# SECURED PAYMENT PLATFORM

2023 ANNUAL REPORT

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# CORPORATE PROFILE


OxPay Financial Limited ("**OxPay**" or the "**Company**", and together with its subsidiaries, the "**Group**") was established in 2005 as an online-to-offline financial services technology provider with a fully integrated platform that allows both online and offline merchants to run and grow their businesses easily.

OxPay's role as an enabler in the payment ecosystem provides merchants with the ability to seamlessly manage payment collection, improve operational efficiency and increase sales completion rate. Today, OxPay's brand presence within the Southeast Asia Region is a testament to the effectiveness and reliability of our secured payment platform in helping businesses meet the changing needs of their industries.

## A. MERCHANT PAYMENT SERVICES ("MPS")

OxPay provides payment processing services through a unified platform and smart software, which are designed for merchants with physical stores, websites, or applications, enabling integration with any smart devices including mobile phones, tablets, and Smart point-of-sale ("**POS**") terminals.

## B. DIGITAL COMMERCE ENABLING SOLUTIONS ("DCES")

Provision of ancillary services, such as the sale and lease of Smart POS terminals, and provision of both proprietary and licensed software-as-a-service which can be white-labeled. This segment also develops bespoke software solutions for its merchants, and tokenisation/detokenisation services.

# MESSAGE TO SHAREHOLDERS

**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors of OxPay Financial Limited ("**OxPay**" or the "**Company**", and together with its subsidiaries, the "**Group**"), we are pleased to present to you the Annual Report of the Group for the financial year ended 31 December ("**FY**") 2023.

In FY2023, the Group faced a difficult operating landscape, including the termination of the PayFac Agreement by Worldpay, as announced on 30 May 2023. The Group recorded a net loss of S$1.41 million for FY2023, as compared to a net loss of S$0.43 million in FY2022, which benefitted from a one-time reversal of impairment loss on trade and other receivables of S$2.28 million. Despite the negative bottom line, the Group's balance sheet remained stable, with a net cash position of S$8.57 million as of FY2023.

**Enhancing Our Leadership Team**

To strengthen our management bench, the Group welcomed Mr Yick Li Tsin on 9 November 2023 as the Chief Operating Officer of OxPay SG Pte. Ltd. ("**OxPay SG**"), a wholly-owned subsidiary of the Company, and promoted him to Executive Director and Chief Executive Officer of the Group on 31 January 2024. With a background in financial technology, Mr Yick previously held roles that included Chief Executive Officer of Candypay Holdings Pte. Ltd. and Director of Business Development at Chong Sing Holdings Fintech Group Limited. Mr Yick also holds a Bachelor of Business Administration from the National University of Singapore and a Postgraduate Diploma in Systems Analysis from the Institute of Systems Science, National University of Singapore.

**FY2023 Milestones**

Notwithstanding multiple challenges faced during the financial year, the Group was able to notch several significant milestones.

One notable achievement was the Group's partnership with NomuPay to offer integrated payment solutions in four markets in Southeast Asia and Hong Kong. The partnership facilitates OxPay SG's aim to expand its revenue sources by entering new markets such as the Philippines and Hong Kong, thereby allowing the Group to continue driving innovation and growth in the quickly evolving financial services landscape.

In addition, OxPay SG secured approval from the Monetary Authority of Singapore ("**MAS**") to offer e-money and account issuance services under its major payment institution license in Singapore. The approval is expected to enable OxPay SG to further expand its service offerings to include e-wallets, non-bank issued stored-value cards or payment accounts that store e-money, as well as issue e-money for the purpose of making payment for a transaction.

As the Group explores growth opportunities in new geographical markets, the increased payment service offerings are anticipated to broaden and deepen its customer base. Considering its established digital infrastructure and track record, the Group believes that it is well-positioned to capitalise on the growth that this approval from MAS offers.

# MESSAGE TO SHAREHOLDERS

OxPay SG also entered into a one-year collaboration with Green Link Digital Bank Pte. Ltd. ("**GLDB**") in December 2023 to explore opportunities in merchant acquisition that will mutually benefit their individual business expansion goals. The collaboration will offer a comprehensive suite of payment solutions and financing services to prospective merchants and business entities.

GLDB is a licensed wholesale digital bank in Singapore, providing banking, supply chain financing and working capital financing services to business enterprises in Singapore. By combining OxPay SG's robust payment solutions with GLDB's specialised banking services, the Group is setting a new standard for integrated financial services, which aims to create synergies to drive significant value for its customers and the market.

In November 2023, the Company entered into a non-binding term sheet for a proposed investment by the Company or its affiliate in PT Diners Payment Indonesia, a company mainly engaged in being the agency for Discover and Diners Club network in Indonesia, and in the merchant acquiring payment processing businesses. The parties are still in the midst of performing due diligence, and negotiating the definitive agreements for the proposed investment.

Last but not least, in March 2024, OxPay entered into an agreement with DCS Card Centre Pte. Ltd. ("**DCS**") to be their payment facilitator. This will allow us to process credit cards and charge cards issued by DCS, as well as resume international payments through Visa, Mastercard, Diners Club International and China UnionPay. Additionally, the Group offers alternative payment methods such as PayNow, GrabPay, Singtel Dash, and other wallets, providing merchants with a complete range of payment solutions.

We are also working with DCS to provide other forms of products and solutions to make credit more accessible to its customers.

**Looking Ahead to 2024**

Meanwhile, OxPay remains committed to its expansion plans and is working vigorously to grow its business with merchant acquirers. We believe that we are also strategically positioned to leverage on buoyant, multi-year growth prospects in the ASEAN digital payments market.

In Southeast Asia, the prevalence of digital payments through e-wallets has already surpassed physical card payments and is poised to become the predominant method across point-of-sale systems overall[1]. Cash is no longer king, as digital payments now make up 50% of the Southeast Asian region's transactions[2]. Consequently, ASEAN is the world's fastest-growing region for mobile wallets, with the number of active accounts among the ASEAN-5 + Vietnam countries forecast to grow more than threefold to about US$440 million by 2025[3].

We believe that OxPay is strategically positioned to capitalise on these industry growth trends through the establishment of international payment alliances with key players in the region.

As merchants embrace omnichannel payments to enhance convenience for their consumers, the selection of the right payment partner has, in turn, become a critical factor in securing a competitive advantage within the industry.

In line with its expansion strategy, the Group is prioritising the stabilisation of its existing business operations in Singapore, Malaysia and Thailand, while simultaneously enhancing its service offerings to attract a larger customer base. These goals are expected to be achieved through strategic partnerships and potential acquisitions.

**Appreciation**

On behalf of the Board of Directors, we would like to express our sincere appreciation to our dedicated employees for their perseverance, diligence, and adaptability in the face of multiple challenges. We would also like to extend our deepest gratitude to our business partners, clients, and shareholders for their unwavering support despite the uncertain business climate. As the Group looks forward and gears up to reach new heights in the current financial year, we remain committed to spearheading innovation, addressing the changing needs of our customers, and maximising sustainable value for all our stakeholders.

**CHING CHIAT KWONG**
Non-Executive Non-Independent Chairman

**YICK LI TSIN**
Executive Director and Chief Executive Officer

1 https://www.oliverwyman.com/our-expertise/insights/2023/jan/how-digital-payments-will-evolve-in-2023.html
2 https://www.temasek.com.sg/content/dam/temasek-corporate/news-and-views/resources/reports/google-temasek-bain-e-conomy-sea-2023-report.pdf
3 https://sponsored.bloomberg.com/article/hsbcasean/open-for-business-southeast-asia-s-digital-payments-revolution

# REVIEW OF OPERATIONS

## STATEMENT OF COMPREHENSIVE INCOME

Revenue in FY2023 decreased by 16% to $8.3 million from $9.9 million in FY2022. The decrease in revenue was mainly due to the decrease in sales for the Group's Merchant Payment Service (MPS) in Thailand and Digital Commerce Enabling Solutions (DCES) business segments, resulting from the lower sales in prepaid cards in Malaysia and termination of an acquirer bank in Thailand.

Revenue from the Group's Singapore operations increased by $3.6 million in FY2023 from FY2022. This increase in revenue partially offset the decrease in revenue from its Malaysia and Thailand operations of $4.2 million and $0.9 million, respectively.

The Group's gross profit margin increased to 29% in FY2023 from 26% in FY2022. Overall gross profit fell to $2.5 million in FY2023 from $2.6 million in FY2022. There was no material change in gross profit margin between FY2023 and FY2022.

Other income decreased by 85% to $0.1 million in FY2023 from $0.6 million in FY2022. The decrease in FY2023 was mainly due to decrease in government grants, sundry income and absence of a one-off gain on debt settlement of $0.1 million in FY2022.

The Group recognised a gain on derecognition of associate of $0.5 million based on the fair value of the retained equity interest of 6.9% in FY2023.

Administrative expenses decreased by $0.4 million to $5.1 million in FY2023, from $5.5 million in FY2022. The decrease in administrative expenses was mainly due to decreases in employee compensation and professional services fees, partially offset by an increase in directors' fees.

Absence of the reversal of impairment loss on trade and other receivables of $2.3 million in FY2023, was mainly due to an agreement with the debtor of impaired receivables recorded in FY2022 to assign the debt to a related party of the debtor.

There was no significant changes in the other operating expenses in FY2023 as compared to FY2022.

Finance income increased by $0.8 million to $0.9 million in FY2023, from $0.1 million in FY2022. The increase was mainly due to excess funds being placed in short-term fixed deposits in FY2023.

There were no significant changes in the finance costs in FY2023 as compared to FY2022.

The Group recorded a net loss of $1.4 million in FY2023 as compared to a net loss of $0.4 million in FY2022.

## STATEMENT OF FINANCIAL POSITION

### Non-current assets

Non-current assets increased to $0.9 million as at 31 December 2023 from $0.5 million as at 31 December 2022. The increase was mainly due to the gain from financial assets at fair value through other comprehensive income of $0.5 million, partially offset by the depreciation of plant and equipment, and amortisation and impairment of intangible assets charged in FY2023.

### Current Assets

Current assets comprised cash and cash equivalents, inventory, and trade and other receivables. Current assets decreased by $9.8 million, from $25.6 million as at 31 December 2022 to $15.8 million as at 31 December 2023.

Cash and cash equivalents decreased by $12.7 million, from $22.1 million as at 31 December 2022 to $9.4 million as at 31 December 2023. This was due to the settlement of merchant payables.

The decrease in cash and cash equivalents was attributable to the cash being used in operating activities.

Trade and other receivables increased by $3.0 million mainly due to outstanding from an acquirer which were settled after the financial year end.

### Current liabilities

Current liabilities comprised mainly trade and other payables and borrowing. Current liabilities decreased by $8.6 million, from $20.6 million as at 31 December 2022 to $12.0 million as at 31 December 2023.

Trade and other payables decreased by $8.8 million, from $20.6 million as at 31 December 2022 to $11.8 million as at 31 December 2023. This was due to the settlement of merchant payables.

Current and non-current borrowing increased to $0.8 million as at 31 December 2023, mainly due to the drawdown of the bank loan of $1.0 million in January 2023.

## STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents decreased by $12.7 million, from $22.1 million as at 31 December 2022 to $9.4 million as at 31 December 2023. The decrease in cash and cash equivalents in FY2023 was due mainly to:

i. Cash used in operating activities of $13.5 million, attributed to operating cash outflows before working capital changes of $2.5 million and the increase in trade and other payables of $9.0 million and increase in trade and other receivables of $2.9 million;

ii. Cash used in investing activities of $0.1 million, attributed to the purchase of plant and equipment and intangible assets; and

iii. Cash generated from financing activities of $0.8 million. This was due to the drawdown of borrowing of $1.0 million, partially offset by the repayment of borrowing and lease liabilities of $0.2 million.

# PROFILE OF DIRECTORS

## CHING CHIAT KWONG
Non-Executive Non-Independent Chairman

**Mr Ching Chiat Kwong ("Mr Ching")** is the Executive Chairman and CEO of Oxley Holdings Limited, a company listed on the Main Board of the SGX-ST. He is responsible for the formulation of corporate strategies, charting future growth plans and driving overall performance of the Oxley Holdings Group.

Mr Ching possesses 20 years of property industry experience. Prior to establishing the Oxley Holdings Group, he invested in, developed and successfully launched 13 residential projects in various parts of Singapore. His keen business acumen and astute ability to identify market trends and business opportunities have enabled him to lead the Oxley Holdings Group's expansion into the development of industrial and commercial projects in addition to residential properties. Under Mr Ching's leadership, the Oxley Holdings Group completed the then-largest initial public offering on the Catalist of the SGX-ST in 2010.

Mr Ching received the 2017 Real Estate Personality of the Year awards at PropertyGuru Asia Property Awards (Singapore) and EdgeProp Singapore Excellence Awards 2017. Mr Ching is also an active supporter of programmes that benefit the elderly and socially disadvantaged. He sits on the board of Thye Hua Kwan Nursing Home Limited.

Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Honours) degree from National University of Singapore in 1989 and 1990 respectively.

## SHAWN CHING WEI HUNG
Non-Executive Non-Independent Deputy Chairman

**Mr Shawn Ching Wei Hung ("Mr Shawn Ching")** is currently the Executive Director and Group General Manager of Oxley Holdings Limited.

Mr Shawn Ching is responsible for the general operations and administration of the Oxley Holdings Group. Prior to the foregoing appointment in November 2018, he was a Project Manager at Oxley Holdings Limited.

Mr Shawn Ching graduated from the University of Buckingham with a Bachelor of Science degree in Business and Management with first class honours. Thereafter, he went on to obtain a Master of Science degree in Sustainable Urban Development from the University of Oxford.

Mr Shawn Ching sits on the Board of Regents of Harris Manchester College, University of Oxford.

## YICK LI TSIN
Executive Director and Chief Executive Officer

**Mr Yick Li Tsin** was appointed as the Executive Director and Chief Executive Officer on 31 January 2024. Prior to his current appointment, he was appointed as Chief Operating Officer of OxPay SG Pte. Ltd., a wholly-owned subsidiary of the Company on 9 November 2023. He served in various roles including as Business Development Director for Chong Sing Holdings Fintech Group Limited, President Director of PT Candypay Indonesia and Shareholder/Commissioner of PT Diners Payment Indonesia.

He graduated with Bachelor of Business Administration from National University of Singapore.

## CHIN CHEN KEONG, JOHN
Non-Executive Independent Director

**Mr John Chin ("Mr Chin")** is currently the Managing Director of Heurisko Pte. Ltd. and was a consultant to Ernst & Young Global ("EY"), as the Asia-Pacific Leader for the deployment of EY's global SAP solution across 22 countries in APAC. Prior to this role, he was a Partner of Ernst & Young LLP and Ernst & Young Solutions LLP and a Director of Ernst & Young Advisory Pte. Ltd. before he retired in 2020.

Mr Chin has over 35 years of experience in leading and managing technology risk assessments, audits and consulting. He was the Head of Risk Advisory in EY where he oversaw the risk consulting practice in Singapore and ASEAN.

Mr Chin is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of CPA Australia. He holds a Bachelor of Accountancy degree from the National University of Singapore and is a Certified Information Systems Auditor of ISACA.

## NG WENG SUI HARRY
Non-Executive Non-Independent Director

**Mr Ng Weng Sui Harry ("Mr Harry Ng")** is currently the executive director of HLM (International) Corporate Services Pte. Ltd., a company that provides business consultancy, accounting and corporate services. Prior to this position, he was the chief financial officer with a number of companies listed on the SGX-ST.

Mr Harry Ng has more than 30 years of experience in finance, accounting and audit. He currently sits on the boards of a number of companies listed on the SGX-ST, as an independent director and chairman of the audit committees.

Mr Harry Ng is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

# PROFILE OF DIRECTORS

## YEE KEE SHIAN, LEON
Non-Executive Independent Director

**Mr Yee Kee Shian, Leon ("Mr Yee")** the Chairman of Duane Morris & Selvam LLP ("DMS" or "Firm"), a leading international law firm. He serves as the Global Head of Corporate for DMS and leads the Banking & Finance, Fintech & Blockchain, and Energy Practice Groups. He is also a Board member of the Gambling Regulatory Authority, a statutory board under the Ministry of Home Affairs. He is also Head of the Firm's China Practice Group. He has extensive corporate law experience and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on banking & finance, corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate restructurings and joint ventures.

Mr Yee currently also serves as an independent non-executive director of F J Benjamin Holdings Ltd, Yangzijiang Shipbuilding (Holdings) Ltd. and Yangzijiang Financial Holding Ltd., all of which are SGX-ST listed companies. He is a member of the advisory board of Genesis Alternative Venture I L.P., a venture debt fund. Mr Yee graduated with a Bachelor of Arts (Law) and a Master of Arts from the University of Cambridge. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales.

## KESAVAN NAIR
Lead Independent Director

**Mr Kesavan Nair ("Mr Nair")** has over 30 years of experience in legal practice and is currently a Director of Bayfront Law LLC.

He is also an independent director of Medi Lifestyle Limited, a company listed on the SGX-ST.

Mr Nair graduated with a Bachelor of Laws (Honours) from University College of Wales in 1988. He is a Barrister-at-Law (Middle Temple, United Kingdom), Barrister and Solicitor of the High Court of Australia, Advocate & Solicitor (Supreme Court of Singapore), a member of the Law Society of Singapore, the Singapore Academy of Law and the Singapore Institute of Arbitrators. Mr. Nair is also a Fellow of the International Academy of Family Lawyers, as well as a Notary Public and a Commissioner for Oaths.

# KEY MANAGEMENT

## NG KOK PENG
Chief Financial Officer

**Mr Ng Kok Peng ("Mr Ng")** is responsible for the financial management, taxation, governance framework and corporate acquisition initiatives of the Group. Prior to joining the Group, he was the Chief Financial Officer with a number of companies listed on the SGX-ST.

He was also the Financial Controller at Oxley Holdings Limited from 2010 to 2014, where he led the finance department to complete its IPO in 2010, as well as its transition into the Main Board of the SGX-ST in 2013. He has more than 20 years of combined experience in audit, finance and accounting.

Mr Ng is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He holds a Bachelor of Science (Honours) in Applied Accounting from Oxford Brookes University.

## KEN CHEW
Chief Technology Officer

**Mr Ken Chew Keat Yeow ("Mr Ken Chew")** was appointed as Chief Technology Officer of OxPay SG Pte. Ltd. (wholly-owned subsidiary of the Company) in May 2023. Mr. Ken Chew is responsible for the Group's technology operation. Prior to his current appointment, he was the General Manager from April 2020 to May 2023 and Technology Officer from September 2012 to December 2017 of OxPay SG Pte. Ltd..

Mr Ken Chew has over 20 years of experience in entrepreneurship, business and technology. Prior to OxPay, he started his own company and also worked in a few global companies in project and technology management capacity.

Mr Ken Chew graduated with a Bachelor of Chemical Engineering (Honours) from National University of Singapore in 1998 and a Masters of Business Administration from NUS Business School in 2003.

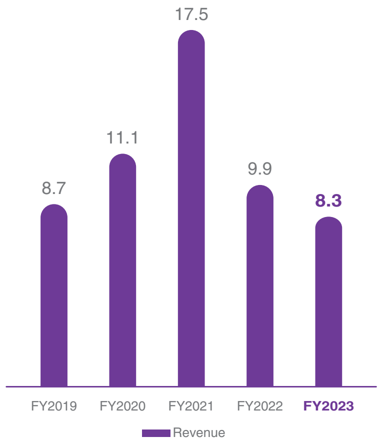
# KEY MANAGEMENT

**KIM MOON SOO**
Country Director, Malaysia

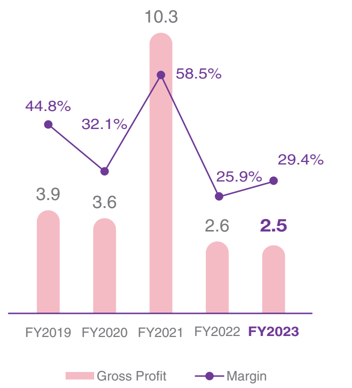
**Mr Kim Moon Soo ("Mr Kim")** is one of the founders of OxPay and is now leading the Group's Malaysian operations. Mr Kim is responsible for the strategic direction, key partnership, deal negotiations, product delivery, branding, communication and business compliance of the Group's Malaysian operations. Mr Kim has over 27 years of experience in the technology industry. Mr Kim began his career in Korea in 1994 with Standard Telecom Co., Ltd. where he was a Team Manager in charge of overseas marketing. He left in 2002 to join VK Corporation as General Manager where he oversaw the overseas marketing function. In 2005, Mr Kim left Korea for Singapore where he joined OxPay. Shortly after its incorporation, he shifted to Malaysia to build up the Group's Malaysian operations in 2013. Mr Kim graduated with a Bachelor of Arts from Chung-Ang University, Korea, in 1993.

