AGM.

Duly completed Proxy Forms must be submitted through any of the following means not later than **24 April 2023, 10.00 a.m.** (being no later than 72 hours before the time appointed for holding the AGM):

(i) by email, a copy to info@shanayagroup.com; or

(ii) by post, be deposited at the Company's registered office at 3A Tuas South Street 15, Singapore 636845.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The Proxy Form has been made available on SGXNet and the Company's corporate website and may be accessed at the URLs http://www.sgx.com/securities/company-announcements and http://www.shanayagroup.com/.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) 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.

In appointing such other person(s) as proxy, if no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain at his/her discretion.

Please refer to the detailed instruction set out in the Proxy Form.

(e) **Voting at the AGM by Relevant Intermediary Investors and CPF/SRS Investors**

Relevant Intermediary Investors (including CPF/SRS investors) who wish to appoint Chairman of the Meeting or such other person(s) as their proxy(ies) to vote at the AGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS approved banks or depository agents to submit their votes by **17 April 2023**, being at least seven (7) working days before the AGM.

Personal data privacy:

By (a) submitting a proxy form appointing the Chairman of the AGM or such other person(s) as proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM or such other person(s) as proxy(ies) for the AGM (including any adjournment thereof);

(ii) processing of the pre-registration for purposes of granting access to Shareholders to the LIVE WEBCAST or AUDIO ONLY MEANS of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

In addition, the personal data of a Shareholder (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company during sounds and/or video recordings of the AGM which may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM and a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for such purpose.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following is the information relating to the Directors seeking re-appointment (as set out in Appendix 7F to the Rules of Catalist):

Name of Person	**Mohamed Gani Mohamed Ansari**	**Lee Teong Sang**
Date of appointment	18 August 2021	16 September 2004
Date of last re-appointment (if applicable)	–	9 July 2021
Age	64	63
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors ("**Board**") of the Company, having considered, among others, the recommendation of the Nominating Committee ("**NC**") and having reviewed and considered the contribution and performance, attendance, participation, candour and suitability of Mr Mohamed Gani Mohamed Ansari ("**Mr Ansari**") for re-election as Executive Director and Chief Executive Officer. The Board has reviewed and concluded that Mr Ansari possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board.	The Board of the Company, having considered, among others, the recommendation of the NC and having reviewed and considered the contribution and performance, attendance, participation, candour and suitability of Mr Lee Teong Sang ("**Mr Lee**") for re-election as Independent Non-Executive Director. The Board has reviewed and concluded that Mr Lee possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer Member of the Nominating Committee	Independent and Non-Executive Director Chairman of the Audit Committee Member of the Nominating Committee and Remuneration Committee

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Mohamed Gani Mohamed Ansari	Lee Teong Sang
Professional qualifications	Master of Business Administration (Marketing) from Annamalai University (India) Bachelor of Commerce from Madurai Kamaraj University (India) Diploma in Business Management/Administration from the College of Professional Management (Britain)	Bachelor of Pharmacy Degree from University of London Master of Business Administration Degree from University of Sheffield, UK
Working experience and occupation(s) during the past 10 years	Managing Director of Shanaya Environmental Services Pte Ltd	Principal consultant of Cyrus Capital Consulting
Shareholding interest in the listed issuer and its subsidiaries	Deemed interested in 55,416,666 ordinary shares (49.12%)	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 Ansari is the spouse of Shitthi Nabesathul D/O Abdul Hamid who is the Chief Administrative Officer and a controlling shareholder of the Company holding 55,416,666 ordinary shares in the capital of the Company, representing approximately 49.12% of shareholding interests in the Company.	No
Conflict of interest (including any competing business)	Please refer to section 17.5 entitled "Potential Conflicts of Interest" in the Circular of the Company dated 29 June 2021.	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Nil	Nil
Present	Kalisp Realty Private Limited Onaro Recycling Sdn Bhd Seven Green Recycling Sdn Bhd Shanaya Environmental Services Pte. Ltd. Singapore Precious Metal Refinery Pte. Ltd. Yanasha Enterprise (formerly known as Shanaya Recycling) Plastichem Recycling Pte. Ltd.	Cyrus Capital Consulting Cyrus Corporation Pte Ltd Kyrus Investment Pte. Ltd. Scent Loft Pte. Ltd. New Wave Holdings Ltd.