# FINANCIAL HIGHLIGHTS

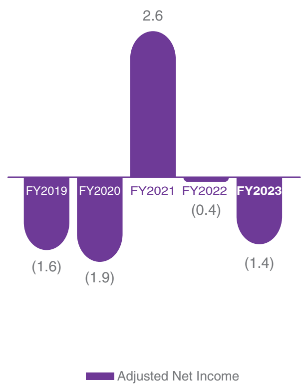
### Revenue ($m)




### Gross Profit ($m)

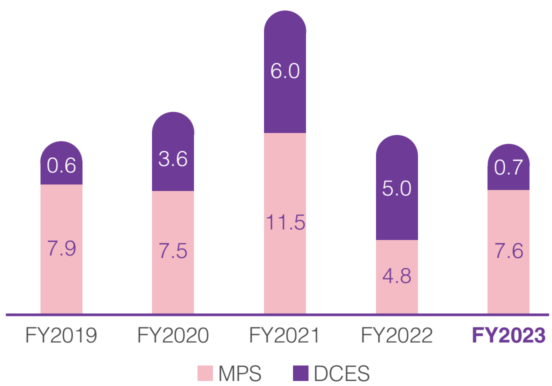



### Adjusted Net Income* ($m)

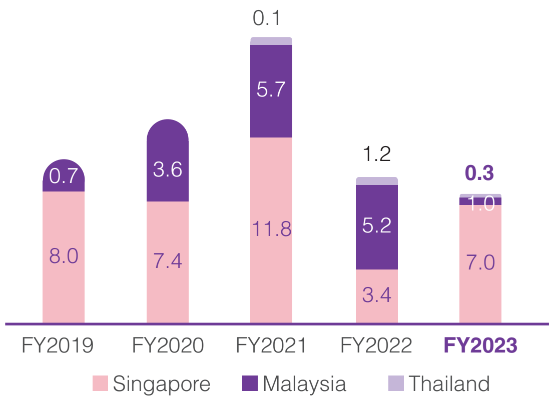



* *FY2021 Adjusted net income excludes one-off deemed RTO listing expenses of $26.4 million and non-recurring expenses relating to RTO transaction of $3.6 million*

### Revenue by Segment ($m)



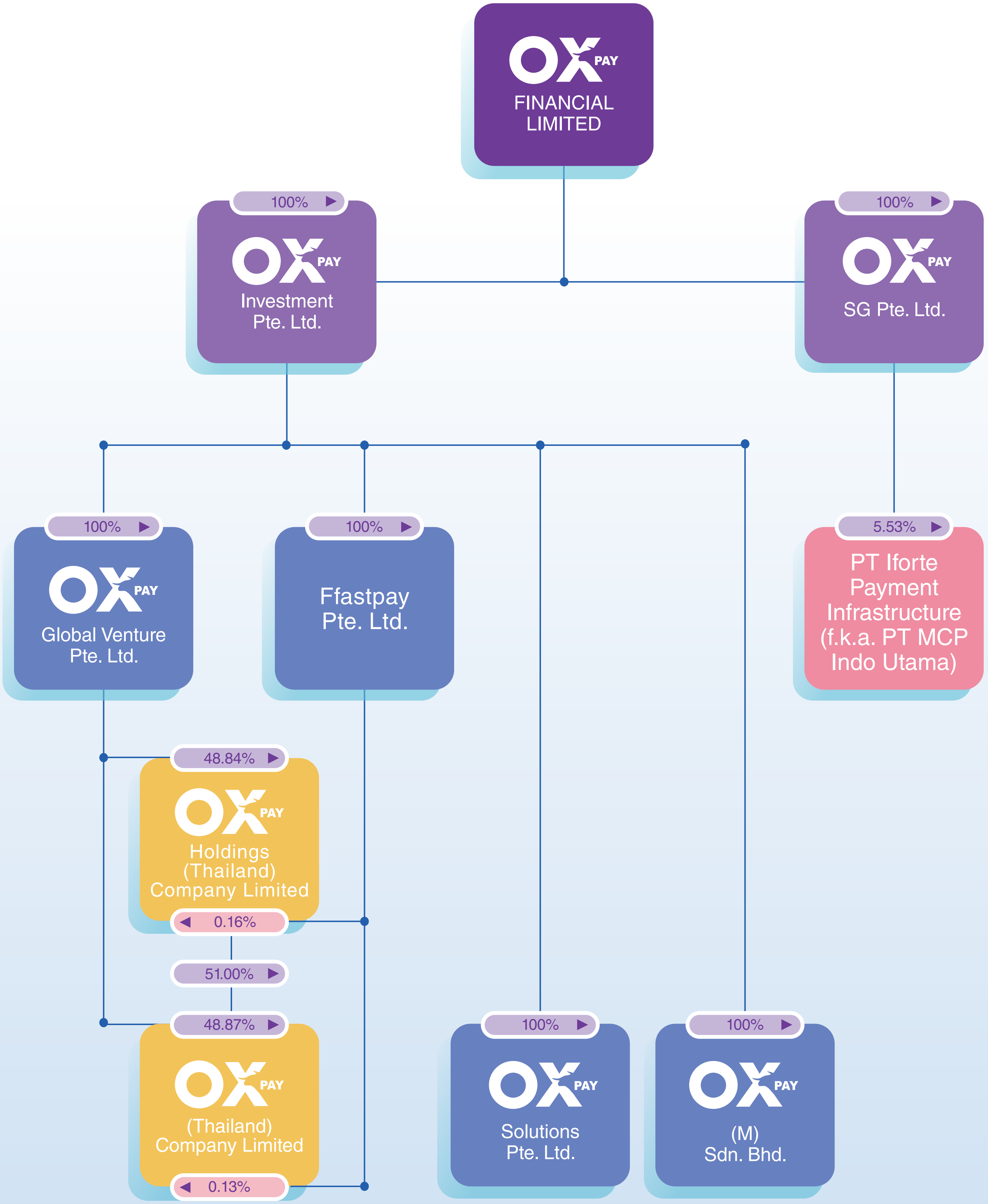

### Revenue by Markets ($m)




### *Consolidated Statements of Financial Position*

| | As at 31 Dec 2023 $m | As at 31 Dec 2022 $m |
|---|---|---|
| Non-Current Assets | **0.9** | 0.5 |
| Current Assets | **15.9** | 25.6 |
| Total Assets | **16.7** | 26.1 |
| | | |
| Non-Current Liabilities | **0.6** | – |
| Current Liabilities | **12.0** | 20.6 |
| Total Liabilities | **12.6** | 20.6 |
| | | |
| Equity Attributed to Owners of the Company | **4.5** | 5.8 |
| Non-Controlling Interests | **(0.4)** | (0.3) |
| Total Equity | **4.1** | 5.5 |

# GROUP STRUCTURE
AS AT 31 DECEMBER 2023



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**CHING CHIAT KWONG**
*Non-Executive Non-Independent Chairman*

**SHAWN CHING WEI HUNG**
*Non-Executive Non-Independent Deputy Chairman*

**YICK LI TSIN**
*Executive Director and Chief Executive Officer*

**NG WENG SUI HARRY**
*Non-Executive Non-Independent Director*

**KESAVAN NAIR**
*Lead Independent Director*

**CHIN CHEN KEONG**
*Non-Executive Independent Director*

**YEE KEE SHIAN, LEON**
*Non-Executive Independent Director*

## COMPANY SECRETARIES

Mr Vincent Lim
Ms Wee Mae Ann

## AUDIT COMMITTEE

Mr Chin Chen Keong *(Chairman)*
Mr Ng Weng Sui Harry *(Member)*
Mr Kesavan Nair *(Member)*
Mr Yee Kee Shian, Leon *(Member)*

## REMUNERATION COMMITTEE

Mr Kesavan Nair *(Chairman)*
Mr Yee Kee Shian, Leon *(Member)*
Mr Ng Weng Sui Harry *(Member)*

## NOMINATING COMMITTEE

Mr Yee Kee Shian, Leon *(Chairman)*
Mr Kesavan Nair *(Member)*
Mr Shawn Ching Wei Hung *(Member)*

## COMPANY REGISTRATION NO.

200407031R

## REGISTERED OFFICE

10 Ubi Crescent
#03-48 Ubi Techpark
Singapore 408564
Tel: +65 6299 0030
Website: https://oxpayfinancial.com/

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

## SPONSOR

ZICO Capital Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

## INVESTOR RELATIONS

Financial PR
Sino-Lion Communications Pte. Ltd.

## EXTERNAL AUDITOR

Foo Kon Tan LLP
1 Raffles Place
One Raffles Place Tower 2
#04-61/62
Singapore 048616
Partner-in-charge: Mr Toh Kim Teck
*(Appointed with effect from the financial year ended 31 December 2023)*

## INTERNAL AUDITOR

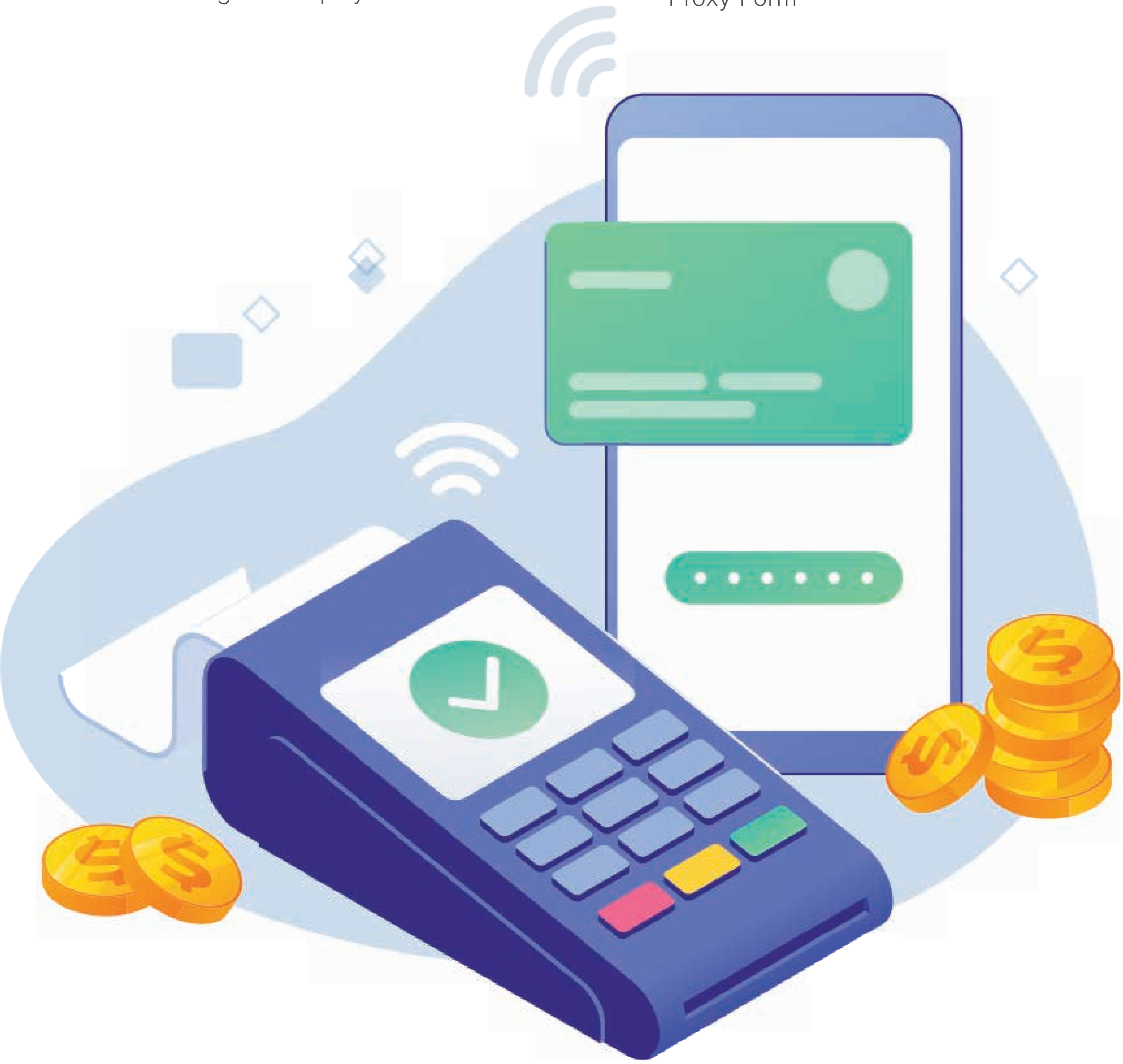
Pioneer Management Services Pte Ltd
4 Shenton Way
#04-01 SGX Centre 2
Singapore 068807

## PRINCIPAL BANKERS

Standard Chartered Bank (Singapore) Limited
United Overseas Bank Limited

# FINANCIAL CONTENTS





# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of OxPay Financial Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to ensuring that high standards of corporate governance are practiced within the Group. We believe that good corporate governance principles and practices help to promote corporate transparency, accountability and integrity, whilst at the same time, protect and enhance shareholders' interests.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requires all listed companies to describe in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance dated 6 August 2018, as last amended on 11 January 2023 (the "**Code**").

The Company is pleased to report on its corporate governance practices and activities as required by the Code (this "**Report**"). However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

### Statement of Compliance

The Board confirms that for the financial year ended 31 December 2023 ("**FY2023**"), the Company has generally adhered to the principles and provisions as set out in the Code, save as otherwise explained below.

## BOARD MATTERS

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies, and diversity of experience needed to enable them to effectively contribute to the Group.

| | |
|---|---|
| Mr Ching Chiat Kwong | (Non-Executive Non-Independent Chairman) |
| Mr Shawn Ching Wei Hung | (Non-Executive Non-Independent Deputy Chairman) |
| Mr Yick Li Tsin | (Executive Director and Chief Executive Officer) |
| Mr Ng Weng Sui Harry | (Non-Executive Non-Independent Director) |
| Mr Kesavan Nair | (Lead Independent Director) |
| Mr Chin Chen Keong | (Non-Executive Independent Director) |
| Mr Yee Kee Shian, Leon | (Non-Executive Independent Director) |

A description of the background and profile of each Director is presented in the "Profile of Directors" section on pages 6 to 8 of this Annual Report.

### The Board's Conduct of Affairs

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

***Primary function of the Board***

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing its strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance, and corporate governance practices.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

In addition, the principal duties of the Board include the following:

(a) to ensure that the necessary financial and human resources are in place for the Group to meet its objectives and to monitor the performance of the Group's management (the "**Management**");

(b) to establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; and

(c) to set the Company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met.

All Directors exercise due diligence and independent judgement. The Board has put in place a code of conduct and ethics, which sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively make decisions in the interest of the Company. Any Director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.

***Delegation of authority by the Board***

In recognition of the high standard of accountability to shareholders of the Company ("**Shareholders**"), the functions of the Board are carried out either directly by the Board or through the Board committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each of these Board committees has its own written terms of reference.

The Board committees report their activities regularly to the Board and minutes of the Board committee meetings are also regularly provided to the Board. The Board accepts that while these Board committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. Please refer to the respective principles in this Report for further information on the composition, terms of reference, description and summary of activities of each Board Committee.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

***Directors' attendance at Board and Board committee meetings in FY2023***

The Board meets at least twice a year. Additional meetings are convened as and when required. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The Company's Constitution (the "**Constitution**") allows Directors to participate in a Board meeting via telephone or video conference. The number of Board and Board committee meetings held in FY2023 and the attendance of Directors during these meetings are as follows:

| | **Board** | **Audit Committee** | **Nominating Committee** | **Remuneration Committee** |
|---|---|---|---|---|
| **No. of meetings held** | 4 | 4 | 1 | 1 |
| | **No. of meetings attended** | | | |
| **Directors** | | | | |
| Ching Chiat Kwong | 4 | – | – | – |
| Shawn Ching Wei Hung | 4 | – | 1 | – |
| Yick Li Tsin(1) | – | – | – | – |
| Ng Weng Sui Harry | 4 | 4 | – | 1 |
| Kesavan Nair | 4 | 4 | 1 | 1 |
| Chin Chen Keong | 4 | 4 | – | – |
| Yee Kee Shian, Leon(2) | – | – | – | – |
| Koh Jin Kit(3) | 4 | – | – | – |
| Chee Kheng Hock, Rothschild(4) | 3 | 3 | 1 | 1 |

**Notes:–**

(1) Appointed as Director on 31 January 2024.
(2) Appointed as Director on 27 November 2023.
(3) Resigned as Director on 31 January 2024.
(4) Resigned as Director on 27 November 2023.

Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Group. The NC also considers whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. Where necessary, the NC will seek clarity on the Director's involvement therein and assess whether his resignation from the board of any such company casts any doubt on his qualification and ability to act as a Director of the Company.

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. The Management provides the Board with half yearly management 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. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.

The Board has separate and independent access to the Company Secretary and the Management at all times. The Board will have independent access to professional advice when required at the Company's expense.

Under the direction of the Non-Executive Non-Independent Chairman and after consultation with the Management, the Company Secretary facilitates information flow within the Board and its Board committees and between the Management and the Non-Executive Directors. The Company Secretary attends all meetings of the Board and Board committees and ensures that all Board procedures are followed and applicable rules and regulations are complied with. The minutes of all Board and Board committee meetings are circulated to the Board. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

# **CORPORATE GOVERNANCE** REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

***Matters which require Board approval***

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, material acquisitions or disposals of assets, major corporate policies on key areas of operations, corporate actions such as share issuance, declaration of interim dividends and proposal of final dividends, and interested person transactions.

***Induction and training of Directors***

The Company will brief the newly appointed Directors to ensure that they are familiar with the Group's structure, business and governance policies. All directors who have no prior experience as a director of a listed company will undergo training and/or briefing on the roles and responsibilities as a director of a listed company as prescribed by the SGX-ST within one year from his date of appointment to the Board. Newly appointed Directors are given a formal letter explaining their duties and obligations as Directors of the Company. Mr Yee Kee Shian, Leon was appointed as a Non-Executive Independent Director with effect from 27 November 2023, while Mr Yick Li Tsin was appointed as the Executive Director and Chief Executive Officer with effect from 31 January 2024. Both Mr Yee Kee Shian, Leon and Mr Yick Li Tsin had received the abovementioned briefing, as well as the formal letter from the Company. Mr Yee Kee Shian, Leon has prior experience as a director of a listed company on the SGX-ST and thus is not required to undergo the relevant mandatory trainings as prescribed by the SGX-ST. Mr Yick Li Tsin is in the midst of undergoing the relevant mandatory trainings on the roles and responsibilities as a director of a listed company on the SGX-ST, which has to be completed within one year from the date of his appointment to the Board (i.e. by 30 January 2025).

At each Board meeting, the Directors will receive updates from the Management on the business and strategic developments of the Group, industry developments, analyst and media commentaries on matters related to the Company. Changes to regulations and accounting standards are monitored closely by the Management. During FY2023, the Directors were briefed by the external auditors on the developments in financial reporting standards and the changes that affect the Group, and by the Sponsor of the Company on amendments to the listing rules, as well as guidelines and requirements of the SGX-ST (where applicable).

The Company will arrange for appropriate training such as courses and seminars for the Directors as and when needed. The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses relating to the Group's industry. The Company also encourages them to attend relevant training programmes conducted by the SGX-ST, Singapore Institute of Directors and other business and financial institutions and consultants. All the related costs are borne by the Company.

In FY2023, the Directors attended the following courses and trainings to update their knowledge in specific areas:

(a) LED 1 – Listed Entity Director Essentials, LED 2 – Board Dynamics, LED 3 – Board Performance, LED 4 – Stakeholder Engagement, LED 5 – Audit Committee Essentials, LED 6 – Board Risk Committee Essentials and LED 9 – Environmental, Social & Governance Essentials (Core), conducted by the Singapore Institute of Directors; and

(b) Anti Money Laundering (SG) training conducted by Salt Compliance.

**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.***

***Independence***

The Board consists of seven Directors, of whom three are considered independent by the Board, namely Mr Kesavan Nair, Mr Chin Chen Keong and Mr Yee Kee Shian, Leon. The Board comprises majority Non-Executive Directors, with six members being non-executive, in a seven member Board.

Mr Ching Chiat Kwong is the Board's Non-Executive Non-Independent Chairman. The Company notes that Provision 2.2 of the Code requires that Independent Directors should make up a majority of the Board where the Chairman is not independent. However, the Board is of the opinion that there is a strong independent element on the Board and given the Group's current size and operations, it is not necessary nor cost-effective to have Independent Directors make up a majority of the Board. Accordingly, the Board is of the view that the Company complies with Principle 2 of the Code.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and its accompanying Practice Guidance, as well as the circumstances provided for under Rule 406(3)(d) of the Catalist Rules. The NC adopts the Code's definition of what constitutes an "independent" Director in its review. The NC takes into account, amongst other things, whether a Director has relationships with the Company, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships 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.

None of the Independent Directors has served on the Board for an aggregate of more than nine years from his first date of appointment. The Independent Directors have confirmed their independence and the Board has determined, taking into account the views of the NC, that all Independent Directors are independent. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship set out in the Code and Rule 406(3)(d) of the Catalist Rules, that would otherwise deem him not to be independent.

The Board will, on a continual basis, review the need for progressive refreshing of its Board.

***Board size, composition and diversity***

The Board has reviewed the present size of the Board and the Board committees and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The composition of the Board and the Board committees is reviewed annually by the NC to ensure that the Board and the Board committees have the appropriate mix of expertise and experience. The NC is of the view that the current Board and Board committees comprise high caliber individuals with expertise, knowledge, skills and experience in areas relating to finance, accounting, legal and business strategy which provide for the effective functioning of the Board. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Company recognises that diversity in the composition of the Board will provide a broader range of insights and perspectives needed to attain strategic objectives and sustainable development. The Company is committed to ensuring that the Board comprises Directors who, as a group, provide an appropriate balance and mix of skills, industry and business experience, gender, age, ethnicity and culture, and other distinguishing qualities. A diverse Board will mitigate against groupthink and ensure that the Company has the opportunity to benefit from all available talent.

Aside from skill diversity, the NC also reviewed other aspects of diversity such as age and race and was satisfied that the Board and the Board committees comprise Directors who, as a group, provide an appropriate balance and mix of skills, knowledge, talents, experience, and other aspects of diversity.

The Company has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to periodically assess the progress in achieving these objectives.

The following is the Company's plans and timelines, together with the progress, for achieving better diversity on its Board:

| Targets | Progress |
|---|---|
| Have at least 10% representation of female directors by the end of FY2026 | The Company will take this into consideration when identifying suitable candidates. |

***Role of Independent Directors***

All Directors have equal responsibility for the Group's operations. The role of the three Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and that they take into account the long-term interests of the Shareholders and the Group's employees.

During FY2023, the Non-Executive Directors (including Independent Directors) had met without the presence of Management. Where necessary, the Non-Executive Directors (including Independent Directors) will communicate to discuss matters related to the Group, including the performance of the Management.

**Chairman and Chief Executive Officer**

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

The roles of the Non-Executive Non-Independent Chairman and the Executive Director and Chief Executive Officer (or the Managing Director) are separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for decision-making. The Non-Executive Non-Independent Chairman and the Executive Director and Chief Executive Officer are not related to each other.

The Non-Executive Non-Independent Chairman of the Board, Mr Ching Chiat Kwong, is responsible for formulating the Group's strategic plans and policies. He also plays a key role in developing the business of the Group, maintaining strategic relations with the Group's business partners and providing the Group with strong leadership and vision. He also, with the assistance of the Company Secretary and in consultation with the Management, sets the agenda for Board meetings and ensures that the said meetings are held as and when it is necessary and that the Directors are provided with complete, adequate and timely information. In addition, he provides guidance, advice and leadership to the Board and the Management.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

During FY2023, the Managing Director of the Company was Mr Koh Jit Kit who resigned with effect from 31 January 2024, and Mr Yick Li Tsin was appointed as the Executive Director and Chief Executive Officer of the Company on the same day. The roles and responsibilities of the Managing Director of the Company and the Executive Director and Chief Executive Officer of the Company are similar. Mr Yick Li Tsin, being the Executive Director and Chief Executive Officer of the Company, is responsible for implementing the strategic plans and policies as well as managing the operations of the Group. He is also responsible for reporting to the Board on all aspects of the Group's operations and performance, providing quality leadership and guidance to the employees of the Group and managing effective communication with the media, Shareholders, regulators and the public. He also takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance.

The Company notes that Provision 3.3 of the Code requires the Board to have a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. As Mr Ching Chiat Kwong is our Non-Executive Non-Independent Chairman, the Company has appointed Mr Kesavan Nair as the Lead Independent Director to ensure that a separate channel of communication is available to Shareholders in the event that contact through normal channels of the Non-Executive Non-Independent Chairman, the Executive Director and Chief Executive Officer or the Chief Financial Officer have failed to resolve their concerns or where such channel of communication is considered inappropriate.

**Board Membership**

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

***NC composition and key terms of reference***

The Company has established the NC to make recommendations to the Board on all board appointments and re-appointments. The NC comprises Mr Yee Kee Shian, Leon (Chairman), Mr Kesavan Nair and Mr Shawn Ching Wei Hung. All members of the NC are Non-Executive Directors, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director is a member of the NC.

The key terms of reference of the NC include:

(a) to make recommendations to the Board on all board appointments and re-appointments (including the appointment of alternate Directors, if any), and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Company's Constitution, having regard to the Director's contribution and performance (for example, attendance record, preparedness, intensity of participation and candour at meetings) and taking into consideration the value of diversity on the Board, the composition and progressive renewal of the Board;

(b) to make recommendations to the Board on all relevant matters relating to the review of succession plans for the Directors, in particular, for the Non-Executive Non-Independent Chairman, Executive Director and Chief Executive Officer and key management personnel;

(c) to ensure all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

(d) to determine annually, and as and when circumstances require, whether a Director is independent, bearing in mind the guidelines of the Code;

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(e) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company, having regard to the competing time commitments that are faced when serving on multiple boards;

(f) to review training and professional development programmes for the Board;

(g) to decide how the Board's performance is to be evaluated and propose an objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value; and

(h) to assess the effectiveness of the Board as a whole and the contribution by the Non-Executive Non-Independent Chairman and each individual Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of matters in which he is interested.

The NC determines annually, and as and when circumstances require, whether a director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each Independent Director to confirm his independence. Such checklist is drawn up based on the guidelines provided in the Code and its accompanying Practice Guidance, as well as the circumstances provided for under Rule 406(3)(d) of the Catalist Rules. Having made its review, the NC is of the view that Mr Kesavan Nair, Mr Chin Chen Keong and Mr Yee Kee Shian, Leon have satisfied the criteria for independence.

***Directors' time commitments and multiple directorships***

The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company despite some of the Directors holding multiple board representations in other listed companies. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Currently, the Company does not have alternate directors.

***Process for selection and appointment of new Directors***

Where the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC has put in place a formal process which increases the transparency in identifying and evaluating the nominees for Directors. The NC leads the process and makes recommendations to the Board as follows:

(a) the NC will evaluate the candidates according to an objective criteria for the assessment which includes the candidate's prior experience as a director of a listed company, expertise to contribute to the Group and its businesses, integrity, ability to commit time and effort to carry out duties and responsibilities effectively and decision-making skills, and taking into consideration the objectives of the Company's Board Diversity Policy to achieve better diversity on the Board;

(b) the NC may procure the assistance of independent third parties such as search consultants to source for potential candidates, if needed, and Directors are also encouraged to propose candidates based on their personal contacts to the Board for consideration;

(c) the NC will evaluate the skills, knowledge and experience of the Board and determine the role and the desirable competencies for a particular appointment and arrange to meet up with the short-listed candidates to ensure that the candidates are aware of the expectations and the level of commitment required; and

(d) the NC then makes recommendations to the Board for approval.

***Process for re-appointment and re-election of Directors***

Regulation 111 of the Constitution provides that at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. Each Director shall retire at least once every three years. A retiring Director shall be eligible for re-election. Under Regulation 115 of the Constitution, Directors appointed by the Board during the financial year, shall only hold office until the next annual general meeting, and thereafter be eligible for re-election at the Company's annual general meeting.

The NC has recommended to the Board that Mr Ching Chiat Kwong and Mr Kesavan Nair be nominated for re-election at the forthcoming annual general meeting under Regulation 111 of the Constitution. The NC has also recommended to the Board that Mr Yick Li Tsin and Mr Yee Kee Shian, Leon be nominated for re-election under Regulation 115 of the Constitution. In making the recommendations, the NC had considered the Directors' overall contribution and performance based on the assessment parameters.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

***Key information regarding Directors***

The Directors' shareholdings in the Company is set out on page 39 of this Annual Report.

None of the Directors holds shares in the subsidiaries of the Company.

The dates of initial appointment and last re-election of each Director, together with his directorships in other listed companies are set out below:–

| Director | Date of initial appointment | Date of last re-election | Current directorships in listed companies (other than the Company) | Past directorships in listed companies (preceding three years) |
|---|---|---|---|---|
| Ching Chiat Kwong[(1)] | 30 June 2021 | Not applicable | Oxley Holdings Limited | Aspen (Group) Holdings Limited<br>Median Group Inc. (formerly known as Clixter Mobile Group Inc.) |
| Shawn Ching Wei Hung | 30 June 2021 | 20 April 2023 | Oxley Holdings Limited | None |
| Yick Li Tsin[(2)(3)] | 31 January 2024 | Not applicable | None | None |
| Ng Weng Sui Harry | 30 June 2021 | 20 April 2023 | Medi Lifestyle Limited<br>Oxley Holdings Limited<br>Q&M Dental Group (Singapore) Limited | HG Metal Manufacturing Limited |
| Kesavan Nair[(1)] | 5 May 2017 | 28 April 2021 | Medi Lifestyle Limited | Bacui Technologies International Ltd. (formerly known as Arion Entertainment Singapore Limited)<br>HG Metal Manufacturing Limited |
| Chin Chen Keong | 1 July 2022 | 20 April 2023 | None | None |
| Yee Kee Shian, Leon[(3)(4)] | 27 November 2023 | Not applicable | FJ Benjamin Holdings Ltd<br>Yangzijiang Shipbuilding (Holdings) Ltd.<br>Yangzijiang Financial Holding Ltd. | Federal International (2000) Ltd<br>Milkyway International Tank Transportation (Holdings) Pte. Ltd. (formerly known as LHN Logistics Pte. Ltd.) |

**Notes:–**

(1) To be re-elected as Director at the forthcoming annual general meeting of the Company under Regulation 111 of the Constitution.

(2) Appointed as Director on 31 January 2024.

(3) To be re-elected as Director at the forthcoming annual general meeting of the Company under Regulation 115 of the Constitution.

(4) Appointed as Director on 27 November 2023.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**Board Performance**

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

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of the Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole as well as the effectiveness of the Board Committees by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

Based on the aforementioned assessments conducted, the NC is of the view that, for FY2023, the performance and effectiveness of the Board as a whole and the Board committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board were satisfactory.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

No external facilitator was used in the evaluation process.

**REMUNERATION MATTERS**

**Procedures for Developing Remuneration Policies**

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

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director as well as for the key management personnel.

The RC comprises Mr Kesavan Nair (Chairman), Mr Yee Kee Shian, Leon and Mr Ng Weng Sui Harry. All members of the RC are Non-Executive Directors, the majority of whom, including the RC Chairman, are independent.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The key terms of reference of the RC include:

(a) to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Executive Director and any key management personnel. The RC shall cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind. If necessary, the RC shall seek expert advice inside and/or outside the Company on the remuneration of all Directors and/or key management personnel;

(b) to review the reasonableness and fairness of the termination clauses in the Directors' or key management personnel's contracts of service, with a view to be fair and avoid rewarding poor performance as well as to review and recommend to the Board the terms of renewal of the service contracts, bearing in mind that they should not be excessively long or contain onerous removal clauses; and

(c) to administer any long-term incentive schemes including share schemes which may be implemented by the Company, and to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

Each member of the RC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the RC in respect of matters in which he is interested.

The total remuneration of the employees who are related to the Directors will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he will abstain from such review.

The RC has access to appropriate external expert advice in relation to executive compensation, if necessary. In FY2023, no remuneration consultants were engaged.

**Level and Mix of Remuneration**

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

***Remuneration of Executive Director and key management personnel***

The remuneration packages for the Executive Director and key management personnel are structured to link rewards to corporate and individual performance. The performance-related elements of remuneration form a significant portion of the total remuneration package in order to align the Executive Director's and key management personnels' interests with those of the Shareholders and promote the long-term success of the Company. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration for the key management personnel comprises a basic salary component and a variable component which is a discretionary bonus that is based on the performance of the Group as a whole and their individual performances. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the key management personnel will be recommended by the RC and is subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, teamwork, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers).

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Company also ensures that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term. No Director is involved in any discussion relating to his own remuneration, terms and conditions of service, and the review of his performance.

The Company recognises the importance of motivating its employees and in this regard, a Performance Share Plan (the "**PSP**") and an Employee Share Option Scheme (the "**ESOS**") were approved at an extraordinary general meeting of the Shareholders on 22 January 2021. Please refer to pages 29 to 30 of this Annual Report for further details on the PSP and ESOS.

As at the date of this Annual Report, the Company has only one Executive Director, being Mr Yick Li Tsin, the Executive Director and Chief Executive Officer. Mr Yick Li Tsin has entered into a service agreement with the Company, under which terms of his employment are stipulated. There are no excessively long or onerous removal clauses in the aforesaid service agreement. The initial term of employment is for a period of three years and upon expiry of such period, the employment of the Executive Director and Chief Executive Officer shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Either party may terminate the service agreement by giving to the other party not less than three months' notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary based on the Executive Director and Chief Executive Officer's last drawn monthly salary.

According to the terms of the service agreement, the Company can reclaim incentive components of remuneration from the Executive Director and Chief Executive Officer in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company or the Group.

***Remuneration of Independent Directors and Non-Executive Directors***

The Independent Directors and Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the Shareholders at the annual general meeting. Except as disclosed in this Annual Report, the Independent Directors and Non-Executive Directors did not receive any other remuneration from 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.***

After reviewing the industry practice and analysing the advantages and disadvantages of disclosing the Directors' remuneration in dollar terms, the Company believes that such disclosure would be prejudicial to its business interest, given the highly competitive environment of the industry. After taking into account the aforesaid reasons for non-disclosure, the Board is of the view that the current disclosure of the remuneration presented herein in this Report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

# CORPORATE GOVERNANCE REPORT

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The breakdown of the remuneration of the Directors and key management personnel of the Group for FY2023 is set out as below:

***Remuneration of Directors for FY2023***

| Remuneration Band and Name of Director | Base/Fixed Salary | Director's Fees | Bonus | Total |
|---|---|---|---|---|
| **Below S$250,000 per annum** | | | | |
| Ching Chiat Kwong | – | 100% | – | 100% |
| Shawn Ching Wei Hung(1) | – | 100% | – | 100% |
| Koh Jin Kit(2) | 100% | – | – | 100% |
| Yick Li Tsin(3) | 100% | – | – | 100% |
| Ng Weng Sui Harry | – | 100% | – | 100% |
| Kesavan Nair | – | 100% | – | 100% |
| Chin Chen Keong | – | 100% | – | 100% |
| Chee Kheng Hock, Rothschild(4) | – | 100% | – | 100% |
| Yee Kee Shian, Leon(5) | – | 100% | – | 100% |
| Tan Chee Keong(6) | 100% | – | – | 100% |

***Remuneration of key management personnel for FY2023***

| Remuneration Band and Name of key management personnel | Base/Fixed Salary | Bonus | Total |
|---|---|---|---|
| **Below S$250,000 per annum** | | | |
| Ng Kok Peng | 93% | 7% | 100% |
| Ken Chew | 100% | – | 100% |
| John Tan Chia Nang | 100% | – | 100% |
| Kim Moon Soo | 100% | – | 100% |
| Satis Chuenpibal(7) | 64% | 36% | 100% |

**Notes:–**

(1) Mr Shawn Ching Wei Hung is the son of Mr Ching Chiat Kwong, the Non-Executive Non-Independent Chairman.

(2) Resigned as Director on 31 January 2024.

(3) Appointed as Chief Operating Officer of OxPay SG Pte. Ltd. on 9 November 2023 and as Executive Director and Chief Executive Officer on 31 January 2024.

(4) Resigned as Director on 27 November 2023.

(5) Appointed as Director on 27 November 2023.

(6) Resigned as Director on 1 February 2023.

(7) Resigned as Country Director, Thailand on 30 September 2023.

Given the size of the Group's operations, the Company had identified the key management personnel of the Group (who are not Directors or the Executive Director and Chief Executive Officer of the Company) as above. The annual aggregate remuneration paid to the key management personnel of the Group (who are not Directors or the Executive Director and Chief Executive Officer of the Company) in FY2023 was S$726,288.

There are no termination or retirement benefits or post-employment benefits that are granted to the Directors, the Executive Director and Chief Executive Officer and the key management personnel of the Group.

***Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer***

Save as disclosed above, there were no employees who were substantial Shareholders or who were the immediate family members of any Director, the Executive Director and Chief Executive Officer or a substantial Shareholder, and whose remuneration exceeded S$100,000 in FY2023.

***The PSP and ESOS***

The Company has in place the PSP and the ESOS, which was approved at an extraordinary general meeting of the Shareholders on 22 January 2021. Details of the PSP and ESOS are set out in the Company's circular to Shareholders dated 31 December 2020 in relation to, *inter alia*, the proposed acquisition of all the ordinary shares and convertible bonds issued by Mobile Credit Payment Pte. Ltd..

The purpose of adopting the PSP and the ESOS is to provide an opportunity for the Directors and employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to their contributions and services. The PSP and ESOS were proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and Directors of the Group who have contributed to the growth of the Group.

The Board believes that the PSP and ESOS will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals. The objectives of the PSP and ESOS are as follows:–

(a) to motivate the participant to optimise his/her performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) to retain key executives and Executive Directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger sense of identification by employees with the long-term prosperity of, the Group;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders; and

(e) to align the interests of participants with the interests of Shareholders.

The PSP will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The PSP, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain Directors (including Independent Directors) and Group employees whose services are vital to the well-being and success of the Group.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The PSP and ESOS will complement each other as tools to reward, retain and motivate the participants whose services and contributions are vital to the well-being and success of the Group. While the ESOS is designed to provide its participants with an opportunity to participate in the equity of the Company through options which they may exercise to subscribe for shares of the Company upon payment of the exercise price, the PSP is designed to reward participants by the award of shares of the Company, through the vesting of such share awards according to the extent to which the performance conditions (if any) imposed on the share awards are achieved at the end of a specified performance period. The duration of each performance period (if applicable) will serve to align the participants' performance goals with the corresponding performance cycle of the Company, and the strategies and objectives for the Group over the short to medium term.

The PSP thus seeks to focus participants on short to medium term critical performance targets, to develop a reward-for-performance culture in the Group, and to encourage participants to continuously improve their performance. As the actual number of share awards which the participant will receive under the PSP will depend ultimately on the extent to which he/she satisfies the performance condition(s) set for each performance period, this creates a strong incentive for the participant to focus on assigned tasks and to excel.

The operation of both the PSP and ESOS in tandem allows the Group to blend and package the options and share awards as part of a comprehensive incentive and reward system.

Both the PSP and ESOS are administered by the RC. When deciding on the number of share awards or options to award or grant (as the case may be) to a participant at any one point in time, the RC will take into consideration the number of share awards or options to be awarded or granted (as the case may be) to that participant under any other share scheme at that time, if any.

During FY2023, no awards were granted under the PSP. As at the end of FY2023, awards granted under the PSP are as follows:

| **Name of Participant** | **Number of shares comprised in awards during FY2023 (including terms)** | **Aggregate number of shares comprised in awards from commencement of PSP to end of FY2023** | **Number of shares comprised in awards which have been issued and/ or transferred since commencement of PSP to end of FY2023** | **Number of shares comprised in awards not vested as at end of FY2023** |
|---|---|---|---|---|
| Tan Chee Keong(1) | – | 343,137 | 343,137 | – |

**Note:–**

(1) Resigned as Director on 1 February 2023.

As at the end of FY2023, no awards of shares have been granted under the PSP to controlling Shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the PSP.

No options have been granted under the ESOS since the commencement of the ESOS.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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.***

***Risk Management***

The Group currently does not have a separate Risk Management Committee but the Management regularly reviews the Group's operational and business activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to the Directors and the AC. The Board is ultimately responsible for the Group's risk management and determines the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Company, together with the internal auditors, assists the Board in identifying key operational, strategic, financial, compliance and information technology risks with reference to the Company's business goals, strategies and corporate philosophy. The Board oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems. The internal auditor has also evaluated the effectiveness of the internal controls implemented to manage the identified risks based on the results of the risk assessment process executed.

***Internal Controls***

The effectiveness of the internal control systems and procedures are monitored by the Management. The Board acknowledges that it is responsible for the overall internal control framework, but also recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage and mitigate rather than eliminate risks altogether. As such, the internal control framework can only provide reasonable but not absolute assurance against material misstatement or loss, whether due to errors or fraud.

Apart from the above, the AC also commissions and reviews the findings of internal controls or any infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. The Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls on an annual basis. In FY2023, Pioneer Associates was engaged to conduct reviews of the Group's material internal controls and to test if the controls were properly implemented.

The Board has received assurance from the Executive Director and Chief Executive Officer and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Based on the assurance from the Executive Director and Chief Executive Officer and the Chief Financial Officer referred to in the preceding paragraph, the framework of risk management and internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 31 December 2023.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**Audit Committee**

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

The AC comprises Mr Chin Chen Keong (Chairman), Mr Ng Weng Sui Harry, Mr Kesavan Nair and Mr Yee Kee Shian, Leon. All members of the AC are Non-Executive Directors, the majority of whom, including the AC Chairman, are independent. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. All members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The AC assists the Board in discharging its responsibility in safeguarding the Company's assets, maintaining adequate accounting records, and developing and maintaining effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the external and internal auditors of the Company on matters relating to audit.

The Directors recognise the importance of corporate governance and in offering high standards of accountability to the Shareholders. The AC will meet at least half-yearly. The key terms of reference of the AC include:–

(a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, prior to the incorporation of such results in the Company's annual report;

(c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with the Singapore Financial Reporting Standards (International) as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;

(d) making recommendations to the Board on the proposals to the Shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy and effectiveness, scope and results of the external and internal audit and the independence and objectivity of the external and internal auditors, and where the external auditor also provides a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review;

(f) reviewing the internal controls and procedures and ensuring co-ordination between the external auditors and the Management, the assistance given by the Management to the external auditors and discussing problems and concerns, if any, arising from the interim and final audits;

(g) reviewing and discussing 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 or financial position;

(h) reviewing and approving interested person transactions and reviewing procedures thereof as well as potential conflicts of interest (if any);

(i) reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken; and

(j) reviewing the assurance from the Executive Director and Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements.

The AC has been given full authority to investigate any matter within its terms of reference and has full access to the cooperation of the Management. It also has full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC members are briefed and updated by the external auditors on any changes or developments to the accounting standards and issues which have a direct impact on financial statements during AC meetings.

***Summary of the AC's activities***

In FY2023, the AC met twice with the external auditors and once without the presence of Management. The AC also met once with the internal auditors and once without the presence of Management. These meetings enable the auditors to raise issues encountered in the course of their work directly to the AC.

In FY2023, the AC, amongst other things, carried out the following:

(a) reviewed the half-year and full year announcements, all material announcements and all related disclosures to Shareholders before submission to the Board for approval;

(b) reviewed the audit report from external auditors;

(c) reviewed the independence and objectivity of the external auditors through discussion with the external auditors;

(d) reviewed the independence, effectiveness and adequacy of the internal audit function;

(e) recommended to the Board that Foo Kon Tan LLP be nominated for re-appointment as the Company's external auditors at the forthcoming annual general meeting of the Company;

(f) reviewed the reports and findings from the internal auditors in respect of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems; and

(g) reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the Company and its minority Shareholders.

In January 2024, the AC reviewed and approved the audit plan from the external auditors.

# **CORPORATE GOVERNANCE** REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

***Whistleblowing policy***

The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The policy encourages employees to raise concerns, in confidence, about possible irregularities to any member of the AC, namely Mr Chin Chen Keong, Mr Ng Weng Sui Harry, Mr Kesavan Nair or Mr Yee Kee Shian, Leon. Such concerns include fraudulent acts, dishonesty, legal breaches and other serious improper conduct, unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. It aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals or victimisation and against detrimental or unfair treatment for whistleblowing in good faith.

Whenever a concern is raised under the policy by writing, telephonically or in person to any of the abovementioned AC members, the identity of the whistleblower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistleblowing policy is posted on a notice board at the Company's premises. The email address for submission of reports is stated in the whistleblowing policy which can be found on the Company's corporate website https://oxpayfinancial.com/.

When making a report, the whistleblower should provide the following information as stated in the whistleblower report form:

- Name, NRIC and contact details;
- Parties involved, time and place of the alleged improprieties;
- Evidence leading to the improprieties, if any; and
- Any other details or documentation that would assist in the evaluation of the improprieties.

Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the AC member will direct an independent investigation to be conducted on the complaint received. All whistleblowers have a duty to cooperate with investigations.

The AC is responsible for oversight, monitoring and administration of the whistleblowing policy. Periodic reports will be submitted to the AC stating the number and the complaints received, results of the investigations, follow-up actions required and any unresolved complaints.

***Internal Audit***

The AC selects and approves the appointment of the internal auditors, as well as decides on their remuneration. In FY2023, the Company appointed Pioneer Associates as its internal auditors to conduct reviews on material internal controls and to test if the controls are properly implemented. The internal auditors report directly to the AC functionally and to the Non-Executive Non-Independent Chairman administratively, and has full access to all the Company's documents, records, properties and personnel. The AC is satisfied that the internal auditors is staffed with suitably qualified and experienced personnel.

The AC decides on the timing of the commissioning of the internal audit function from time to time and reviews the audit plans of the internal auditors, ensures that adequate resources are directed to carry out those plans and reviews the results of the internal auditor's examination of the Company's system of internal controls.

The AC reviews the independence, adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group in FY2023.

***External Audit***

The AC reviews the scope and results of the audit carried out by the Company's external auditors, as well as the independence and objectivity of the Company's external auditors annually. The amount of fees paid/payable to the external auditors of the Company, Foo Kon Tan LLP ("**FKT**"), for FY2023 was S$215,000 for audit services and S$40,000 for non-audit IT services rendered. Having considered the aforesaid breakdown of fees paid/payable to the Company's external auditors as well as the nature and extent of the non-audit services rendered, the AC is satisfied with the independence and objectivity of the Company's external auditors. The Company's external auditors have also confirmed their independence in this respect, and that they are registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore.

After considering the adequacy of the resources and experience of the external auditors' firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the particular audit as well as the standard and quality of work performed by FKT for FY2023, the AC is satisfied with and has recommended to the Board the nomination and re-appointment of FKT as the external auditors for the Company's audit obligations for the financial year ending 31 December 2024, at the forthcoming annual general meeting of the Company.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of auditing firms for the Group for FY2023.

**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.***

***Shareholder Rights***

The Company supports the Code's principle to encourage communication with and participation by Shareholders. Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all Shareholders and via SGXNet. Shareholders are encouraged to attend the annual general meeting of the Company to ensure a greater level of Shareholder's participation. Shareholders are also able to submit written questions before the general meetings. The Constitution allows a Shareholder to appoint up to two proxies to attend the annual general meeting of the Company and vote in place of the Shareholder, unless the Shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act 1967). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder.

The Company will not implement absentia voting methods such as voting via mail, e-mail or facsimile until security, integrity and other pertinent issues are satisfactorily resolved.

All resolutions are put to vote by poll and Shareholders are entitled to vote in accordance with established voting rules and procedures. An announcement of the detailed results is made after the conclusion of the annual general meeting of the Company. The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principles as regards to the "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications.

# CORPORATE GOVERNANCE REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

All Directors attend the general meetings of Shareholders, and the external auditor will also be present during the annual general meeting of the Company to assist in addressing queries from Shareholders relating to the conduct of audit and the preparation and content of the auditor's report. Save for Mr Yick Li Tsin and Mr Yee Kee Shian, Leon, who were appointed as a Director after April 2023, all Directors were present at the annual general meeting of the Company held on 20 April 2023. Save for Mr Yick Li Tsin, who was appointed as a Director after December 2023, and Mr Kesavan Nair, who was absent with apologies, all Directors were present at the extraordinary general meeting of the Company held on 18 December 2023.

Minutes of general meetings, which record relevant substantial comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to Shareholders upon their request. The Company will publish the minutes of the annual general meeting of the Company to be held on 29 April 2024 on SGXNet and the Company's corporate website at https://oxpayfinancial.com/ within one month after the annual general meeting of the Company.

***Dividend Policy***

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will be determined at the sole discretion of the Directors, subject to Shareholders' approval (if required), and will depend on the Group's operating results, financial position, other cash requirements including working capital, capital expenditure, the terms of borrowing arrangements (if any), expansion plans and other factors deemed relevant.

In making their recommendations, the Board will consider, amongst others, the Group's future earnings, operations, capital requirements, cash flow and financial condition, as well as general business conditions and other factors which the Board may consider appropriate.

No dividend has been declared or recommended for FY2023 as the Company is in an accumulated loss position.

**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.***

***Disclosure of information on a timely basis***

The Board believes in transparency and strives towards timely dissemination of material information to the Shareholders and the public. It is the Company's policy to keep all Shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

All Shareholders shall receive the annual report, circular, notice of annual general meeting and notice of extraordinary general meeting. In presenting the annual financial statements and financial results announcement to Shareholders, it is the aim of the Board to provide the Shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Company discloses all material information on a timely basis to all Shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly. The Company also disseminates information, including the financial reports and annual report, to Shareholders and the public through its corporate website https://oxpayfinancial.com/.

***Interaction with Shareholders***

The Company does not have an investor relations policy in place. However, Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the annual general meeting of the Company to answer questions relating to matters overseen by the respective Board committees.

To enhance and encourage communication with Shareholders and investors, the Company provides the contact information of its investor relations consultants in its press releases. Shareholders and investors can send their enquiries through email or telephone.

**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 undertakes an annual review in identifying its material stakeholders.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, customers, contractors and suppliers, government and regulators, as well as Shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company also maintains a corporate website at https://oxpayfinancial.com/investor to communicate and engage with stakeholders.

**Sustainability Reporting**

In line with the Group's commitment to keep its stakeholders and the market abreast of the Group's progress in its sustainability journey and in adherence with the Catalist Rules, the Company will be publishing its third annual sustainability report for FY2023 on SGXNet and the Company's corporate website by 30 April 2024.

The sustainability report, prepared in accordance with the Global Reporting Initiative Standards, highlights the key economic, environmental, social and governance factors that the Company has determined to be material to the Group and its stakeholders (as set out above under Principle 13 of the Code), which include economic performance, anti-corruption, fair employment practices and energy usage, among others. The sustainability report also describes the Group's sustainability practices with reference to the primary components set out in Rule 711B of the Catalist Rules on a "comply or explain" basis.

Please refer to the full sustainability report, to be published on or before 30 April 2024, for more information on the Group's sustainability performance in FY2023.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**OTHER INFORMATION**

**Dealing with Securities**

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal compliance code to guide and advise all Directors and executives of the Company with regard to dealing in the Company's securities.

The internal compliance code prohibits dealings in the Company's securities by the Company, all Directors and executives on short-term considerations or if they are in possession of unpublished price sensitive information of the Company. The "black-out" periods are one month prior to the announcement of the Company's half-year and full-year financial results and ending on the date of the announcement of the financial results.

The Company reminds all the Directors and executives to observe insider-trading rules and laws at the appropriate times.

**Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

During FY2023, the Group did not enter into any interested person transaction of S$100,000 or more. The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

**Material Contracts**

Save for the service agreement between the Executive Director and Chief Executive Officer and the Company, there were no material contracts of the Company and its subsidiaries involving the interests of any Director or controlling Shareholders that are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

**Non-Sponsor Fees**

For FY2023, there were no non-sponsor fees paid or payable to the Company's sponsor, ZICO Capital Pte. Ltd..

**Use of IPO proceeds**

There are no outstanding proceeds raised from initial public offering or any offerings pursuant to Chapter 8 of the Catalist Rules.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

We submit this statement to the members of the OxPay Financial Limited (the "Company") and its subsidiaries (collectively the "Group") together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion,

(a) the consolidated financial statements of the Group and statement of financial position of the Company 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 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having considered the factors presented in Note 2(a) of these consolidated financial statements, there are reasonable grounds to believe that the Group and the Company will be able to continue operations and meet their liabilities as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**Names of directors**

The directors of the Company in office at the date of this report are:

Kesavan Nair
Ng Weng Sui Harry
Shawn Ching Wei Hung
Ching Chiat Kwong
Chin Chen Keong
Yee Kee Shian, Leon (Appointed on 27 November 2023)
Yick Li Tsin (Appointed on 31 January 2024)

**Arrangements to enable directors to acquire shares or debentures**

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

**Directors' interests in shares or debentures**

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

| | Direct interest | |
|---|---|---|
| | At | At |
| **Name of director and corporation in which interests are held** | **1.1.2023** | **31.12.2023** |
| OxPay Financial Limited | | |
| – ordinary shares | | |
| Ng Weng Sui Harry | 109,800 | **109,800** |
| Ching Chiat Kwong | 73,663,613 | **76,826,612** |
| Shawn Ching Wei Hung | 140,000 | **140,000** |

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**Directors' interests in shares or debentures** (Continued)

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Except as disclosed under the 'Performance share plan and employee share option scheme' section of this statement, 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.

**Performance share plan and employee share option scheme**

The OxPay Performance Share Plan (the "**OxPay PSP**") and OxPay Employee Share Option Scheme (the "**OxPay ESOS**") (formerly known as "MCP Performance Share Plan" and "MCP Employee Share Option Scheme, respectively) were approved by shareholders at an Extraordinary General Meeting held on 22 January 2021.

The OxPay PSP and OxPay ESOS are administered by the Remuneration Committee ("the RC").

Other information regarding the OxPay PSP and the OxPay ESOS is set out below:

**OxPay PSP**

In FY2022, 343,137 shares were issued pursuant to the vesting of awards granted under the OxPay PSP.

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

**OxPay ESOS**

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares have been issued by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

The aggregate number of shares comprised in awards from the commencement of the OxPay PSP to 31 December 2023 is 343,137 shares. There have been no options granted from the commencement of the OxPay ESOS to 31 December 2023.

# **DIRECTORS'** STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**Performance share plan and employee share option scheme** (Continued)

In respect of the OxPay PSP:

(a) Details of the ordinary shares delivered pursuant to awards granted under the OxPay PSP are set out in the notes to the financial statements.

(b) No awards of shares under the OxPay PSP have been granted to controlling shareholders of the Company or their associates.

(c) No participant has received in aggregate 15% or more of the total number of issued shares (excluding treasury shares and subsidiary holdings).

**Audit Committee**

The members of the Audit Committee during the financial year were Chin Chen Keong (Chairman), Kesavan Nair (Member), Yee Kee Shian, Leon (Member) (Appointed on 27 November 2023), Ng Weng Sui Harry (Member) and Chee Kheng Hock, Rothschild (Member) (Resigned on 27 November 2023). After the resignation of Mr Chee Kheng Hock, Rothschild, the Audit Committee was reconstituted on 27 November 2023 and at the date of this statement, the members are:

Chin Chen Keong (Independent Director)
Kesavan Nair (Independent Director)
Yee Kee Shian, Leon (Non-Executive Independent Director)
Ng Weng Sui Harry (Non-Executive and Non-Independent Director)

The Audit Committee performs functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held five meetings since the last directors' statement. In performing those functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work and the results of their examination.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the external auditors;
- semi-annual financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- the audit plan of the Company's external auditor and any recommendations on internal accounting controls arising from statutory audit; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors, as well as the Independent Auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**Audit Committee** (Continued)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing our auditors of the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

**Independent auditor**

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

...................................................................
SHAWN CHING WEI HUNG

...................................................................
YICK LI TSIN

Dated: 11 April 2024

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of OxPay Financial 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 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

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)") 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 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2(a) to the financial statements, which indicates that the Group incurred a net loss after tax for the year of $1,409,000 and reported net operating cash outflows of $13,509,000 for the financial year ended 31 December 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern depends on the continued financial support from the controlling shareholder.

If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

**Key Audit Matters**

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

| **Impairment of non-financial assets (Note 3, Note 4, Note 5)** | |
|---|---|
| Risk identified:<br><br>We identified the impairment of non-financial assets, comprising the Group's plant and equipment and intangible assets and the Company's investments in subsidiaries, as a key audit matter as the estimation of recoverable amount involves complex and subjective management estimates based on management's judgement.<br><br>As at 31 December 2023, indicators of impairment had been identified as OxPay SG Pte. Ltd, the underlying payment service cash-generating unit, incurred losses for the financial years ended 31 December 2023 and 2022.<br><br>Management estimated the recoverable amount of plant and equipment and intangible assets, including those included as part of net assets of OxPay SG Pte. Ltd., based on fair value less costs of disposal which was higher than value in use, with the involvement of independent valuers (the "Management's Experts").<br><br>The fair value of plant and equipment was assessed based on the depreciated replacement cost method of the cost approach.<br><br>The intangible assets were valued using the Relief from Royalty Method of the income approach, which applied a discounted cash flow model. The assumptions with the most significant impact on the value of the intangible assets include the discount rate, royalty rate and growth rate.<br><br>As at 31 December 2023, the carrying amount of plant and equipment and intangible assets are $107,000 and $257,000, respectively. As at 31 December 2023, the carrying amount of the Company's investments in subsidiaries of $3,175,000 related to the cost of investment in OxPay SG Pte. Ltd. (Note 5), net of impairment loss. The recoverable amount of investment in OxPay SG Pte. Ltd. was determined based on revalued net assets value as at the reporting date. | Our response:<br><br>We performed the following audit procedures:<br><br>– Evaluated the objectivity, independence, qualification and competency of the Management's Experts who assisted in the valuations.<br><br>– Assessed the appropriateness of using value in use or fair value less costs of disposal models as the basis for determining the recoverable amounts.<br><br>– With the assistance of the auditor's expert, challenged the appropriateness of the inputs and assumptions adopted by the Management's Experts to determine the recoverable amounts.<br><br>– Evaluated the appropriateness of the inputs used and adjustment factors applied for the plant and equipment valued using the depreciated replacement cost method.<br><br>– Evaluated the reasonableness of the comparable companies, discount rate, royalty rate, and growth rate applied, and tested the mathematical accuracy and underlying data used by management in the discounted cash flow model.<br><br>– Assessed management's procedures for determining the fair value of financial assets and financial liabilities of OxPay SG Pte. Ltd. at the reporting date, and reasonableness of valuation input related to discount for lack of marketability.<br><br>– Checked arithmetic accuracy of management's calculations.<br><br>– Assessed the appropriateness of presentation and disclosures in the financial statements. |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

**Key Audit Matters** (Continued)

| **Valuation of financial asset at fair value through other comprehensive income ("FVOCI") (Note 7)** | |
|---|---|
| Risk identified:<br><br>In June 2023, the Group ceased equity accounting for its investment in PT Iforte Payment Infrastructure ("PT Iforte") as associate with the decrease in its equity interest in PT Iforte from 24% to 6.9%, and recognised its retained equity interest in PT Iforte as financial asset at FVOCI (the "Investment").<br><br>The Group recognised a gain on derecognition of associate of $520,000 based on the fair value of the retained equity interest of 6.9%.<br><br>The Group's expert (the "Management's Expert") applied the Prior Transaction Method, the primary method, and performed a cross check using a market approach against the results derived under the primary method in determining the fair value of the Investment at initial recognition and subsequent remeasurement at 31 December 2023.<br><br>We have identified this as a key audit matter due to material quantum of gain on derecognition of associate of $520,000 to the financial statements, and significant judgement and assumptions are required, including selection and determination of unobservable inputs, in valuing the Investment. | Our response:<br><br>We performed the following audit procedures:<br><br>– Considered the objectivity, independence, qualification and competency of the Management's Expert.<br><br>– With the assistance of the auditor's expert<br><br>• assessed the appropriateness of the valuation approaches and methodologies applied by the Management's Expert;<br><br>• evaluated reasonableness of valuation inputs used by the Management's Expert in determining the fair value of the Investment, including recent transaction price, market multiples and discount rate;<br><br>• tested the accuracy of the inputs by examining supporting documents; and<br><br>• checked arithmetic accuracy of computation of fair value.<br><br>– Considered the adequacy of the disclosure in the financial statements. |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

**Key Audit Matters** (Continued)

| **Allowance for expected credit losses of trade and other receivable (Note 8)** | |
|---|---|
| <u>Risk identified:</u><br><br>The collectability of trade and other receivables is considered a key audit matter being a major element in the balance sheet, accounting for approximately 39% of the total assets as at 31 December 2023.<br><br>The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision matrix is based on the Group's historical loss rates. Loss rates are calculated using a "roll rate" method based on 2-year historical loss rates for each aging band, taking into account the migration of each balance through the various aging bands to determine the appropriate credit loss rate for each aging band. Roll rates are adjusted for current and forward-looking information.<br><br>Key areas of judgment include evaluating: the model and methodology used for measuring expected credit losses; the assumptions used in the forward-looking information; and the determination of a significant increase in credit risk since initial recognition.<br><br>We consider this is a key audit matter due to judgments and estimates involved in the application of the expected credit loss model. | <u>Our response:</u><br><br>We performed the following audit procedures:<br><br>– Analysed the aging of trade and other receivables, obtained an understanding of the background information on past due trade receivables.<br><br>– Requested trade and other receivables balance confirmations.<br><br>– Tested subsequent receipts of trade and other receivables post balance sheet date.<br><br>– Assessed the appropriateness of management's identification of significant increase in credit risk and impairment triggers for trade and other receivables, and significant input data, such as historical payment pattern of customers, latest correspondence with customers, and cash receipts post year end.<br><br>– Tested the accuracy and completeness of underlying data used in the determination of loss rates and the mathematical accuracy of the expected credit loss model.<br><br>– Considered the adequacy of the disclosures in the financial statements. |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

**Other matter**

The financial statements for the year ended 31 December 2022 were audited by another firm of auditors whose report dated 4 April 2023 expressed an unmodified opinion on those financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

The directors' responsibilities include overseeing the Group's financial reporting processes.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

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

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXPAY FINANCIAL LIMITED

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

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, actions taken to eliminate threats or safeguards applied.

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 Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
11 April 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 31 December 2023 $'000 | 31 December 2022 $'000 | 31 December 2023 $'000 | 31 December 2022 $'000 |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 3 | **107** | 170 | **–** | – |
| Intangible assets and goodwill | 4 | **257** | 330 | **–** | – |
| Investments in subsidiaries | 5 | **–** | – | **3,175** | 5,100 |
| Investment in associate | 6 | **–** | – | **–** | – |
| Financial asset at fair value through other comprehensive income ("FVOCI") | 7 | **493** | – | **–** | – |
| Trade and other receivables | 8 | **28** | 16 | **–** | – |
| | | **885** | 516 | **3,175** | 5,100 |
| **Current Assets** | | | | | |
| Trade and other receivables | 8 | **6,454** | 3,504 | **102** | 31 |
| Inventories | 9 | **9** | – | **–** | – |
| Cash and cash equivalents | 10 | **9,396** | 22,105 | **30** | 45 |
| | | **15,859** | 25,609 | **132** | 76 |
| **Total assets** | | **16,744** | 26,125 | **3,307** | 5,176 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Share capital | 11 | **55,757** | 55,757 | **170,474** | 170,474 |
| Currency translation reserve | 12 | **169** | 101 | **–** | – |
| Capital reserve | 12 | **–** | 2,896 | ***** | * |
| Fair value reserve | 12 | **(27)** | – | **–** | – |
| Shared-based compensation reserve | 12 | **–** | – | **2,515** | 2,515 |
| Accumulated losses | | **(51,374)** | (52,924) | **(171,226)** | (168,607) |
| **Equity attributable to owners of the Company** | | **4,525** | 5,830 | **1,763** | 4,382 |
| Non-controlling interests | 13 | **(397)** | (342) | **–** | – |
| **Total equity** | | **4,128** | 5,488 | **1,763** | 4,382 |
| **Non-Current Liabilities** | | | | | |
| Borrowing | 14 | **637** | – | **–** | – |
| **Current Liabilities** | | | | | |
| Trade and other payables | 15 | **11,791** | 20,604 | **1,544** | 794 |
| Borrowing | 14 | **186** | – | **–** | – |
| Lease liability | 16 | **–** | 28 | **–** | – |
| Current tax payable | | **2** | 5 | **–** | – |
| | | **11,979** | 20,637 | **1,544** | 794 |
| **Total liabilities** | | **12,616** | 20,637 | **1,544** | 794 |
| **Total equity and liabilities** | | **16,744** | 26,125 | **3,307** | 5,176 |

* Amount less than $1,000

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|---|
| Revenue | 17 | **8,323** | 9,871 |
| Cost of sales | | **(5,872)** | (7,312) |
| Gross profit | | **2,451** | 2,559 |
| Other income | 18 | **99** | 641 |
| Gain on derecognition of associate | 7, 20 | **520** | – |
| Administrative expenses | | **(5,070)** | (5,464) |
| Impairment loss on trade and other receivables | 20 | ***** | (244) |
| Impairment loss on property, plant and equipment | 3, 20 | **(10)** | – |
| Impairment loss on intangible assets | 4, 20 | **–** | (19) |
| Reversal of impairment loss on trade and other receivables | | ***** | 2,282 |
| Other operating expenses | | **(216)** | (299) |
| Finance income | 19 | **864** | 134 |
| Finance costs | 19 | **(45)** | (17) |
| **Loss before taxation** | 20 | **(1,407)** | (427) |
| Tax expense | 21 | **(2)** | (5) |
| **Loss for the year** | | **(1,409)** | (432) |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Change in fair value of financial asset at FVOCI | 7 | **(27)** | – |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Foreign currency translation differences relating to financial statements of foreign subsidiaries | | **76** | (54) |
| **Total other comprehensive loss for the year, net of nil tax** | | **49** | (54) |
| **Total comprehensive loss for the year** | | **(1,360)** | (486) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(1,360)** | (473) |
| Non-controlling interests | | **(49)** | 41 |
| | | **(1,409)** | (432) |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the Company | | **(1,305)** | (515) |
| Non-controlling interests | | **(55)** | 29 |
| | | **(1,360)** | (486) |
| **Loss per share (cents)** | | | |
| – basic | 22 | **(0.49)** | (0.17) |
| – diluted | 22 | **(0.49)** | (0.17) |

* Amount less than $1,000

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| The Group | Note | Share capital $'000 | Currency translation reserve $'000 | Capital reserve $'000 | Fair value reserve $'000 | Accumulated losses $'000 | Equity attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 55,218 | 143 | 2,896 | – | (52,370) | 5,887 | (453) | 5,434 |
| **Total comprehensive loss for the year** | | | | | | | | | |
| Loss for the year | | – | – | – | – | (473) | (473) | 41 | (432) |
| **Other comprehensive loss** | | | | | | | | | |
| Foreign currency translation differences | | – | (42) | – | – | – | (42) | (12) | (54) |
| **Total other comprehensive loss** | | – | (42) | – | – | – | (42) | (12) | (54) |
| **Total comprehensive loss for the year** | | – | (42) | – | – | (473) | (515) | 29 | (486) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | |
| Issue of ordinary shares for cash | 11.1 | 512 | – | – | – | – | 512 | – | 512 |
| Share issue expense | 11.1 | (18) | – | – | – | – | (18) | – | (18) |
| | | 494 | – | – | – | – | 494 | – | 494 |
| Issue of ordinary shares pursuant to share award | 11.2 | 46 | – | – | – | – | 46 | – | 46 |
| Share issue expense | 11.2 | (1) | – | – | – | – | (1) | – | (1) |
| | | 45 | – | – | – | – | 45 | – | 45 |
| Contribution by non-controlling interest | | – | – | – | – | – | – | 21 | 21 |
| Acquisition of non-controlling interests | | – | – | – | – | (81) | (81) | 61 | (20) |
| **Total changes in ownership interests in subsidiaries** | | – | – | – | – | (81) | (81) | 82 | 1 |
| **Total transactions with owners** | | 539 | – | – | – | (81) | 458 | 82 | 540 |
| At 31 December 2022 | | 55,757 | 101 | 2,896 | – | (52,924) | 5,830 | (342) | 5,488 |

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# **CONSOLIDATED STATEMENT OF** CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| The Group | Share capital $'000 | Currency translation reserve $'000 | Capital reserve $'000 | Fair value reserve $'000 | Accumulated losses $'000 | Equity attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 55,757 | 101 | 2,896 | – | (52,924) | 5,830 | (342) | 5,488 |
| **Total comprehensive loss for the year** | | | | | | | | |
| Loss for the year | – | – | – | – | (1,360) | (1,360) | (49) | (1,409) |
| **Other comprehensive income** | | | | | | | | |
| Changes in fair value of financial asset at FVOCI | – | – | – | (27) | – | (27) | – | (27) |
| Foreign currency translation differences | – | 82 | – | – | – | 82 | (6) | 76 |
| **Total other comprehensive income** | – | 82 | – | (27) | – | 55 | (6) | 49 |
| **Total comprehensive income/(loss) for the year** | – | 82 | – | (27) | (1,360) | (1,305) | (55) | (1,360) |
| **Transfer within equity** | | | | | | | | |
| Transfer from reserve to accumulated losses | – | (14) | (2,896) | – | 2,910 | – | – | – |
| **At 31 December 2023** | 55,757 | 169 | – | (27) | (51,374) | 4,525 | (397) | 4,128 |

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Loss before taxation | | **(1,407)** | (427) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 3 | **66** | 118 |
| Amortisation of intangible assets | 4 | **109** | 113 |
| Gain on debt settlement | 18, 20 | **–** | (102) |
| Gain on derecognition of associate | 7, 20 | **(520)** | – |
| Impairment loss on property, plant and equipment | 3, 20 | **10** | – |
| Impairment loss on intangible assets | 4, 20 | **–** | 19 |
| Impairment loss on trade and other receivables | 20 | ***** | 244 |
| Reversal of impairment loss on trade receivables | 20 | ***** | (2,282) |
| Interest income | 19 | **(864)** | (134) |
| Interest expense | 19 | **45** | 17 |
| Loss on disposal of property, plant and equipment | | **4** | – |
| Write-off of property, plant and equipment | | **11** | – |
| Write-off of intangible assets | 4 | **4** | – |
| Share-based payments – Employees | | **–** | 46 |
| **Operating loss before working capital changes** | | **(2,542)** | (2,388) |
| Change in inventory | | **(9)** | – |
| Change in trade and other receivables | | **(2,903)** | (91) |
| Change in trade and other payables | | **8,950** | (1,489) |
| **Cash used in operations** | | **(14,404)** | (3,968) |
| Interest income received | | **904** | 64 |
| Income tax paid | | **(9)** | – |
| **Net cash used in operating activities** | | **(13,509)** | (3,904) |
| **Cash Flows from Investing Activities** | | | |
| Purchase of property, plant and equipment | 3 | **(34)** | (81) |
| Purchase of intangible assets | 4 | **(40)** | (138) |
| Capital contribution from non-controlling interest of a subsidiary | | **–** | 21 |
| Proceeds from disposal of property, plant and equipment | | **3** | – |
| **Net cash used in investing activities** | | **(71)** | (198) |
| **Cash Flows from Financing Activities** | | | |
| Payment of lease liability | (Note A) | **(28)** | (88) |
| Payment of lease interest | (Note A) | ***** | (3) |
| Proceeds from borrowing | (Note A) | **1,000** | – |
| Repayment of borrowing | (Note A) | **(167)** | – |
| Interest paid | (Note A) | **(40)** | – |
| Repayment of loans from a shareholder | (Note A) | **–** | (573) |
| Net proceeds from issuance of new shares | 11.1 | **–** | 494 |
| Acquisition of non-controlling interests | 26 | **–** | (20) |
| **Net cash generated from/(used in) financing activities** | | **765** | (190) |
| Net changes in cash and cash equivalents | | **(12,815)** | (4,292) |
| Cash and cash equivalents at beginning of year | | **22,105** | 26,449 |
| Effects of exchange rate fluctuations on cash held | | **106** | (52) |
| **Cash and cash equivalents at end of year** | 10 | **9,396** | 22,105 |

* Amount less than $1,000

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item:

**Note A**

| The Group | Borrowing $'000 | Loans from a shareholder $'000 | Lease liabilities $'000 | Total $'000 |
|---|---|---|---|---|
| **Balance as at 1 January 2022** | – | 559 | 97 | 656 |
| **Changes from financing cash flows** | | | | |
| Payment of lease liability | – | – | (88) | (88) |
| Payment of lease interest | – | – | (3) | (3) |
| Repayment of loans from a shareholder | – | (573) | – | (573) |
| **Total changes from financing cash flows** | – | (573) | (91) | (664) |
| **Other changes** | | | | |
| Interest expense | – | 14 | 3 | 17 |
| New leases | – | – | 19 | 19 |
| **Balance as at 31 December 2022** | – | – | 28 | 28 |
| **Changes from financing cash flows** | | | | |
| Payment of lease liability | – | – | (28) | (28) |
| Payment of lease interest | – | – | * | * |
| Drawdown of loan | 1,000 | – | – | 1,000 |
| Repayment of loan | (167) | – | – | (167) |
| Payment of interest on bank loan | (40) | – | – | (40) |
| **Total changes from financing cash flows** | 793 | – | (28) | 765 |
| **Other changes** | | | | |
| Interest expense | 45 | – | * | 45 |
| Loan arrangement and facilitation fees | (15) | – | – | (15) |
| | 30 | – | – | 30 |
| **Balance as at 31 December 2023** | **823** | **–** | **–** | **823** |

* Amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1 GENERAL INFORMATION

The consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company was incorporated as a limited liability company and domiciled in Singapore, and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard.

The registered office and principal place of business is located at 10 Ubi Crescent, #03-48 Ubi Techpark, Singapore 408564.

The principal activities of the Company and its subsidiaries after the completion of the Reverse Acquisition are to carry on payment technology solution licensing, development and related hardware sales and, or rental and electronic payment processing as aggregator and master merchant.

## 2(a) BASIS OF PREPARATION

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

The financial statements are presented in Singapore Dollar ("SGD") which is the Company's functional currency. All financial information has been presented in SGD unless otherwise stated.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by Group entities.

**Going concern basis**

The Group incurred a net loss after tax for the year of $1,409,000 and reported net operating cash outflows of $13,509,000 for the financial year ended 31 December 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

Notwithstanding the above, the Directors consider that it is appropriate for the financial statements of the Group to be prepared on a going concern basis, as the Directors has assessed that the Group has sufficient cash flow at least for the next twelve months from the date of this report to enable the Company to continue its operations and meet its financial obligations as and when they fall due, having considered the following:

- the liquidity of its existing assets of the Group; and
- financial support from the controlling shareholder for a period of at least 12 months from the date of approval of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(a) BASIS OF PREPARATION (CONTINUED)

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

### (i) Significant judgements used in applying accounting policies

Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Income taxes (Note 21)

The Group has exposure to income taxes in Singapore, Malaysia and Thailand. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 and deferred tax provisions in the period in which such determination is made.

### (ii) Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment and intangible assets (Note 3 and 4)

Property, plant and equipment and intangible assets are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the useful economic lives and the residual values of these assets, therefore future depreciation charges could be revised. A 5% increase/decrease in depreciation on property, plant and equipment and intangible assets would not have a material impact on the financial statements.