Name of Person	Mohamed Gani Mohamed Ansari	Lee Teong Sang
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Mohamed Gani Mohamed Ansari	Lee Teong Sang
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

Name of Person	Mohamed Gani Mohamed Ansari	Lee Teong Sang
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information Required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of an issuer listed on the Exchange?	Not Applicable. This disclosure relates to re-appointment of Director.	Not Applicable. This disclosure relates to re-appointment of Director.
If yes, please provide details of prior experience	Not Applicable.	Not Applicable.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable.	Not Applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not Applicable.	Not Applicable.

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SHANAYA LIMITED
(Company Registration No. 199804583E)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. The Annual General Meeting ("**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. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 10 April 2023 which has been uploaded on SGXNet at http://www.sgx.com/securities/company-announcements and the Company's website at http://www.shanayagroup.com on the same day.
2. A shareholder of the Company ("**Shareholder**") WILL NOT be able to attend the AGM in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may either cast his/her/its votes live at the AGM via the live voting feature, or appoint the Chairman of the AGM or such other person(s) as his/her/its proxy(ies) to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. In appointing such other person(s) as proxy(ies), if no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her discretion.
3. A Shareholder who wishes to appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register his/her/its proxy(ies) at the pre-registration link https://agmegm.motionmediaworks.com/shanaya2022agm, not later than 24 April 2023, 10.00 a.m.
4. For CPF, or SRS investors who wish to appoint the Chairman of the Meeting or such other person(s) as their proxy(ies), they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM. This Proxy Form is not valid for use by CPF, or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name), ______________________ (NRIC/Passport/Company Registration Number)

of ____ (Address)

being a Shareholder/Shareholders of Shanaya Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on 27 April 2023 at 10.00 a.m. and any adjournment thereof. *I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. Please indicate with an "X" within the relevant box to vote for or against, or abstain from voting, in respect of the resolutions to be proposed at the AGM as indicated hereunder. Alternatively, please indicate the number of shares that your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.)

No.	Resolutions	For	Against	Abstain
Ordinary Business				
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022.			
2.	Re-election of Mr Mohamed Gani Mohamed Ansari as a Director.			
3.	Re-election of Mr Lee Teong Sang as a Director.			
4.	Approval of Directors' fees for financial year ending 31 December 2023 amounting to S$84,000, payable quarterly in arrears.			
5.	Re-appointment of BDO LLP to act jointly and severally as auditors.			
Special Business				
6.	Authority to allot and issue new shares.			
7.	Authority to allot and issue shares under the Shanaya Employee Share Option Scheme.			
8.	Authority to allot and issue share under Shanaya Performance Share Plan.			

* Delete as appropriate.

Dated this ________ day of ______________ 2023

Total Number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or Common Seal of Corporate Shareholder

IMPORTANT: Please read the notes overleaf before completing this proxy form.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.

2. Shareholders will not be allowed to attend the AGM in person. Shareholders will be able to vote online on the resolutions to be tabled for approval at the AGM via the live voting feature. Alternatively, a Shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM, may appoint the Chairman of the AGM or such other person(s) as his/her/its proxy(ies) to vote on his/her/its behalf at the AGM. The proxy(ies) need not be a Shareholder. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid. In appointing such other person(s) as proxy(ies), if no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her discretion.

3. This Proxy Form appointing the Chairman of the AGM or such other person(s) as proxy(ies) (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be submitted to the Company in the following manner:

   (a) if submitted by email, be received by the Company at info@shanayagroup.com; or

   (b) by post, be deposited at the registered office of the Company at 3A Tuas South Street 15, Singapore 636845.

   in either case, by no later than 10.00 a.m. on 24 April 2023, being 72 hours before the time appointed for holding the AGM (the "**Proxy Deadline**"), and in default the proxy form shall not be treated as valid.

   Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

4. This Proxy Form must be signed by the Shareholder or his/her/its attorney duly authorised in writing. In the case of joint holders, all joint holders must sign this Proxy Form. If the Shareholder is a corporation, this Proxy Form must be executed either under seal or under the hand of an officer or attorney duly authorised in writing. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with this Proxy Form, failing which the Proxy Form may be treated as invalid.

5. The Company shall be entitled to reject the Proxy Form 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 Proxy Form. In the case of a Shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form appointing the Chairman of the AGM or such other person(s) as proxy(ies) lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

6. By submitting this Proxy Form, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2023.

SHANAYA LIMITED
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Fax: +65 6862 0304
Email: info@shanayagroup.com
Website: www.shanayagroup.com