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**2(a) BASIS OF PREPARATION** (CONTINUED)

**(ii) Key sources of estimation uncertainty** (Continued)

Impairment of non-financial assets (Note 3, 4, and 5)

Property, plant and equipment, intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The determination of the fair value less costs of disposal of property, plant and equipment and intangible assets include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets in the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Fair value measurement and valuation of financial asset at FVOCI (Note 7)

Significant judgement is required to ascertain the appropriateness of the assumptions made on valuation of the financial asset at FVOCI in determining its fair value. The fair value of the financial asset at FVOCI was based on the recent transacted price of shares issued by the investee to unrelated investors, which was cross-checked against an assessment using the Guideline Publicly-traded Comparable Method.

Allowance for expected credit losses of trade and other receivables (Note 8)

Allowance for expected credit losses ("ECL") of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and other receivables which are credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. A 5% increase in the default rates at the reporting date from management's estimates would not have a material impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(b) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

On 1 January 2023, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods:

| Reference | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|
| SFRS(I) 17 | Insurance Contracts | 1 January 2023 |
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to SFRS(I) 1-8 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to SFRS(I) 1-12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to SFRS(I) 1-12 | International Tax Reform – Pillar Two Model Rules | 1 January 2023 |

## 2(c) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application:

| Reference | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|
| Amendments to SFRS(I) 1-1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to SFRS(I) 1-1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to SFRS(I) 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to SFRS(I) 1-7 and SFRS(I) 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to SFRS(I) 1-21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Yet to be determined |

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION

### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Consolidation** (Continued)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Consolidation** (Continued)

Non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

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

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained; and
- recognises any gain or loss in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and 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 interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Consolidation** (Continued)

Changes in ownership interests in subsidiaries resulting in loss of control (Continued)
All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

The fair value of any investment retained in the former subsidiary at the date when the 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 a joint venture.

**Business combination**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Business combination** (Continued)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**Investments in equity-accounted investees**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

| | |
|---|---|
| Computer software and equipment | 3 – 10 years |
| Office equipment, furniture and fittings and renovation | 3 – 10 years |
| Payment terminals | 6 years |
| Motor vehicles | 5 years |
| Leased office space | 1 – 2 years |

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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 amounts of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

**Intangible assets and goodwill**

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see accounting policy on Business combination.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

Patent right and trademark

Patent right and trademark are stated at cost less accumulated amortisation and impairment losses. Patent right and trademark are only amortised from the date of patent right and trademark are obtained during which benefits are expected to be derived.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Intangible assets and goodwill** (Continued)

Software development cost

Costs incurred on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved product and processes. Development costs is capitalised only if the development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The costs capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for intended use, and capitalised borrowing costs. Other development costs is recognised in profit or loss as incurred.

Capitalised software development costs is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated based on cost of the asset, less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

| | |
|---|---|
| Patent and trademark | 10 years |
| Software development | 5 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. Software under development is not amortised.

**Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**As a lessee** (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liability in 'lease liability' in the statement of financial position.

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**As a lessee** (Continued)

*Short-term leases*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases, including leases for storage space. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

**(a) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**(b) Financial assets**

**Measurement**

**Initial recognition and measurement**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments** (Continued)

**(b) Financial assets** (Continued)

**Measurement** (Continued)

**Initial recognition and measurement** (Continued)

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to expected credit loss assessment. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired, and through the amortisation process.

At the reporting date, the Group's financial assets at amortised cost include trade and other receivables (excluding value-added tax and withholding tax receivables, tax recoverable, advance payment and prepayments), restricted cash and cash and cash equivalents.

**Financial assets at fair value through other comprehensive income (debt instruments)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI ("FVOCI"). Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

At the reporting date, the Group does not hold any debt instrument at FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments** (Continued)

**(b) Financial assets** (Continued)

**Measurement** (Continued)

**Subsequent measurement** (Continued)

**Financial assets designated at fair value through OCI (equity instruments)**

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

At the reporting date, the Group elected to classify irrevocably its investment in PT Iforte Payment Infrastructure (formerly known as PT MCP Indo Utama) as equity instrument at FVOCI.

**Financial assets at fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. At the reporting date, the Group does not have any financial asset at fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments** (Continued)

**(b) Financial assets** (Continued)

**Derecognition**

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) when:

– The rights to receive cash flows from the asset have expired or

– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

In respect of the measurement of loss allowance at an amount equal to the lifetime expected credit losses as at the reporting date, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments** (Continued)

**(b) Financial assets** (Continued)

**Impairment of financial assets** (Continued)

Definition of default

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**(c) Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. At the reporting date, the Group's financial liabilities include trade and other payables (excluding contract liabilities), borrowing and lease liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments** (Continued)

**(c) Financial liabilities** (Continued)

**Initial recognition and measurement** (Continued)

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in “finance cost” in the profit or loss.

**Subsequent measurement for financial liabilities at amortised cost**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**Derecognition**

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

**Interest rate benchmark reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs that must be incurred to make the sale.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

### Borrowings

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the year of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the year of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statements of financial position.

### Contract liabilities and contract assets

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If the customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Contract liabilities and contract assets** (Continued)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. Contract assets are subject to impairment review for credit risk in accordance with the expected credit loss model.

**Financial guarantees**

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the bank if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value and transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

**Income tax**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income 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 calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

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

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Income tax** (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**Employee benefits**

Short-term employee benefits

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

Pension obligations

The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which they have operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to certain of the employees. The contributions to national pension schemes are charged to the profit or loss in the year to which the contributions relate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Employee benefits** (Continued)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options and awards are recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and awards granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options and awards that are expected to become exercisable or allottable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued. When the awards are allotted, the related balance previously recognised in the share-based compensation reserve are credited to the share capital account when new ordinary shares are issued.

**Related parties**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

   (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

   (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   (ii) one entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a group of which the other entity is a member);

   (iii) both entities are joint ventures of the same third party;

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Related parties** (Continued)

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company. Directors and certain senior managerial personnel are considered key management personnel.

**Current and non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Current and non-current classification** (Continued)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Impairment of non-financial assets**

The carrying amounts of the Company's and the Group's non-financial assets, other than inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the entity at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill.

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Impairment of non-financial assets** (Continued)

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

**Revenue recognition**

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Transaction revenue

Transaction revenue consist of revenue earned for authorisation, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among the Group's customers. As the customer only benefits when the related transaction is processed, the Group is only entitled to payment for services upon the successful processing of the transaction and revenue is recognised upon completion of the service, at a point in time. Handling fee income arising from payment services business is recognised when the related services are rendered. Domestic withdrawal and transfer services consist of revenue earned when the transaction is processed and revenue.

Sales of services

Sales of services consist of (i) software customisation and development services and (ii) implementation and integration of ready solutions (iii) tokenisation/detokenisation services in storing credit card credentials.

Software customisation and development services are provided to customers as a series of distinct goods or services that are transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Revenue is recognised over time, based on the progress towards complete satisfaction of that performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Revenue recognition** (Continued)

Sales of services (Continued)

Implementation and integration of ready solutions consist of payment and loyalty application, website development and payment integration for shopping cart module. Revenue is recognised at a point in time upon successful integration and implementation.

Tokenisation is a service provided to customers in storing the credit card credentials input in the web conduit and the tokens are returned to the customers, with the web service made available to the customers anytime of the day. Revenue is recognised at a point in time.

Sales of goods

Sales of goods consist of prepaid cards. Revenue is recognised when the control of the goods has been transferred to the customer.

Licensing fee

Licensing fee revenue through the licensing of this technology platform to customers. Licensee can use this platform to sell further to the end customers. The licensing arrangement is a right-to-use and licensing fee revenue would be recognised at a point in time upon completion of the arrangement.

Other revenue

Other revenue consists of (i) setup fees and subscription fees and (ii) referral fees. Setup fees consist of revenue earned upon completion of account creation and terminal installation. Subscription fees on services-based products include website hosting, domain name registration and subscriber identification module (SIM) card services. Revenue is recognised over time. Referral fees consist of revenue earned when account is created and terminal has been set up or when sale transaction is processed by the referee. The Group is only entitled to payment for services upon successful set up or completion of sales transaction by the referee and revenue is recognised upon completion of the service, at a point in time.

**Government grants**

An unconditional government grant is recognised in profit or loss as 'other income' when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**Finance income and cost**

The Group's finance income and finance costs include interest income, interest expense on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Finance income and cost** (Continued)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**Functional currencies**

Functional and presentation currency

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

**Conversion of foreign currencies**

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss and other comprehensive income within "other income" or "other operating expenses".

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(d) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Conversion of foreign currencies** (Continued)

Group entities

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

(i) assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

**Earnings per share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Director (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, head office expenses, and tax assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT

| The Group | Computer software and equipment $'000 | Office equipment, furniture and fittings and renovation $'000 | Payment terminals $'000 | Motor vehicles $'000 | Leased office space $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| At 1 January 2022 | 774 | 106 | 912 | 36 | 154 | 1,982 |
| Additions | 11 | 1 | 69 | – | 19 | 100 |
| Disposals | – | – | * | – | (20) | (20) |
| Effect of movements in exchange rate | (1) | * | (2) | (2) | (1) | (6) |
| At 31 December 2022 | 784 | 107 | 979 | 34 | 152 | 2,056 |
| Additions | 10 | 2 | 22 | – | – | 34 |
| Disposals | (2) | – | (9) | – | – | (11) |
| Write-off | (677) | (99) | (882) | – | (152) | (1,810) |
| Effect of movements in exchange rate | (2) | * | (3) | (2) | * | (7) |
| **At 31 December 2023** | **113** | **10** | **107** | **32** | **–** | **262** |
| Accumulated depreciation and impairment losses | | | | | | |
| At 1 January 2022 | 715 | 102 | 875 | 36 | 62 | 1,790 |
| Depreciation for the year | 22 | 2 | 10 | – | 84 | 118 |
| Disposals | – | – | – | – | (20) | (20) |
| Effect of movements in exchange rate | * | * | * | (2) | * | (2) |
| At 31 December 2022 | 737 | 104 | 885 | 34 | 126 | 1,886 |
| Depreciation for the year | 19 | 2 | 19 | – | 26 | 66 |
| Disposals | (1) | – | (3) | – | – | (4) |
| Write-off | (672) | (99) | (876) | – | (152) | (1,799) |
| Impairment | 9 | * | 1 | – | – | 10 |
| Effect of movements in exchange rate | (2) | * | * | (2) | * | (4) |
| **At 31 December 2023** | **90** | **7** | **26** | **32** | **–** | **155** |
| Net book value | | | | | | |
| **At 31 December 2023** | **23** | **3** | **81** | **–** | **–** | **107** |
| At 31 December 2022 | 47 | 3 | 94 | – | 26 | 170 |

* Amount less than $1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Impairment test**

As at 31 December 2023, indicators of impairment had been identified as OxPay SG Pte. Ltd, the underlying payment service cash-generating unit, incurred losses for the financial years ended 31 December 2023 and 2022. Accordingly, management carried out a review of the recoverable amount of property, plant and equipment, which is a fair value hierarchy Level 3 measurement.

The estimated recoverable amount was determined based on fair value less cost of disposal which was higher than value in use. The fair value was assessed based on the depreciated replacement cost method under the cost approach which considered the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic).

The Group recognised an impairment loss of $10,000 (2022 – $Nil) on property, plant and equipment for the year ended 31 December 2023.

## 4 INTANGIBLE ASSETS AND GOODWILL

| The Group | Goodwill $'000 | Patent and trademark $'000 | Software development $'000 | Software under development $'000 | Total $'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 1 January 2022 | 541 | 104 | 4,224 | – | 4,869 |
| Additions | – | – | 22 | 116 | 138 |
| At 31 December 2022 | 541 | 104 | 4,246 | 116 | 5,007 |
| Additions | – | – | – | 40 | 40 |
| Write off | – | (104) | (3,172) | – | (3,276) |
| **At 31 December 2023** | **541** | **–** | **1,074** | **156** | **1,771** |
| Accumulated amortisation and impairment losses | | | | | |
| At 1 January 2022 | 541 | 84 | 3,920 | – | 4,545 |
| Amortisation for the year | – | 8 | 105 | – | 113 |
| Impairment | – | – | 19 | – | 19 |
| At 31 December 2022 | 541 | 92 | 4,044 | – | 4,677 |
| Amortisation for the year | – | 8 | 101 | – | 109 |
| Write off | – | (100) | (3,172) | – | (3,272) |
| **At 31 December 2023** | **541** | **–** | **973** | **–** | **1,514** |
| Net book value | | | | | |
| **At 31 December 2023** | **–** | **–** | **101** | **156** | **257** |
| At 31 December 2022 | – | 12 | 202 | 116 | 330 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Software development

Software development related to internally developed software solutions that can be used by small business and merchants to facilitate payments using their own mobile devices.

Software development is amortised over the estimated useful life of 5 years (2022 - 5 years). It will be fully amortised on average within the next 1 year (2022: 2 years).

**Impairment test**

**2023**

The Group has 6 software development and 1 software under development as at 31 December 2023 (31 December 2022 – 20 software development and 1 software under development) that can be used by small business and merchants to facilitate payments using their own mobile devices. 5 (2022 – 18) of these software development were impaired in prior years and no software development (2022 – an additional software development) was impaired during the year.

As at 31 December 2023, indicators of impairment had been identified in respect of software solutions as OxPay SG Pte. Ltd., the underlying payment service cash-generating unit, incurred losses for the financial years ended 31 December 2023 and 2022. Accordingly, management carried out a review of the recoverable amount of the software solutions (software development and software under development), which is a fair value hierarchy Level 3 measurement.

The estimated recoverable amount of software solutions was determined based on fair value less cost of disposal which was higher than value in use and the carrying value of intangible assets. The fair value was assessed based on the Relief from Royalty Method of the income approach.

**2022**

As at 31 December 2022, the 2 remaining software development showed indicators of impairment due to challenging market conditions in certain countries which the Group operates in. Accordingly, management carried out a review of the recoverable amount of the software development. The estimated recoverable amount of the software affected, based on its value-in-use, was lower than its carrying value. 1 out of the 2 remaining software development with carrying value of $19,000 were fully impaired as these software development were in low usage or no longer being used by the Group and the amount is included in other expenses.

The recoverable amount of the remaining 1 software development is higher than the carrying value. In determining the recoverable amount, the key assumption used was pre-tax discount rate of 16.8%.

No pre-tax discount rates were used in the assessment of the 1 fully impaired software solution as at 31 December 2022 as minimum future use is expected.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5 INVESTMENTS IN SUBSIDIARIES

| The Company | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Unquoted equity shares, at cost as at beginning of the year | **85,883** | 85,837 |
| Additions (Note 11.2) | **–** | 46 |
| Unquoted equity shares, at cost as at end of the year | **85,883** | 85,883 |
| Allowance for impairment | **(82,708)** | (80,783) |
| | **3,175** | 5,100 |

The movement in allowance for impairment in respect of investments in subsidiaries during the year was as follows:

| The Company | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Balance at beginning of year | **80,783** | 75,237 |
| Impairment loss recognised | **1,925** | 5,546 |
| Balance at end of year | **82,708** | 80,783 |

In 2022, the Company granted and issued 343,137 new ordinary shares at $0.134 per share to the Sole Director and Chief Executive Officer of OxPay SG Pte. Ltd., a subsidiary, in his capacity as a shareholder of OxPay SG Pte. Ltd. (Note 11.2). The fair value of the shares issued of $46,000 was recognised within cost of investment in its subsidiary.

The Group assessed that it controls OxPay Holding (Thailand) Company Limited although the Company owns less than half of the ownership interest as the Group has majority board seats in OxPay Holdings and majority voting rights as the holder of the 51% only has 1 vote for every 10 shares as compared to the Group's 1 vote per share. The Group has the ability to direct its overall exposure to the variable returns from its investments in OxPay Holding (Thailand) Company Limited, and as such, it is accounted for as a subsidiary by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

| Name of subsidiaries | Place of incorporation/ principal place of business | Cost of investment | | Effective equity held by the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | |
| | | $'000 | $'000 | % | % | |
| **Directly held by Company** | | | | | | |
| OxPay SG Pte. Ltd.[i] | Singapore | **85,883** | 85,883 | **100** | 100 | Provision of mobile payment technology licensing and related hardware sales, and rental and electronic payment processing as aggregator and master merchant |
| OxPay Investment Pte. Ltd.[i] | Singapore | * | * | **100** | 100 | Investment holding |
| **Indirectly held via OxPay Investment Pte. Ltd.** | | | | | | |
| Ffastpay Pte. Ltd.[i] | Singapore | **1** | 1 | **100** | 100 | Provision of mobile payment technology & development |
| OxPay (M) Sdn. Bhd.[ii] | Malaysia | **1,166** | 1,166 | **100** | 100 | Provision of mobile payment technology licensing and related hardware sales, and rental and electronic payment processing as aggregator and master merchant |
| OxPay Global Venture Pte. Ltd.[i] | Singapore | * | * | **100** | 100 | Investment holding |
| OxPay Solutions Pte. Ltd.[i] | Singapore | **185** | 185 | **100** | 100 | Provision of merchant payment services |
| **Indirectly held via OxPay Global Venture Pte Ltd** | | | | | | |
| OxPay Holding (Thailand) Company Limited[iii] | Thailand | **403** | 403 | **49** | 49 | Investment holding |
| **Indirectly held via OxPay Holding (Thailand) Company Limited** | | | | | | |
| OxPay (Thailand) Company Limited[iii] | Thailand | **3,088** | 1,632 | **74** | 74 | Provision of mobile payment technology and development |

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Amount less than $1,000.

i Audited by Foo Kon Tan LLP (2022 – KPMG LLP)

ii Audited by JC & Associates (2022 – KPMG LLP for group consolidation purposes)

iii Audited by Audit Center Co., Ltd. (2022 – Audit Center Co., Ltd.)

**Impairment testing**

As at 31 December 2023, indicators of impairment had been identified as OxPay SG Pte. Ltd, the subsidiary, incurred losses for the financial years ended 31 December 2023 and 2022.

**2023**

The recoverable amount was determined based on the revalued net assets value of the subsidiary as at the reporting date under the fair value hierarchy Level 3 measurement. Non-financial assets of the subsidiary include plant and equipment and intangible assets.

The fair value of plant and equipment was estimated in accordance with the depreciated replacement cost method under the cost approach. The cost approach considered the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic).

The fair value of intangible assets was assessed based on the Relief from Royalty Method of the income approach.

The carrying amount of financial assets and financial liabilities approximated their fair values.

The Group recognised an impairment loss of $1,925,000 on the investment in OxPay SG Pte. Ltd. for the year ended 31 December 2023.

**2022**

The Group recognised an impairment loss of $5,546,000 on the investment in OxPay SG Pte. Ltd. for the year ended 31 December 2022 based on value in use. In determining the recoverable amount, key assumptions used included revenue growth rate of 10%, terminal growth rate of 2% and pre-tax discount rate of 16.8%.

## 6 INVESTMENT IN ASSOCIATE

| **The Group** | **2023**<br>**$'000** | **2022**<br>**$'000** |
|---|---|---|
| Unquoted equity investments, at cost | – | 631 |
| Share of loss of associate | – | (631) |
| | – | – |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6 INVESTMENT IN ASSOCIATE (CONTINUED)

Details of the associate are as follows:

| Name of associate | Place of incorporation/ principal place of business | Cost of investment | | Effective equity held by the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | |
| | | $'000 | $'000 | % | % | |
| PT Iforte Payment Infrastructure# | Indonesia | – | 631 | – | 24 | Provision of mobile payment technology and development services |

\# Audited by KAP Leonard, Mulia & Richard

On 27 June 2023, PT Iforte Payment Infrastructure ("PT Iforte", formerly known as PT MCP Indo Utama) completed a placement of shares for which the Group did not subscribe. As a result, the Group's shareholding in PT Iforte decreased from 24.0% to 6.9% and PT Iforte ceased to be an associate of the Group. The Group irrevocably elected at initial recognition to classify the fair value of the retained 6.9% equity interest of $519,868 (Note 7) as "Financial asset at fair value through other comprehensive income'. This is a strategic investment and the Group considers this classification to be more relevant.

On 27 December 2023, PT Iforte completed another share placement with the Group's equity interest further diluted from 6.9% to 5.5%.

The following table summarise the financial information of the Company's associate for the year ended 31 December 2022, based on the financial statements prepared in accordance with SFRS(I). The associate was not material to the Group.

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Revenue | **10,971** | 2,925 |
| Loss for the year | **(1,430)** | (3,290) |
| Other comprehensive income | **–** | 149 |
| **Total comprehensive loss** | **(1,430)** | (3,141) |
| Non-current assets | **277** | 268 |
| Current assets | **16,387** | 4,616 |
| Non-current liabilities | **(135)** | (305) |
| Current liabilities | **(18,887)** | (10,733) |
| **Net liabilities** | **(2,358)** | (6,154) |
| **Group's interest in net assets of investee at beginning of the year** | **–** | – |
| Group's share of: | | |
| – loss for the year | **–** | – |
| Group's contribution during the year | **–** | – |
| **Carrying amount of interest in investee at end of the year** | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Unquoted equity investment: | | |
| Balance at beginning of year | **–** | – |
| Initial recognition (reclassification from investment in associate) (Note 6) | **520** | – |
| Fair value loss recognised in other comprehensive income | **(27)** | |
| Balance at end of year | **493** | – |

As at 31 December 2023, financial asset at FVOCI related to 5.5% equity interest in PT Iforte Payment Infrastructure, a company incorporated in Indonesia, which is engaged in the business of provision of mobile payment technology and development services. The equity investment is not held for trading. Accordingly, the Group has elected to designate it as at FVOCI because the Group views that recognising short-term fluctuations in fair value in profit or loss is not consistent with the Group's strategy of holding the investment for long-term purposes and realising their performance potential in the long run.

The fair value of the financial asset at FVOCI is determined by an independent professional valuer.

The fair value was determined based on the recent transacted price of shares issued by the investee to unrelated investors, which was cross-checked against an assessment using the Guideline Publicly-traded Comparable Method.

## 8 TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Trade receivables | **6,350** | 955 | **–** | – |
| Contract assets | ***** | 75 | **–** | – |
| Less: Allowance for impairment | **(414)** | (510) | **–** | – |
| Net trade receivables and contract assets | **5,936** | 520 | **–** | – |
| Other receivables | **2,241** | 2,249 | **–** | – |
| Less: Allowance for impairment | **(2,133)** | (2,187) | **–** | – |
| Net other receivables | **108** | 62 | **–** | – |
| Interest receivables | **2** | 43 | **–** | – |
| Deposits | **239** | 2,765 | **–** | – |
| | **6,285** | 3,390 | **–** | – |
| Value-added tax and withholding tax receivables | **22** | 34 | **–** | – |
| Tax recoverable | **5** | – | **–** | – |
| Advance payment | **102** | 32 | **102** | 31 |
| Prepayments | **68** | 64 | **–** | – |
| | **6,482** | 3,520 | **102** | 31 |
| Non-current | **28** | 16 | **–** | – |
| Current | **6,454** | 3,504 | **102** | 31 |
| | **6,482** | 3,520 | **102** | 31 |

* Amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8 TRADE AND OTHER RECEIVABLES (CONTINUED)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for sales of services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

As at 31 December 2023, included in other receivables is an amount of $1,100,000 (2022 – $1,100,000) due from third party, out of which $618,000 (2022 – $618,000) bears interest at an interest rate of 6% (2022 – 6%) per annum. The amount was collaterised by the ordinary shares of the borrower. There was also an amount of $482,000 (2022 – $482,000) due from a third party arising from the disposal of MC Payment (HK) Limited. These amounts have been assessed to be credit-impaired. A receivable is written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. There was no write-off of receivables during the financial years ended 31 December 2023 and 2022.

| | Contract assets | |
|---|---|---|
| | **2023** | **2022** |
| **The Group** | **$'000** | **$'000** |
| Changes in measurement of progress | **–** | 12 |
| Contract asset reclassified to trade receivables | **(4)** | (8) |
| Allowance written off (Note 27) | **(71)** | – |

## 9 INVENTORIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| <u>At cost:</u> | | | | |
| Finished goods | **9** | – | **–** | – |
| | **9** | – | **–** | – |

## 10 CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash at bank | **7,237** | 8,053 | **30** | 45 |
| Fixed deposits | **2,159** | 14,052 | **–** | – |
| | **9,396** | 22,105 | **30** | 45 |

The cash and cash equivalents balances as at 31 December 2023 and 31 December 2022 include merchant reserve cash balances. The amount payables are $8,429,000 and $17,893,000, respectively. Merchant reserve balances payable is included as part of trade and other payables (Note 15).

The fixed deposits carried interest ranging from 3.00% to 3.35% with 1–3 months maturity from the date of acquisition.

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11 SHARE CAPITAL

| The Company | 2023 Number of ordinary shares | 2022 Number of ordinary shares | 2023 $'000 | 2022 $'000 |
|---|---|---|---|---|
| **Issues and fully paid, with no par value:** | | | | |
| Balance at beginning of year | **275,843,137** | 272,248,881 | **170,474** | 169,935 |
| Issue of ordinary shares for cash on 4 May 2022 (Note 11.1) | **–** | 3,251,119 | **–** | 494 |
| Issue of ordinary shares pursuant to vesting of share award on 23 September 2022 (Note 11.2) | **–** | 343,137 | **–** | 45 |
| Balance at end of year | **275,843,137** | 275,843,137 | **170,474** | 170,474 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

| The Group | Note | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Issues and fully paid, with no par value:** | | | |
| Balance at beginning of year | | **55,757** | 55,218 |
| Issue of ordinary shares for cash | 11.1 | **–** | 512 |
| Share issue expense | 11.1 | **–** | (18) |
| Share-based payments – employees incentive scheme | 11.2 | **–** | 45 |
| Subtotal | | **–** | 539 |
| Balance at end of year | | **55,757** | 55,757 |

Placement shares issued on 4 May 2022

11.1 On 4 May 2022, the Company completed the placement of 3,251,119 new ordinary shares at the issue price of $0.1575 per new share to a subscriber, raising gross proceeds of $512,051. Net proceeds received after deducting direct expenses of $18,190 relating to the placement was $493,861.

Shares issued on 23 September 2022 pursuant to vesting of share award

11.2 The Company granted and issued 343,137 new ordinary shares to the then Managing Director of the Company pursuant to the vesting of share award granted under the OxPay Performance Share Plan adopted by the Company at the extraordinary general meeting held on 22 January 2021. The new shares were valued at $0.134 each on vesting date, 23 September 2022. The fair value of the performance share was measured using the market price of the shares. Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11 SHARE CAPITAL (CONTINUED)

Shares issued on 23 September 2022 pursuant to vesting of share award (Continued)

Movement in the number of performance shares outstanding during the financial year are summarised below:

| Grant date | Outstanding as at 1 January 2022 | Granted | Vested | Adjusted | Outstanding as at 31 December 2022 |
|---|---|---|---|---|---|
| 23 September 2022 | – | 46 | (46) | – | – |

Measurement of fair values

The fair value of the performance share has been measured using the market price of the shares. Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

The input used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

| | Group Key management personnel 2022 |
|---|---|
| Fair value at grant date ($'000)^ | 46 |
| Share price at grant date | 0.134 |

^ Granted with non-market conditions

For non-market conditions, achievement factors have been estimated based on management inputs for the purpose of accrual for the share award until achievement of the performance conditions can be accurately ascertained.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 12 RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Share-based compensation reserve | **–** | – | **2,515** | 2,515 |
| Currency translation reserve | **169** | 101 | **–** | – |
| Capital reserve | **–** | 2,896 | ***** | * |
| Fair value reserve | **(27)** | – | **–** | – |
| | **142** | 2,997 | **2,515** | 2,515 |

* Amount less than $1,000

Share-based compensation reserve

The share-based compensation reserve comprises the cumulative value of employee services received for the issue of share awards. Share-based compensation reserve is non-distributable.

Currency translation reserve

Currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and the Company's presentation currency.

Capital reserve

The capital reserve comprises the equity component of the options granted in relation to the convertible bonds from a subsidiary which were fully settled. Capital reserve is non-distributable. During the financial year, the capital reserve was transferred to accumulated losses as the underlying instruments had been derecognised.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI"):

| Name | Country of incorporation/ Principal place of business | Ownership interests held by NCI 2023 % | 2022 % |
|---|---|---|---|
| OxPay Holding (Thailand) Company Limited | Thailand | **51** | 51 |
| OxPay (Thailand) Company Limited | Thailand | **26.02** | 26.02 |

The following summarises the financial information of each of the Company's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with SFRS(I).

| | OxPay Holding (Thailand) Company Limited $'000 | OxPay (Thailand) Company Limited $'000 | Intra-group elimination $'000 | Total $'000 |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Revenue | – | 334 | | |
| Profit/(Loss) | 25 | (238) | | |
| Other comprehensive (loss)/income | (28) | 32 | | |
| **Total comprehensive loss** | (3) | (206) | | |
| Attributable to NCI: | | | | |
| – Profit/(Loss) | 12 | (61) | – | (49) |
| – Other comprehensive (loss)/income | (14) | 8 | – | (6) |
| Non-current assets | 1,526 | 355 | | |
| Current assets | * | 1,122 | | |
| Non-current liabilities | – | – | | |
| Current liabilities | (1,079) | (965) | | |
| **Net assets** | 447 | 512 | | |
| **Net assets/(liabilities) attributable to NCI** | 57 | (454) | – | (397) |
| Dividends paid to NCI | – | – | | |
| Cash flows used in operating activities | * | (1,321) | | |
| Cash flows used in investing activities | – | – | | |
| Cash flows generated from financing activities | – | 1,174 | | |
| Net change in cash and cash equivalents | * | (147) | | |

* Amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13 NON-CONTROLLING INTERESTS (CONTINUED)

| | OxPay Holding (Thailand) Company Limited $'000 | OxPay (Thailand) Company Limited $'000 | Intra-group elimination $'000 | Total $'000 |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Revenue | – | 1,219 | | |
| (Loss)/profit | (1) | 166 | | |
| Other comprehensive loss | (10) | (28) | | |
| **Total comprehensive (loss)/income** | (11) | 138 | | |
| Attributable to NCI: | | | | |
| – (Loss)/profit | (1) | 43 | – | 42 |
| – Other comprehensive loss | (5) | (7) | – | (12) |
| Non-current assets | 814 | 507 | | |
| Current assets | * | 1,327 | | |
| Non-current liabilities | – | – | | |
| Current liabilities | (363) | (2,635) | | |
| **Net assets/(liabilities)** | 451 | (801) | | |
| **Net assets/(liabilities) attributable to NCI** | 59 | (401) | – | (342) |
| Dividends paid to NCI | – | – | | |
| Cash flows generated from operating activities | * | 520 | | |
| Cash flows used in investing activities | – | – | | |
| Cash flows generated from financing activities | – | 437 | | |
| Net change in cash and cash equivalents | – | 957 | | |

* Amount less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 14 BORROWING

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | $'000 | $'000 | $'000 | $'000 |
| Bank loan | **823** | – | **–** | – |
| Non-current | **637** | – | **–** | – |
| Current | **186** | – | **–** | – |
| | **823** | – | **–** | – |

Temporary Bridging Loan of $1 million under Singapore Enterprise Financing Scheme, bearing interest at 4.5% per annum, is secured by corporate guarantee of the Company and repayable over 5 years from 2023.

The fair values of non-current borrowings are determined based on fair value hierarchy Level 2 measurement by discounting of cash flows at the market borrowing rates of equivalent financial instruments at the reporting date.

Further information about the financial risk management, financial instruments and the fair value measurement are disclosed in Note 27, 28 and 29 respectively.

## 15 TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade payables | **806** | 985 | **–** | – |
| Merchants monies payable | **8,429** | 17,893 | **–** | – |
| Other payables | **487** | 726 | **59** | 146 |
| Accrued operating expenses | **1,913** | 682 | **180** | 148 |
| Deposit received from customers | **156** | 312 | **–** | – |
| Amount due to subsidiaries (non-trade) | **–** | – | **1,305** | 500 |
| | **11,791** | 20,598 | **1,544** | 794 |
| Contract liabilities | **–** | 6 | **–** | – |
| | **11,791** | 20,604 | **1,544** | 794 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15 TRADE AND OTHER PAYABLES (CONTINUED)

The contract liabilities primarily relate to advance consideration received from customers for transaction revenue.

| | Contract liabilities | |
|---|---|---|
| **The Group** | **2023 $'000** | **2022 $'000** |
| Increases due to cash received, excluding amounts recognised as revenue during the year | **–** | (6) |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | **6** | 16 |

## 16 LEASE LIABILITY

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023 $'000** | **2022 $'000** | **2023 $'000** | **2022 $'000** |
| Undiscounted lease payments due: | | | | |
| – Year 1 | **–** | 28 | **–** | – |
| | **–** | 28 | **–** | – |
| Less: unearned interest costs | **–** | * | **–** | – |
| Lease liability | **–** | 28 | **–** | – |
| Current | **–** | 28 | **–** | – |

Amounts recognised in profit or loss

| | **2023 $'000** | **2022 $'000** |
|---|---|---|
| Interest expense on lease liability (Note 19) | ***** | 3 |
| Short-term leases (Note 20) | **84** | 15 |

Amounts recognised in statement of cash flows

| | **2023 $'000** | **2022 $'000** |
|---|---|---|
| Total cash outflow for leases | **(28)** | (91) |

* Amount less than $1,000.

The Company's lease liability is secured by the lessor's title to the leased assets.

The Group as lessee

The Group leases office properties. The leases typically run for a period of 2 years, with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 16 LEASE LIABILITY (CONTINUED)

**Right-of-use assets**

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 3).

| | Leased properties 2022 $'000 |
|---|---|
| Balance at 1 January | 92 |
| Additions | 19 |
| Depreciation charge for the year | (84) |
| Translation difference | (1) |
| Balance at 31 December | 26 |

## 17 REVENUE

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Transaction revenue | **7,180** | 4,033 |
| Sales of services | **890** | 1,513 |
| Sales of goods | **210** | 4,239 |
| Other revenue | **43** | 86 |
| | **8,323** | 9,871 |

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Timing of revenue recognition** | | |
| – Performance obligations satisfied at a point in time | **8,297** | 9,850 |
| – Performance obligations satisfied over time | **26** | 21 |
| | **8,323** | 9,871 |

## 18 OTHER INCOME

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Gain on debt settlement (Note 20) | **–** | 102 |
| Government grants | **58** | 404 |
| Foreign exchange gain, net | **36** | – |
| Sundry income | **5** | 135 |
| | **99** | 641 |

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19 FINANCE INCOME AND COSTS

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Finance income** | | |
| Interest income | **864** | 134 |
| | **864** | 134 |
| **Finance costs** | | |
| Interest expense on lease liability | * | 3 |
| Interest expense on shareholder loan | – | 14 |
| Interest expense on bank loan | **45** | – |
| | **45** | 17 |

* Amount less than $1,000.

## 20 LOSS BEFORE TAXATION

The following items have been included in arriving at loss before taxation:

| The Group | Note | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Salaries, bonus and other staff costs | | **2,536** | 2,827 |
| Employer's contribution to defined contribution plans | | **225** | 283 |
| Professional services fees | | **498** | 722 |
| Audit fees: | | | |
| – auditors of the Company | | **215** | 278 |
| – other auditors – non-network firms | | **41** | 39 |
| Non-audit fees: | | | |
| • Audit-related services | | | |
| – other auditor – network firm | | **40** | – |
| – other auditor – non-network firm | | – | 7 |
| Impairment loss on property, plant and equipment | 3 | **10** | – |
| Impairment loss on intangible assets | 4 | – | 19 |
| Depreciation of property, plant and equipment | 3 | **66** | 118 |
| Amortisation of intangible assets | 4 | **109** | 113 |
| Short-term leases | | **84** | 15 |
| Impairment loss on trade and other receivables | | * | 244 |
| Reversal of impairment loss on trade receivables | | * | (2,282) |
| Gain on debt settlement | 18 | – | (102) |
| Gain on derecognition of associate | | **(520)** | – |
| Foreign exchange loss, net | | – | 32 |
| Research and development | | **376** | 442 |

* Amount less than $1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21 TAX EXPENSE

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Current tax expense** | | |
| – Current year | **2** | – |
| – Adjustment for prior year | **–** | 5 |
| | **2** | 5 |

**Reconciliation of effective tax rate**

| The Group | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Loss before taxation | **(1,407)** | (427) |
| Tax calculated using Singapore tax rate of 17% (2022 – 17%) | **(239)** | (73) |
| Effect of tax rates in foreign jurisdictions | **(2)** | 2 |
| Tax effect on non-deductible expenses# | **187** | 109 |
| Tax effect on non-taxable income* | **(88)** | (1) |
| Unutilised tax losses not recognised | **147** | 15 |
| Utilisation of previously unrecognised tax losses | **(24)** | (26) |
| Temporary differences not recognised | **21** | (26) |
| Adjustment for prior year | **–** | 5 |
| | **2** | 5 |

# Expenses not deductible for tax purposes relate mainly to tax loss of the Company and the group entities, which are investment-holding entities, not allowed for carry-forward and disallowable expenses incurred in the ordinary course of business.

* Non-taxable income relates to gain on derecognition of associate.

Deferred tax assets have not been recognised in respect of the following:

| The Group | 2023 | | 2022 | |
|---|---|---|---|---|
| | Gross amount $'000 | Tax effect $'000 | Gross amount $'000 | Tax effect $'000 |
| Tax losses | **4,838** | **876** | 4,098 | 749 |
| Capital allowances | **174** | **30** | 174 | 30 |
| Donations | **2** | ***** | 2 | * |
| Other deductible temporary differences | **867** | **147** | 1,236 | 210 |
| | **5,881** | **1,053** | 5,510 | 989 |

* Amount less than $1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21 TAX EXPENSE (CONTINUED)

Deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective country in which the subsidiaries operate. These unutilised tax losses and capital allowances do not expire under current tax legislation except for an amount of $1,739,000 (2022 – $1,573,000) that can be carried forward for maximum of five to seven years, from the year the tax losses arose for the Company's overseas subsidiaries.

## 22 LOSS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. The calculation of basic loss per share has been based on the following net loss attributable to owners of the Company and weighted average number of ordinary shares outstanding.

| | **2023** | **2022** |
|---|---|---|
| **The Group** | | |
| Loss attributable to owners of the Company ($'000) | **(1,360)** | (473) |
| Weighted average number of ordinary shares | | |
| Issued ordinary shares at 1 January | **275,843,137** | 272,248,881 |
| Effect of shares issued related to employees' incentives scheme | **–** | 93,070 |
| Effect of shares issued for cash as part of the placement shares | **–** | 2,146,629 |
| Weighted average number of ordinary shares during the year | **275,843,137** | 274,488,580 |
| Loss per share (cents): | | |
| – basic and diluted | **(0.49)** | (0.17) |

There are no potential dilutive ordinary shares as at 31 December 2023 and 2022.

## 23 CONTINGENT LIABILITIES

As at 31 December 2023, the Group has no banker's guarantees or other collateral and contingent liability. The Group was granted $200,000 for security deposits required by a payment acquirer and the Monetary Authority of Singapore ("MAS") licence, respectively. The security deposits are required by a certain payment acquirer and MAS in the event that the Group is unable to settle any outstanding amount due to the payment acquirer and pursuant to the requirement under section 22 of the Payment Services Act, respectively. The Group does not expect any situation that would result in its inability to settle any payable due to the payment acquirer or MAS.

As at 31 December 2022, the Group was granted banker's guarantees of $660,000 and $200,000 for security deposits required by a payment acquirer and the MAS licence, respectively. The security deposits are required by a certain payment acquirer and MAS in the event that the Group is unable to settle any outstanding amount due to the payment acquirer and pursuant to the requirement under section 22 of the Payment Services Act, respectively. The Group does not expect any situation that would result in its inability to settle any payable due to the payment acquirer or MAS.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24 RELATED PARTY TRANSACTIONS

### (i) Sale and purchase of goods and services

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group or Company and related parties at terms agreed between the parties:

| | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Associate | | |
| – Software development fees | **15** | 33 |

There are no outstanding balances as at 31 December 2023 and 2022.

### (ii) Compensation of key management personnel

| **The Group** | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Key management personnel compensation is as follows: | | |
| Short term employee benefits | **240** | 193 |
| Post-employment benefits (including Central Provident Fund) | **–** | – |
| | **240** | 193 |
| Short term employee benefits paid by subsidiaries | **1,069** | 786 |
| Post-employment benefits (including Central Provident Fund) | **75** | 52 |
| | **1,144** | 838 |

## 25 OPERATING SEGMENTS

These operating segments information is based on the Group's internal reporting structure for the purpose of allocating resources and assessing performance by the Executive Director ("ED").

The Group is principally engaged in the provision of payment processing services ("MPS") and digital commerce enabling services ("DCES"), with focus on the retail, transportation, and food and beverage industries. The Group operates two (2) distinct business segments:

(a) MPS business segment – The Group provides payment processing services through its unified platform and smart software, which can be (a) installed onto or integrated with any smart devices (including mobile phones, tablets, and smart point-of-sales ("POS") terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants.

(b) DCES business segment – The Group provides its ancillary services, such as (i) software customisation and development services and (ii) implementation and integration of ready solutions (iii) tokenisation/detokenisation services in storing credit card credentials.

(c) Unallocated segment refers to the income, expenses, assets and liabilities that are not allocated to MPS or DCES. It primarily comprises income (if any), expenses, assets and liabilities that are associated with the Company and any other adjustments that may be made on the consolidated accounts of the Group.

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 25 **OPERATING SEGMENTS** (CONTINUED)

| **The Group** | **MPS** **$'000** | **DCES** **$'000** | **Unallocated** **$'000** | **Consolidated** **$'000** |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Revenue from external parties | **7,640** | **683** | **–** | **8,323** |
| Depreciation | **(55)** | **(11)** | **–** | **(66)** |
| Amortisation | **(109)** | ***** | **–** | **(109)** |
| Finance income | **936** | **4** | **(76)** | **864** |
| Finance costs | **(45)** | ***** | **–** | **(45)** |
| Segment (loss)/profit | **(805)** | **32** | **(634)** | **(1,407)** |
| **Other material non-cash items:** | | | | |
| Gain on derecognition of associate | **–** | **–** | **520** | **520** |
| Impairment loss on property, plant and equipment | **(10)** | **–** | **–** | **(10)** |
| Loss on disposal of property, plant and equipment | **(4)** | **–** | **–** | **(4)** |
| Write-off of property, plant and equipment | **(11)** | **–** | **–** | **(11)** |
| Write-off of intangible assets | **(4)** | **–** | **–** | **(4)** |
| Reportable segment assets | **16,390** | **354** | **–** | **16,744** |
| Reportable segment liabilities | **(12,552)** | **(64)** | **–** | **(12,616)** |
| Capital expenditure | **56** | **18** | **–** | **74** |

* Amount less than $1,000.

| **The Group** | **MPS** **$'000** | **DCES** **$'000** | **Unallocated** **$'000** | **Consolidated** **$'000** |
|---|---|---|---|---|
| 31 December 2022 | | | | |
| Revenue from external parties | 4,814 | 5,057 | – | 9,871 |
| Depreciation | (92) | (26) | – | (118) |
| Amortisation | (112) | (1) | – | (113) |
| Finance income | 132 | 2 | – | 134 |
| Finance costs | (78) | 5 | 56 | (17) |
| Segment profit/(loss) | 126 | 81 | (634) | (427) |
| **Other material non-cash items:** | | | | |
| Gain on debt settlement | 101 | 1 | – | 102 |
| Impairment loss on intangible assets | (19) | – | – | (19) |
| Impairment loss on trade and other receivables | (237) | (7) | – | (244) |
| Reversal of impairment loss on trade and other receivables | 2,254 | 28 | – | 2,282 |
| Reportable segment assets | 25,602 | 523 | – | 26,125 |
| Reportable segment liabilities | (20,411) | (226) | – | (20,637) |
| Capital expenditure | 195 | 43 | – | 238 |

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 25 **OPERATING SEGMENTS** (CONTINUED)

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers and segment non-current assets are analysed based on the location of the assets.

| | **Revenue** | | **Non-current assets*** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Singapore | **6,983** | 3,404 | **310** | 453 |
| Malaysia | **1,010** | 5,248 | **53** | 45 |
| Thailand | **330** | 1,219 | **1** | 2 |
| Total | **8,323** | 9,871 | **364** | 500 |

* Non-current assets exclude financial instrument (other than equity-accounted investees).

There is no customer with 10% or more of the entity's revenue except for 2 (2022 – Nil) merchants from MPS business segment who have contributed approximately 23% (2022 – Nil%) of the entity's revenue during the financial year ended 31 December 2023 and Nil (2022 – 1) merchant from DCES business segment who have contributed approximately Nil% (2022 – 46%) of the entity's revenue during the financial year ended 31 December 2023.

## 26 **ACQUISITION OF NON-CONTROLLING INTERESTS**

In June 2022, the Group acquired an additional 10% interest in OxPay Solutions Pte. Ltd. (formerly known as Genesis Payment Solutions Private Limited), increasing its ownership from 90% to 100%. The carrying amount of OxPay Solutions Pte. Ltd.'s net liabilities in the Group's consolidated financial statements on the date of the acquisition was $611,000.

| | **2022** |
|---|---|
| | **$'000** |
| Carrying amount of NCI acquired (($611,000) * 10%) | (61) |
| Consideration paid to NCI | (20) |
| Decrease in equity attributable to owners of the Company | (81) |

The decrease in equity attributable to owners of the Company comprised a decrease in retained earnings of $81,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, interest rate risk, foreign currency risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss, and arises principally from the Group's and the Company receivables from counterparties.

The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables. The Group does not require or hold collateral on account of its receivables. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position. The Group's exposure to credit risk arises mainly through its trade and other receivables. Exposure to credit risk is monitored on an ongoing basis.

<u>Trade receivables and contract assets</u>

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers. Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

A summary of the exposures to credit risk for trade receivables and contract assets were as follows:

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Not credit impaired $'000** | **Credit impaired $'000** | **Not credit impaired $'000** | **Credit impaired $'000** |
| Not past due | **5,858** | **–** | 352 | * |
| Past due 1 to 30 days | **43** | **–** | 135 | * |
| Past due 31 to 60 days | **5** | **–** | 22 | 1 |
| Past due 61 to 90 days | **1** | **–** | * | – |
| More than 90 days | **29** | **414** | 7 | 438 |
| Contract assets | ***** | **–** | 4 | 71 |
| **Total gross carrying amount** | **5,936** | **414** | 520 | 510 |
| Loss allowance | **–** | **(414)** | – | (510) |
| | **5,936** | **–** | 520 | – |

* Amount less than $1,000.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk** (Continued)

Movements in allowance for impairment in respect of trade receivables

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

| | Lifetime ECL | |
|---|---|---|
| | **2023** | **2022** |
| **The Group** | **$'000** | **$'000** |
| Balance at beginning of year | **510** | 2,856 |
| Impairment loss recognised | **–** | 35 |
| Allowance written off | **(71)** | (12) |
| Reversal of impairment loss | ***** | (2,282) |
| Exchange differences | **(25)** | (87) |
| Balance at end of year | **414** | 510 |

* Amount less than $1,000

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the high credit ratings of the counterparties. Cash and cash equivalents are not credit-impaired as at 31 December 2023 and 2022.

Other receivables

Impairment on other receivables has been measured on the 12-month expected credit loss basis; and the amount of the allowance is as follows:

| | **2023** | **2022** |
|---|---|---|
| | **$'000** | **$'000** |
| Balance at beginning of year | **2,187** | 1,971 |
| Impairment loss recognised | **–** | 209 |
| Allowance written off | **(26)** | – |
| Exchange difference | **(28)** | 7 |
| Balance at end of year | **2,133** | 2,187 |

Deposits

Impairment on deposits has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. Deposits are not credit-impaired as at 31 December 2023 and 2022.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

At the reporting date, the Group does not hold financial instruments at variable interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group's main currency risk arises from foreign currency denominated sales and purchases, and operating expenses that are denominated in currencies other than the respective functional currencies of the Group's entities. This risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement. The currencies in which these transactions are primarily denominated in are the Indonesian Rupiah ("IDR"), Euro ("EUR"), United States Dollar ("USD") and Japanese Yen ("JPY").

| | IDR<br>$'000 | EUR<br>$'000 | USD<br>$'000 | JPY<br>$'000 |
|---|---|---|---|---|
| **As at 31 December 2023** | | | | |
| **Financial assets** | | | | |
| Financial asset at FVOCI | **493** | **–** | **–** | **–** |
| Cash and cash equivalents | **–** | **229** | **920** | **91** |
| Trade and other receivables^ | **–** | **1** | **5,848** | **6** |
| | **493** | **230** | **6,768** | **97** |
| **Financial liabilities** | | | | |
| Trade and other payables* | **–** | **(20)** | **(6,597)** | **(154)** |
| Net currency exposure | **493** | **210** | **171** | **(57)** |
| **As at 31 December 2022** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 241 | 7,071 | 82 |
| Trade and other receivables^ | – | 2 | 3,127 | 13 |
| | – | 243 | 10,198 | 95 |
| **Financial liabilities** | | | | |
| Trade and other payables* | – | (99) | (1,089) | (189) |
| Net currency exposure | – | 144 | 9,109 | (94) |

^ Trade and other receivables exclude value-added tax and withholding tax receivables, tax recoverable, advance payment and prepayments.

* Trade and other payables exclude contract liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

**Foreign currency risk** (Continued)

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Singapore Dollar, as indicated below, against the EUR, USD and JPY at 31 December would have increased/(decreased) loss before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

| | Impact on loss before tax Increase/(Decrease) | |
|---|---|---|
| | **2023** | **2022** |
| | **$'000** | **$'000** |
| IDR against SGD | | |
| – 5% strengthening (2022 – 5%) | **(25)** | – |
| – 5% weakening (2022 – 5%) | **25** | – |
| EUR against SGD | | |
| – 5% strengthening (2022 – 5%) | **(11)** | (7) |
| – 5% weakening (2022 – 5%) | **11** | 7 |
| USD against SGD | | |
| – 5% strengthening (2022 – 5%) | **(9)** | (455) |
| – 5% weakening (2022 – 5%) | **9** | 455 |
| JPY against SGD | | |
| – 5% strengthening (2022 – 5%) | **3** | 5 |
| – 5% weakening (2022 – 5%) | **(3)** | (5) |

**Market price risk**

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

**Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

# **NOTES TO THE** FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**Liquidity risk** (Continued)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities.

| | | Contractual undiscounted cash flows | | | |
|---|---|---|---|---|---|
| | **Carrying amount $'000** | **Total $'000** | **Less than 1 year $'000** | **Between 2 and 5 years $'000** | **Over 5 years $'000** |
| **The Group** | | | | | |
| **31 December 2023** | | | | | |
| Trade and other payables* | **11,791** | **11,791** | **11,791** | **–** | **–** |
| Borrowing | **823** | **913** | **224** | **689** | **–** |
| | **12,614** | **12,704** | **12,015** | **689** | **–** |
| **31 December 2022** | | | | | |
| Trade and other payables* | 20,598 | 20,598 | 20,598 | – | – |
| Lease liability | 28 | 28 | 28 | – | – |
| | 20,626 | 20,626 | 20,626 | – | – |
| **The Company** | | | | | |
| **31 December 2023** | | | | | |
| Other payables | **239** | **239** | **239** | **–** | **–** |
| Amount due to subsidiaries | **1,305** | **1,305** | **1,305** | **–** | **–** |
| | **1,544** | **1,544** | **1,544** | **–** | **–** |
| **31 December 2022** | | | | | |
| Other payables | 294 | 294 | 294 | – | – |
| Amount due to subsidiaries | 500 | 500 | 500 | – | – |
| | 794 | 794 | 794 | – | – |

* Trade and other payables exclude contract liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28 FINANCIAL INSTRUMENTS

**Accounting classifications of financial assets and financial liabilities**

The carrying amounts of financial assets and financial liabilities in each category are as follows:

| The Group | Note | Financial assets at fair value through OCI $'000 | Financial assets at amortised cost $'000 | Financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| **Financial assets** | | | | | |
| Financial asset at fair value through other comprehensive income | 7 | **493** | **–** | **–** | **493** |
| Trade and other receivables^ | 8 | **–** | **6,285** | **–** | **6,285** |
| Cash and cash equivalents | 10 | **–** | **9,396** | **–** | **9,396** |
| | | **493** | **15,681** | **–** | **16,174** |
| **Financial liabilities** | | | | | |
| Borrowing | 14 | **–** | **–** | **823** | **823** |
| Trade and other payables* | 15 | **–** | **–** | **11,791** | **11,791** |
| | | **–** | **–** | **12,614** | **12,614** |

| | Note | Financial assets at amortised cost $'000 | Financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **31 December 2022** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables^ | 8 | 3,390 | – | 3,390 |
| Cash and cash equivalents | 10 | 22,105 | – | 22,105 |
| | | 25,495 | – | 25,495 |
| **Financial liabilities** | | | | |
| Trade and other payables* | 15 | – | 20,598 | 20,598 |
| Lease liability | 16 | – | 28 | 28 |
| | | – | 20,626 | 20,626 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting classifications of financial assets and financial liabilities** (Continued)

The carrying amounts of financial assets and financial liabilities in each category are as follows: (Continued)

| | Note | Financial assets at amortised cost $'000 | Financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|
| **The Company** | | | | |
| **31 December 2023** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 10 | **30** | **–** | **30** |
| **Financial liabilities** | | | | |
| Other payables | 15 | **–** | **1,544** | **1,544** |
| **31 December 2022** | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 10 | 45 | – | 45 |
| **Financial liabilities** | | | | |
| Other payables | 15 | – | 794 | 794 |

^ Trade and other receivables exclude value-added tax and withholding tax receivables, tax recoverable, advance payment and prepayments.

* Trade and other payables exclude contract liabilities.

## 29 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair values of financial instruments**

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements, as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29 FAIR VALUE MEASUREMENT (CONTINUED)

**Fair values of financial instruments** (Continued)

Financial asset at FVOCI (Level 3)

The fair value was determined based on the recent transacted price of shares issued by the investee to unrelated investors, which was cross-checked against an assessment using the Guideline Publicly-traded Comparable Method.

Borrowing (Level 2)

The fair values of non-current borrowings are determined based on fair value hierarchy Level 2 measurement by discounting of cash flows at the market borrowing rates of equivalent financial instruments at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables (excluding value-added tax and withholding tax receivables, tax recoverable, advance payment and prepayments), cash and cash equivalents, trade and other payables (excluding contract liabilities), and borrowing) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and financial liabilities are discounted to determine their fair values.

| | Note | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| Financial asset | | | | | |
| Financial asset at FVOCI | 7 | – | – | 493 | 493 |
| Financial liability | | | | | |
| Borrowing | 14 | – | 637 | – | 637 |

There were no transfers between Level 1, Level 2 and Level 3 of fair value hierarchy during the financial year ended 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29 FAIR VALUE MEASUREMENT (CONTINUED)

**Fair values of financial instruments** (Continued)

Valuation inputs and relationship to fair value (Level 3)

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements.

| Description | Significant unobservable inputs | Range of inputs 2023 | Range of inputs 2022 | Relationship of unobservable inputs and fair value |
|---|---|---|---|---|
| **Non-current asset** | | | | |
| Financial asset at FVOCI | Transacted price per share | **Indonesia Rupiah 15,700** | Not applicable | Higher the transacted price, higher the fair value.<br><br>5% increase/(decrease) in the transacted price would decrease/(increase) the fair value by $25,000. |

## 30 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

The Board monitors the working capital requirements of the Group and the Company periodically to ensure that there are sufficient financial resources available to meet the needs of the business. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or obtain new borrowings.

The capital structure of the Group and the Company consists primarily of equity, comprising issued share capital and reserves. The Group and the Company are not subject to any externally imposed capital requirements.

There were no changes in the Group's and the Company's approach to capital management during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31 EVENT AFTER END OF REPORTING PERIOD

Subsequent to the reporting date, the Group has the following subsequent event:

On 25 March 2024, the Group, via OxPay SG Pte. Ltd., entered into a payment facilitator master agreement with DCS Card Centre Pte. Ltd. (formerly known as Diners Club Singapore). The payment facilitator master agreement will allow the Group to process credit cards and charge cards issued by DCS, as well as resume international payments through Visa, Mastercard, Diners Club International and China UnionPay.

# STATISTICS OF SHAREHOLDINGS

| | | |
|---|---|---|
| Issued and paid-up capital | : | $176,374,978.782 |
| Number of issued shares | : | 275,843,137 |
| Number of voting shares | : | 275,843,137 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |

The Company does not hold any treasury shares and there are no subsidiary holdings.

**DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS**
As at 19 March 2024

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | NO. OF SHARES | % OF SHAREHOLDINGS |
|---|---|---|---|---|
| 1 – 99 | 160 | 6.41 | 5,119 | 0.00 |
| 100 – 1,000 | 451 | 18.07 | 264,102 | 0.10 |
| 1,001 – 10,000 | 985 | 39.46 | 5,012,617 | 1.82 |
| 10,001 – 1,000,000 | 870 | 34.86 | 69,989,234 | 25.37 |
| 1,000,001 and above | 30 | 1.20 | 200,572,065 | 72.71 |
| **Total** | **2,496** | **100.00** | **275,843,137** | **100.00** |

**SUBSTANTIAL SHAREHOLDERS**
As recorded in the Register of Substantial Shareholders as at 19 March 2024

| | DIRECT INTEREST | | DEEMED INTEREST | |
|---|---|---|---|---|
| NAME OF SHAREHOLDER | NO. OF SHARES | % | NO. OF SHARES | % |
| Ching Chiat Kwong(1) | 76,826,612 | 27.85 | – | – |

**Note:**

(1) Ching Chiat Kwong holds 68,115,113 shares of the Company in his own name, and the balance 8,711,499 shares of the Company are held through nominees.

# STATISTICS OF SHAREHOLDINGS

## TWENTY LARGEST SHAREHOLDERS

| | NAME OF SHAREHOLDER | NO. OF SHARES | % OF SHAREHOLDINGS |
|---|---|---|---|
| 1 | CHING CHIAT KWONG | 68,115,113 | 24.69 |
| 2 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 38,915,064 | 14.11 |
| 3 | DBS NOMINEES (PRIVATE) LIMITED | 14,069,038 | 5.10 |
| 4 | TEE WEE SIEN (ZHENG WEIXIAN) | 11,189,985 | 4.06 |
| 5 | LEE YEW SHIN | 8,707,626 | 3.16 |
| 6 | TOH SOON HUAT | 6,807,629 | 2.47 |
| 7 | PHILLIP SECURITIES PTE LTD | 6,262,992 | 2.27 |
| 8 | MAYBANK SECURITIES PTE. LTD. | 4,972,294 | 1.80 |
| 9 | JEFFERY ONG @JEFFERY RAHARDJA | 3,900,005 | 1.41 |
| 10 | LEE HOCK ENG | 3,211,577 | 1.16 |
| 11 | TAN YONG HOA | 2,920,490 | 1.06 |
| 12 | TIGER BROKERS (SINGAPORE) PTE. LTD. | 2,789,240 | 1.01 |
| 13 | NG HWEE HWEE | 2,216,961 | 0.80 |
| 14 | UOB KAY HIAN PRIVATE LIMITED | 2,172,972 | 0.79 |
| 15 | DB NOMINEES (SINGAPORE) PTE LTD | 2,153,125 | 0.78 |
| 16 | OCBC SECURITIES PRIVATE LIMITED | 2,099,529 | 0.76 |
| 17 | LEONG YIN PING | 2,099,373 | 0.76 |
| 18 | RAFFLES NOMINEES (PTE.) LIMITED | 1,872,651 | 0.68 |
| 19 | MOOMOO FINANCIAL SINGAPORE PTE. LTD. | 1,712,200 | 0.62 |
| 20 | GOH WAY SIONG | 1,649,263 | 0.60 |
| | **TOTAL** | **187,837,127** | **68.09** |

## PERCENTAGE OF SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information provided to the Company as at 19 March 2024, approximately 71.09% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

# **NOTICE OF** ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**" or the "**Meeting**") of OXPAY FINANCIAL LIMITED (the "**Company**") will be held at Cypress Room, Metropolitan YMCA Singapore (2nd floor), 60 Stevens Road, Singapore 257854 on Monday, 29 April 2024 at 2.00 p.m. to transact the business set out below.

**AS ORDINARY BUSINESS**

**Resolution 1**

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2023, together with the Directors' Statement and Independent Auditors' Report.

**Resolution 2**

2. To re-elect Mr Ching Chiat Kwong who is retiring by rotation pursuant to Regulation 111 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a director of the Company ("**Director**").

   [see Explanatory Note (i)]

**Resolution 3**

3. To re-elect Mr Kesavan Nair who is retiring by rotation pursuant to Regulation 111 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   *Mr Kesavan Nair will, upon re-election as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

   [see Explanatory Note (i)]

**Resolution 4**

4. To re-elect Mr Yick Li Tsin who is retiring pursuant to Regulation 115 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   [see Explanatory Note (i)]

**Resolution 5**

5. To re-elect Mr Yee Kee Shian, Leon who is retiring pursuant to Regulation 115 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   *Mr Yee Kee Shian, Leon will, upon re-election as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.*

   [see Explanatory Note (i)]

**Resolution 6**

6. To approve the payment of Directors' fees of up to S$240,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears [FY2023: up to S$240,000].

**Resolution 7**

7. To re-appoint Foo Kon Tan LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an annual general meeting.

# **NOTICE OF** ANNUAL GENERAL MEETING

**AS SPECIAL BUSINESS**

**Resolution 8**

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore and the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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) 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 that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:–

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of Issued Shares;

(2) (subject to such manner of calculation 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 percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:–

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time this authority is given, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

# **NOTICE OF** ANNUAL GENERAL MEETING

(4) (unless revoked or varied by the Company in general meeting) this authority shall 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."

[see Explanatory Note (ii)]

**Resolution 9**

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"<u>OxPay Performance Share Plan</u>

That pursuant to Section 161 of the Companies Act 1967 of Singapore, the Directors of the Company be authorised and empowered to:

(a) offer and grant share awards in accordance with the rules of the OxPay Performance Share Plan (the "**Share Plan**"); and

(b) allot and issue such number of fully-paid new shares and/or transfer such number of existing shares held in treasury, free of charge, as may be required to be delivered from time to time pursuant to the vesting of share awards granted by the Company under the Share Plan, whether granted during the subsistence of this authority or otherwise,

provided that the total number of shares over which new share awards may be granted on any date, when added to:

(i) the total number of shares delivered and/or to be delivered pursuant to share awards already granted under the Share Plan; and

(ii) the total number of shares delivered and/or to be delivered under any other share-based incentive schemes of the Company,

shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding that date, and that such authority shall unless revoked or varied by the Company in a 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 earlier."

[see Explanatory Note (iii)]

**Resolution 10**

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"<u>OxPay Employee Share Option Scheme</u>

That pursuant to Section 161 of the Companies Act 1967 of Singapore, the Directors of the Company be authorised and empowered to:

(a) offer and grant options in accordance with the rules of the OxPay Employee Share Option Scheme (the "**Scheme**"); and

# **NOTICE OF** ANNUAL GENERAL MEETING

(b) allot and issue such number of new shares and/or transfer such number of existing shares held in treasury as may be required to be delivered from time to time pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise,

provided that the total number of shares over which new options may be granted on any date, when added to:

(i) the total number of shares delivered and/or to be delivered pursuant to options already granted under the Scheme; and

(ii) the total number of shares delivered and/or to be delivered under any other share-based incentive schemes of the Company,

shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding that date, and that such authority shall unless revoked or varied by the Company in a 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 earlier."

[see Explanatory Note (iv)]

**Resolution 11**

12. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"<u>Share Purchase Mandate</u>

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, such scheme satisfying all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

# NOTICE OF ANNUAL GENERAL MEETING

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means the number of Shares representing 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

# NOTICE OF ANNUAL GENERAL MEETING

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[see Explanatory Note (v)]

BY ORDER OF THE BOARD

Vincent Lim and Wee Mae Ann
Company Secretaries
Singapore
12 April 2024

**Explanatory Notes:**

(i) Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on the Directors who are proposed to be re-elected can be found under the sections entitled "Profile of Directors" and "Additional Information on Directors Seeking Re-Election" in the Company's Annual Report 2023.

(ii) Under the Catalist Rules, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue new shares and convertible securities of an aggregate number of up to 100% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings).

Ordinary Resolution 8, if passed, will empower the Directors from the date of the above AGM of the Company until the date of the next AGM of the Company, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(iii) Ordinary Resolution 9, if passed, will authorise and empower the Directors, from the date of the above AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to issue shares pursuant to the vesting of share awards granted or to be granted under the Share Plan up to a number not exceeding in total (for the entire duration of the Share Plan) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

(iv) Ordinary Resolution 10, if passed, will authorise and empower the Directors, from the date of the above AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to issue shares pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

(v) Ordinary Resolution 11, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of this Resolution. Further details are set out in the appendix dated 12 April 2024 in relation to the proposed renewal of the Company's share purchase mandate ("**Appendix**"), which is enclosed with the Company's Annual Report 2023.

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

**General**

1. Members of the Company are invited to attend the AGM in person. There will be no option for members to participate by electronic means. The Annual Report 2023, which incorporates the Appendix, this Notice of AGM and the accompanying Proxy Form will be published on SGXNet at https://www.sgx.com/securities/company-announcements and on the Company's corporate website at https://oxpayfinancial.com/downloads/. Printed copies of the Request Form, this Notice of AGM and the accompanying Proxy Form will be sent by post to members. Printed copies of the Annual Report 2023 will not be sent to members but will be made available to members upon request by completing and returning the Request Form.

2. Unless otherwise permitted under the Companies Act 1967 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form.

5. If the member is a corporation, the Proxy Form must be executed under its common seal or signed by its duly authorised officer or attorney.

6. The duly completed and executed Proxy Form must be submitted:

   (a) by post to the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) by email to shareregistry@incorp.asia,

   in either case, to be received not less than 72 hours before the time appointed for holding the AGM, failing which the Proxy Form will be treated as invalid.

7. In addition to asking questions during the AGM proceedings, members can also submit questions relating to the resolutions to be tabled for approval at the AGM in the following manner:

   (a) by post to the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) by email to shareregistry@incorp.asia,

   in either case, so that they are received no later than **2.00 p.m. on 20 April 2024**.

   When the questions are submitted, the member's full name, identification/registration number and manner in which shares are held must be included for verification purposes, failing which the submission will be treated as invalid. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM at least 48 hours before the closing date and time for the lodgement of proxy forms for the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the response to the questions on SGXNet and the Company's corporate website. After the cut-off time for submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.

8. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS**") and who wish to vote:

   (a) may vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS Operators to submit their votes at least seven working days before the date of the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

**PERSONAL DATA PRIVACY**

By (a) submitting an instrument appointing proxy or proxies to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to participate in the proceedings of the AGM, or (c) submitting any question prior to or during the AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to participate in the proceedings of the AGM and providing them with any technical assistance where necessary;

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

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities,

and warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the aforesaid purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.*

*The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ching Chiat Kwong, Mr Kesavan Nair, Mr Yick Li Tsin and Mr Yee Kee Shian, Leon are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened and held on 29 April 2024.

The following additional information relating to the aforesaid Directors is to be read in conjunction with their respective profiles in the "Profile of Directors" section of this Annual Report.

| **Details required under Appendix 7F of the Catalist Rules** | **Ching Chiat Kwong** | **Kesavan Nair** | **Yick Li Tsin** | **Yee Kee Shian, Leon** |
|---|---|---|---|---|
| Date of initial appointment | 30 June 2021 | 5 May 2017 | 31 January 2024 | 27 November 2023 |
| Date of last re-appointment (if applicable) | Not applicable | 28 April 2021 | Not applicable | Not applicable |
| Age | 58 | 60 | 49 | 47 |
| Country of principal residence | Singapore | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | The re-election of Mr Ching as a non-executive director was recommended by the Nominating Committee and accepted by the Board, having regard to his performance, knowledge, skills and experience, and overall contributions since his appointment, as well as the size, composition and diversity of skillsets on the Board. | The re-election of Mr Nair as an independent director was recommended by the Nominating Committee and accepted by the Board, having regard to his performance, knowledge, skills and experience and independence, and overall contributions since his appointment, as well as the size, composition and diversity of skillsets on the Board.<br><br>The Board considers Mr Nair to be independent for the purpose of Rule 704(7) of the Catalist Rules. | The re-election of Mr Yick as an executive director was recommended by the Nominating Committee and accepted by the Board, having regard to his performance, knowledge, skills and experience, and overall contributions since his appointment, as well as the size, composition and diversity of skillsets on the Board. | The re-election of Mr Yee as an independent director was recommended by the Nominating Committee and accepted by the Board, having regard to his performance, knowledge, skills, experience and independence, and overall contributions since his appointment, as well as the size, composition and diversity of skillsets on the Board.<br><br>The Board considers Mr Yee to be independent for the purpose of Rule 704(7) of the Catalist Rules. |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive | Executive<br><br>Responsible for the overall strategic direction and development of the Group as well as for overseeing the marketing efforts and the technical operations of the Group. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Non-Independent Chairman | Non-Executive Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees | Executive Director and Chief Executive Officer | Non-Executive Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees |
| Professional qualifications | Bachelor of Arts<br><br>Bachelor of Social Sciences (Honours) | Bachelor of Laws (Honours)<br><br>Barrister-at-law, Middle Temple<br><br>Barrister and Solicitor of the Supreme Court of the Australian Capital Territory<br><br>Advocate and Solicitor of the Supreme Court of Singapore | Bachelor of Business Administration<br><br>Postgraduate Diploma in Systems Analysis | Advocate and Solicitor of the Supreme Court of Singapore<br><br>Solicitor of England and Wales |

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| Working experience and occupation(s) during the past 10 years | *2010 to Present*<br>Executive Chairman and Chief Executive Officer, Oxley Holdings Limited | *2017 to Present*<br>Director, Bayfront Law LLC<br><br>*2008 to 2017*<br>Director, Genesis Law Corporation | *2024 to Present*<br>Executive Director and Chief Executive Officer, OxPay Financial Limited<br><br>*2023 to Present*<br>Chief Operating Officer, OxPay SG Pte. Ltd.<br><br>*2022 to Present*<br>Shareholder/Commissioner, PT Diners Payment Indonesia<br><br>*2019 to 2022*<br>Chief Executive Officer, Candypay Holdings Pte. Ltd. President Director, PT Candypay Indonesia<br><br>*2017 to 2019*<br>Director, Business Development, Chong Sing Holdings Fintech Group Limited<br><br>*2003 to Present*<br>Director/Business Owner of entities in Singapore, Hong Kong and Indonesia primarily involved in financial technology, trade and retail and resources | *Mar 2017 to Present*<br>Chairman, Duane Morris & Selvam LLP<br><br>*Apr 2013 to Present*<br>Managing Director, Duane Morris & Selvam LLP and Selvam LLC |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest in 76,826,612 shares in the Company | Nil | Nil | 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 Ching is a controlling shareholder of the Company and the father of Mr Shawn Ching Wei Hung, the Non-Executive Non-Independent Deputy Chairman of the Company. | Nil | Nil | Nil |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| Conflict of interest (including any competing business) | Nil | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes | Yes |
| **Other Principal Commitments* Including Directorships#**<br><br>* "Principal Commitments" has the same meaning as defined in the Code – *"principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.*<br><br># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) | | | | |
| Past (for the last 5 years) | Directorships:<br>Please refer to the Annexure<br><br>Other principal commitments:<br>Nil | Directorships:<br>Bacui Technologies International Ltd. (formerly known as Arion Entertainment Singapore Limited)<br>Genvest Pte. Ltd.<br>HG Metal Manufacturing Limited<br>SDAI Limited (formerly known as Kitchen Culture Holdings Limited)<br><br>Other principal commitments:<br>Nil | Directorships:<br>Shenzhou Anfu Singapore Technology Pte. Ltd.<br>Solid Victory Pte. Ltd. (struck off)<br>Xin Holdings Pte. Ltd. (struck off)<br><br>Other principal commitments:<br>Nil | Directorships:<br>Cambridge RE Assets Fund No. 2 Pte. Ltd.<br>Cambridge RE Assets Fund No. 3 Pte. Ltd.<br>Cambridge RE Assets Fund No. 4 Pte. Ltd.<br>Cambridge RE Assets Fund No. 5 Pte. Ltd.<br>Cambridge RE Assets Fund No. 7 Pte. Ltd.<br>Char Yong (Dabu) Foundation Limited<br>Federal International (2000) Ltd<br>Knightsbridge Auto Pte. Ltd.<br>Laura Ashley Holdings Plc<br>Milkyway International Tank Transportation (Holdings) Pte. Ltd. (formerly known as LHN Logistics Pte. Ltd.)<br>Pacific Star Development Limited (formerly known as LH Group Limited)<br><br>Other principal commitments:<br>Nil |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| Present | Directorships:<br>Please refer to the Annexure<br><br>Other principal commitments:<br>Nil | Directorships:<br>Bayfront Law LLC<br>Medi Lifestyle Limited<br><br>Other principal commitments:<br>Nil | Directorships:<br>Asia Lumina Capital Pte. Ltd.<br>Ffastpay Pte. Ltd.<br>OxPay Global Venture Pte. Ltd.<br>OxPay Holdings (Thailand) Company Limited<br>OxPay Investment Pte. Ltd.<br>OxPay Solutions Pte. Ltd.<br>OxPay (M) Sdn. Bhd.<br>OxPay (Thailand) Company Limited<br><br>Other principal commitments:<br>Partner/Manager, Concept One Communications LLP | Directorships:<br>Caelius Pte. Ltd.<br>Cambridge Alliance Capital Pte. Ltd.<br>Cambridge Alliance Fund No. 1 Pte. Ltd.<br>Christ's College, Cambridge Fund (Singapore) Limited<br>FJ Benjamin Holdings Ltd<br>Ladderman Limited<br>Ladderman (HK) Limited<br>Selvam LLC<br>St. Joseph's Institution Philanthropic Fund For The Lasallian Mission Ltd.<br>Yangzijiang Financial Holding Ltd.<br>Yangzijiang Shipbuilding (Holdings) Ltd.<br><br>Other principal commitments:<br>Board member, Gambling Regulatory Authority, a statutory board under the Ministry of Home Affairs |
| (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 | Yes<br><br>In August 2016, there was a bankruptcy petition filed against Mr Yick for a debt amount of S$57,071 (the "**Petition**"). The Petition was withdrawn in February 2017. | No |

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

| **Details required under Appendix 7F of the Catalist Rules** | **Ching Chiat Kwong** | **Kesavan Nair** | **Yick Li Tsin** | **Yee Kee Shian, Leon** |
|---|---|---|---|---|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No | Yes<br><br>Mr Yee was an independent non-executive director of Laura Ashley Holdings Plc ("**LAH**"), a company listed on the London Stock Exchange. LAH went into administration on 23 March 2020 due to the COVID-19 outbreak in the United Kingdom, which had an immediate and significant impact on the business operations of LAH. Mr Yee had stepped down as a director of LAH on 16 March 2020, prior to the administrators being appointed, to focus his time more on his full-time work commitments as the chairman of a law firm. |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No | No |
| (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 | Yes<br><br>In April 2016, there was a writ of summons issued against Mr Yick for an amount of S$55,000 (the "**Writ**"). The matter was concluded in June 2016 and the claim was satisfied in March 2017.<br><br>The individual who issued the Writ also filed the Petition against Mr Yick, as described in paragraph (a) above. | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No | No |

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No | 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 | Yes<br><br>While Mr Ching was a non-independent non-executive director of Aspen (Group) Holdings Limited (“**Aspen**”), a company listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Aspen and its directors were the subject of disciplinary proceedings conducted by the SGX-ST for breach or causing the breach of certain rules of the Listing Manual of the SGX-ST. Mr Ching was issued with a private warning as a result. Please refer to the “Regulatory Actions by SGX” announcement released under Aspen on 26 August 2022 for more information. | No | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Details required under Appendix 7F of the Catalist Rules | Ching Chiat Kwong | Kesavan Nair | Yick Li Tsin | Yee Kee Shian, Leon |
|---|---|---|---|---|
| (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 | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No | 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,<br><br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | Yes<br><br>Please see sub-paragraph (i) above. | No | 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? | Yes<br><br>Please see paragraph (j), sub-paragraph (i) above. | No | No | No |

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

**ANNEXURE**

Directorships of Mr Ching Chiat Kwong

PRESENT DIRECTORSHIPS – SINGAPORE

**Name of Company**

1. Oxley Construction Pte. Ltd.
2. Ang Mo Kio – Thye Hua Kwan Hospital Ltd.
3. Oxley Properties Pte. Ltd.
4. Owen Private Limited
5. ACPAC Properties Pte. Ltd.
6. Hume Land Pte. Ltd.
7. Orchard Suites Residence Pte. Ltd.
8. Oxley Otto Pte. Ltd.
9. Oxley Holdings Limited
10. Oxley Connections Pte. Ltd.
11. Oxley Consortium Pte. Ltd.
12. Oxley Vibes Pte. Ltd.
13. Oxley Viva Pte. Ltd.
14. Oxley YCK Pte. Ltd.
15. Grandeur Fortune Pte. Ltd.
16. Thye Hua Kwan Moral Charities Limited
17. Oxley-LBD Pte. Ltd.
18. Oxley Vibrant Pte. Ltd.
19. Agrivabriant Pte. Ltd.
20. Oxley Rise Pte. Ltd.
21. Oxley Sanctuary Pte. Ltd.
22. Oxley London Pte. Ltd.
23. Oxley China Pte. Ltd.
24. Oxley Sparkle Pte. Ltd.
25. Oxley Gem Pte. Ltd.
26. Oxley Cambodia Pte. Ltd.
27. Oxley Bliss Pte. Ltd.
28. Action Property Pte. Ltd.
29. Oxley UK Pte. Ltd.
30. Oxley International Holdings Pte. Ltd.
31. Oxley Malaysia Pte. Ltd.
32. Thye Hua Kwan Nursing Home Limited
33. KAP Holdings (China) Pte. Ltd.
34. Oxley Myanmar Pte. Ltd.
35. Goldprime Land Pte. Ltd.
36. Oxley MTN Pte. Ltd.
37. Oxley Dublin Pte. Ltd.
38. Rio Casa Venture Pte. Ltd.
39. Oxley Asset Management Pte. Ltd.
40. Oxley Australia Pte. Ltd.
41. Oxley Pearl Pte. Ltd.

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

**Name of Company**

42. Centra Cove Pte. Ltd.
43. Angeion Medical International Pte. Ltd.
44. Oxley Vietnam Pte. Ltd.
45. Macritchie Developments Pte. Ltd.
46. Oxley Amber Pte. Ltd.
47. CCK Trust Co. Pte. Ltd.
48. Oxley Serangoon Pte. Ltd.
49. Citrine Property Pte. Ltd.
50. Oxley Garnet Pte. Ltd.
51. Oxley Amethyst Pte. Ltd.
52. Oxley Jasper Pte. Ltd.
53. Oxley Spinel Pte. Ltd.
54. SLB-Oxley (NIR) Pte. Ltd.
55. Oxley Capital Management Pte. Ltd.
56. KAP Hotel Investments Pte. Ltd.
57. Oxley Ireland Pte. Ltd.
58. CKC Trust Co. Pte. Ltd.
59. OxProp Credit Pte. Ltd.
60. Ox Capital Pte. Ltd.
61. OxProp Organization Pte. Ltd.

PRESENT DIRECTORSHIPS – OVERSEAS

**Name of Company**

62. Peninsular Teamwork Sdn. Bhd.
63. Oxley Rising Sdn. Bhd.
64. Posh Properties Sdn. Bhd.
65. Oxley Diamond Sdn. Bhd.
66. Oxley Emerald Sdn. Bhd.
67. Oxley Gem Sdn. Bhd.
68. Oxley Holdings (Malaysia) Sdn. Bhd.
69. Oxley Ruby Sdn. Bhd.
70. Oxley Sapphire Sdn. Bhd.
71. Oxley Star Sdn. Bhd.
72. Oxley Consultancy & Management Company Limited
73. Oxley Yangon Company Limited
74. Oxley Docklands Quay One Limited
75. Oxley Docklands Quay Two Limited
76. Oxley Docklands Quay Three Limited
77. Connolly Quarter Development Company Limited
78. Oxley Emerald (Cambodia) Co, Ltd
79. Oxley Gem (Cambodia) Co, Ltd
80. Oxley Holdings (Cambodia) Co, Ltd
81. Oxley Sapphire (Cambodia) Co, Ltd
82. Oxley Diamond (Cambodia) Co, Ltd
83. Oxley-Worldbridge (Cambodia) Co, Ltd
84. Oxley-Worldbridge Asset Management (Cambodia) Co., Ltd.
85. Oxley-Worldbridgeland Asset Management (Cambodia) Co., Ltd.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

**Name of Company**

86. Oxley Wharf Limited
87. Oxley Wharf Property 1 Limited
88. Oxley Wharf Property 2 Limited
89. Oxley Wharf Property 3 Limited
90. Oxley Wharf Property 4 Limited
91. Oxley Wharf Property 8 Limited
92. Ballymore Deanston Acquisition Company Limited
93. Ballymore Deanston Limited (formerly Oxley Deanston Limited)
94. Ballymore Oxley Deanston Holding Company Limited
95. Riverscape Block 3 Limited
96. Sino-Singapore KAP Construction Co., Ltd.
97. Hebei Yue Zhi Real Estate Development Co., Ltd.
98. Hebei Xu Xing Investment Co., Ltd.
99. Gaobeidian City KAP Real Estate Development Co., Ltd.
100. Yuedong International Hotel Co., Ltd.
101. Walker Street No. 100 Pty Ltd
102. Stellar Treasure Holdings Limited
103. Ever Tycoon Limited
104. Tesinsky Limited

PAST DIRECTORSHIPS (FOR THE LAST 5 YEARS) – SINGAPORE

**Name of Company**

1. Oxley Blossom Hotel Pte. Ltd.
2. Oxley Hotel 88 Pte. Ltd.
3. Galaxy Land Pte. Ltd.
4. Galaxy Capital Pte. Ltd.
5. Hume Homes Pte. Ltd.
6. Oxley Hotel Pte. Ltd.
7. Oxley & Hume Builders Pte. Ltd.
8. Oxley JV Pte. Ltd.
9. Ascend Group Pte. Ltd.
10. Oxley Assets Pte. Ltd.
11. Oxley Global Pte. Ltd.
12. Oxley Module Pte. Ltd.
13. Oxley Mosaic Pte. Ltd.
14. Oxley Niche Pte. Ltd.
15. Oxley Blossom Pte. Ltd.
16. Oxley Rising Pte. Ltd.
17. Oxley Ascend Realty Pte. Ltd.
18. Ren Ci Hospital
19. Oxley Vista Pte. Ltd.
20. Oxley Fort Pte. Ltd.
21. Oxley Bright Pte. Ltd.
22. Oxley Batam Pte. Ltd.
23. Oxley Akasaka Pte. Ltd.

# **ADDITIONAL INFORMATION ON** DIRECTORS SEEKING RE-ELECTION

**Name of Company**

24. Oxley Japan Pte. Ltd.
25. Metro Global Solutions Pte. Ltd.
26. Oxley Cyprus Pte. Ltd.
27. Aspen (Group) Holdings Limited
28. Netcell International Pte. Ltd.
29. OXHM Pte. Ltd.
30. Oxley Florence Pte. Ltd.
31. Oxley Opal Pte. Ltd.
32. Oxley Topaz Pte. Ltd.
33. OxPay Holdings Pte. Ltd.
34. Victori International Pte. Ltd.
35. Oxley Beryl Pte. Ltd.
36. Oxley Quartz Pte. Ltd.
37. Oxley Zircon Pte. Ltd.
38. Angeion Medical Global Holdings Pte. Ltd.
39. Oxley Onyx Pte. Ltd.
40. Oxley Fund Management Pte. Ltd.
41. Oxley Petalite Pte. Ltd.
42. Northbridge Road Pte. Ltd.
43. Oxley Singapore Opportunistic Development Fund Ltd.
44. Oxley Thu Thiem Pte. Ltd.
45. Oxley Shenton Holdings Pte. Ltd.

PAST DIRECTORSHIPS (FOR THE LAST 5 YEARS) – OVERSEAS

**Name of Company**

46. Oxley Australia Management Pty Ltd
47. Oxley Australia Property Holdings Pty Ltd
48. Oxley Land Sdn. Bhd.
49. Oxley Realty Sdn. Bhd.
50. Median Capital Group Sdn. Bhd.
51. Alpha Sunray Sdn. Bhd.
52. Grid Mobile Sdn. Bhd.
53. Boulevard Channel Sdn. Bhd.
54. PT Oxley Karya Indo Batam
55. Oxley Concept Sdn. Bhd.
56. Oxley Jade Sdn. Bhd.
57. Oxley World Sdn. Bhd.
58. Stellar Treasure Sdn. Bhd.
59. Oxley Mosaic Sdn. Bhd.
60. Oxley Treasure Sdn. Bhd.
61. Oxley Zest Sdn. Bhd.
62. Metro Global Hospitality Malaysia Sdn. Bhd.
63. Flitous Properties Limited (merged into Oxley Planetvision Properties Ltd)
64. Jemina Properties Limited (merged into Oxley Planetvision Properties Ltd)
65. Median Group Inc. (formerly known as Clixster Mobile Group Inc.)
66. Ascend Capital Limited
67. Galliard (Group) Limited
68. Oxley Holdings (Cyprus) Limited
69. Oxley Planetvision Properties Ltd
70. Oxley Florence S.P.A.
71. Oxley Australia Pty Ltd
72. Pindan Group Pty Ltd (Group)

# APPENDIX

**12 APRIL 2024**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt in relation to the contents of this Appendix or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

*Unless otherwise stated, capitalised terms on this cover are defined in this Appendix.*

This Appendix is circulated to Shareholders of OxPay Financial Limited (the "**Company**") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information to Shareholders for the proposed renewal of the Share Purchase Mandate to be tabled at the annual general meeting of the Company to be held on Monday, 29 April 2024 at 2.00 p.m. at Cypress Room, Metropolitan YMCA Singapore (2nd floor), 60 Stevens Road, Singapore 257854.

The ordinary resolution proposed to be passed in relation to the proposed renewal of the Share Purchase Mandate is set out as Ordinary Resolution 11 in the notice of AGM, enclosed in the Annual Report.

This Appendix, together with the Annual Report, has been made available on SGXNet and on the Company's corporate website at https://oxpayfinancial.com/downloads/. A printed copy of this Appendix will NOT be despatched to Shareholders.

If you have sold or transferred all your Shares, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Appendix may be accessed via SGXNet and the Company's corporate website at https://oxpayfinancial.com/downloads/.

This Appendix has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rule 226(2)(b) of the Catalist Rules.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

**OXPAY FINANCIAL LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration Number 200407031R)

**APPENDIX**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

# APPENDIX

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | | |
|---|---|---|
| "**AGM**" | : | The annual general meeting of the Company to be held on Monday, 29 April 2024 at 2.00 p.m. at Cypress Room, Metropolitan YMCA Singapore (2nd floor), 60 Stevens Road, Singapore 257854 |
| "**Annual Report**" | : | The Company's annual report for FY2023 |
| "**Appendix**" | : | This Appendix to Shareholders dated 12 April 2024 |
| "**Board**" | : | The board of Directors of the Company for the time being |
| "**Catalist**" | : | The Catalist board of the SGX-ST |
| "**Catalist Rules**" | : | The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**Companies Act**" | : | The Companies Act 1967 of Singapore, as amended or modified from time to time |
| "**Company**" | : | OxPay Financial Limited |
| "**Constitution**" | : | The constitution of the Company, as amended or modified from time to time |
| "**Director**" | : | A director of the Company for the time being |
| "**FY**" | : | Financial year ended, or as the case may be, ending 31 December |
| "**Group**" | : | The Company and its subsidiaries |
| "**Latest Practicable Date**" | : | 19 March 2024, being the latest practicable date prior to the issue of this Appendix |
| "**Market Day**" | : | A day on which the SGX-ST is open for trading in securities |
| "**Registrar**" | : | Registrar of Companies |
| "**Relevant Period**" | : | The period commencing from the date on which the Share Purchase Mandate is renewed and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Share Purchase Mandate**" | : | The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares on behalf of the Company in accordance with the terms set out in this Appendix and the rules and regulations set forth in the Companies Act and the Catalist Rules |

# APPENDIX

| | | |
|---|---|---|
| "**Shareholders**" | : | Registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with such Shares |
| "**Shares**" | : | Ordinary shares in the capital of the Company |
| "**SIC**" | : | The Securities Industry Council of Singapore |
| "**Sponsor**" | : | ZICO Capital Pte. Ltd. |
| "**Substantial Shareholder**" | : | A person who has an interest in the Shares of the Company, and the total votes attached thereto are not less than 5.0% of the total votes attached to all the voting Shares of the Company |
| "**Take-over Code**" | : | The Singapore Code on Take-overs and Mergers, as amended or modified from time to time |
| "**treasury shares**" | : | Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company |
| "**S$**" and "**cents**" | : | Singapore dollars and cents, respectively |
| "**%**" or "**percent**" | : | Percentage or per centum |

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore (as amended or modified from time to time).

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws or regulations contained in this Appendix are of such laws or regulations as at the Latest Practicable Date.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

# APPENDIX

## 1. INTRODUCTION

Shareholders had first approved the Share Purchase Mandate at the extraordinary general meeting of the Company held on 20 April 2023 to enable the Company to purchase or otherwise acquire issued Shares. The authority conferred on the Directors under the Share Purchase Mandate will expire at the AGM to be held on 29 April 2024.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. **The Directors are also proposing that the purchase limit under the Share Purchase Mandate be decreased from 10% to 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company.** The purpose of this Appendix is to explain to Shareholders the rationale and provide Shareholders with information in relation to the proposed renewal of the Share Purchase Mandate.

The Company has appointed Vincent Lim & Associates LLC as the legal adviser to the Company on Singapore law in relation to the proposed renewal of the Share Purchase Mandate.

## 2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The Share Purchase Mandate would give the Company the flexibility to undertake share purchases or acquisitions up to the limit described in Section 3 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Share Purchase Mandate includes the following:

(a) The Share Purchase Mandate would provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements and investment needs to its Shareholders in an expedient and cost-efficient manner.

(b) The purchase or acquisition of Shares under the Share Purchase Mandate is one of the ways in which the return on equity of the Company may be enhanced, thereby increasing shareholder value.

(c) The Share Purchase Mandate will allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

(d) The purchase or acquisition of Shares under the Share Purchase Mandate will help to mitigate short-term share price volatility by stabilising the supply and demand of issued Shares and offset the effects of short-term share price speculation, thereby supporting the fundamental value of the issued Shares and bolstering Shareholders' confidence.

(e) The Share Purchase Mandate will allow the Directors to effectively manage and minimise any dilution impact associated with any share-based incentive scheme of the Company.

# APPENDIX

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 5% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity of Shares or the financial position of the Company and the Group or result in the Company being delisted. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

## 3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the AGM, are summarised below:

(a) Maximum Number of Shares

The Company may purchase only Shares which are issued and fully paid-up. The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM at which the resolution authorising the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings). The Directors believe that the purchase limit under the Share Purchase Mandate of 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Approval Date would be sufficient for the Company's share purchases (if any) during the Relevant Period.

**For illustrative purposes only**, based on the issued share capital of the Company as at the Latest Practicable Date of 275,843,137 Shares (with no treasury shares or subsidiary holdings), and assuming that (i) no new Shares are issued, and (ii) there are no treasury shares or subsidiary holdings, on or prior to the date of the AGM, not more than 13,792,156 Shares, representing 5% of the issued Shares as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

**While the Share Purchase Mandate would authorise the purchase or acquisition of Shares up to the 5% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full 5% limit as authorised, or at all. In particular, no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity or orderly trading of the Shares and/or financial position of the Group.**

# APPENDIX

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earliest of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in a general meeting.

(c) Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C(6) of the Companies Act) ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchases or acquisitions of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

# APPENDIX

In addition, the Catalist Rules provide that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase or acquisition;

(iv) the consequences, if any, of the share purchases or acquisitions by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the share purchase or acquisition, if made, could affect the listing of the Shares on the SGX-ST;

(vi) details of any share purchases or acquisitions made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and

(vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

# APPENDIX

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 4. STATUS OF PURCHASED OR ACQUIRED SHARES

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share in accordance with the Companies Act. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

(a) Cancelled Shares

Where Shares purchased or acquired by the Company are cancelled, the Company shall:

(i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of such purchased or acquired Shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

(b) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(i) Maximum Holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act before the end of the period of six months beginning with the day on which that contravention occurs, or such further period as the Registrar may allow.

# APPENDIX

(ii) Voting and Other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of the treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

(aa) sell the treasury shares (or any of them) for cash;

(bb) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;

(cc) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(dd) cancel the treasury shares (or any of them); or

(ee) sell, transfer or otherwise use the treasury shares (or any of them) for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the Catalist before and after the usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

# APPENDIX

## 5. SOURCE OF FUNDS

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the Constitution and the applicable laws and regulations in Singapore. The Company may not purchase or acquire its Shares for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its Shares out of capital or distributable profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of payment for the Shares purchased or acquired, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if:

   (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

   (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources or external borrowings, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The Directors will principally consider the availability of internal resources, taking into account the impact on the cash reserves of the Company as well as the working capital requirements of the Group. In considering the option of external borrowings, the Directors will consider particularly the prevailing gearing level of the Company and the Group, as well as the costs of such financing. The Directors do not propose to exercise the Share Purchase Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Company and the Group would be materially adversely affected.

## 6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value or earnings per Share as the resultant effect would depend on factors such as whether the Shares are purchased or acquired out of profits and/or capital of the Company, the aggregate numbers of Shares purchased or acquired, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases or acquisitions.

# APPENDIX

Where the purchase or acquisition of Shares is made out of distributable profits, such purchase or acquisition (including costs incidental to the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and Shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and Shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

**For illustrative purposes only** and on the basis of the following assumptions:

(a) that the issued share capital of the Company as at the Latest Practicable Date of 275,843,137 Shares (with no treasury shares or subsidiary holdings) remains unchanged up to the date of the AGM;

(b) that the purchase or acquisition by the Company of 13,792,156 Shares, representing 5% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on the Latest Practicable Date;

(c) that (i) in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.049* for each Share (being 105% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), and (ii) in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.056* for each Share (being 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date);

    * rounded down to 3 decimal points

(d) that the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, S$675,816, and in the case of Off-Market Purchases, S$772,361, was financed entirely using Group's internal sources of funds;

(e) that the purchase or acquisition of Shares was made entirely out of capital; and

(f) that the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate are insignificant and have not been taken into account in computing the financial effects,

# APPENDIX

the financial effects of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate by way of (i) purchases or acquisitions made entirely out of capital and held as treasury shares; and (ii) purchases or acquisitions made entirely out of capital and cancelled, on the audited consolidated financial statements of the Group for FY2023, are set out below.

The financial effects of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate by way of purchases or acquisitions made entirely out of profits are similar to that of purchases or acquisitions made entirely out of capital. Therefore, only the financial effects of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate by way of purchases or acquisitions made entirely out of capital are set out in this Appendix. In addition, as the Company has accumulated losses as at 31 December 2023, it is unlikely that the Share purchases or acquisitions will be made entirely or at all out of profits.

**Scenario 1**

***Purchase or acquisition of 13,792,156 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and held as treasury shares***

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Before | After Share Purchase | | Before | After Share Purchase | |
| As at 31 December 2023 | Share Purchase S$'000 | Market Purchase S$'000 | Off-Market Purchase S$'000 | Share Purchase S$'000 | Market Purchase S$'000 | Off-Market Purchase S$'000 |
| Share capital | 55,757 | 55,757 | 55,757 | 170,474 | 170,474 | 170,474 |
| Reserves | 142 | 142 | 142 | 2,515 | 2,515 | 2,515 |
| Accumulated losses | (51,374) | (51,374) | (51,374) | (171,226) | (171,226) | (171,226) |
| Treasury shares | – | (676) | (772) | – | (676) | (772) |
| Total Shareholders' equity | 4,525 | 3,849 | 3,753 | 1,763 | 1,087 | 991 |
| Non-controlling interests | (397) | (397) | (397) | – | – | – |
| Net tangible assets | 3,871 | 3,195 | 3,099 | 1,763 | 1,087 | 991 |
| Current assets | 15,859 | 15,183 | 15,087 | 132 | 132 | 132 |
| Current liabilities | 11,979 | 11,979 | 11,979 | 1,544 | 2,220 | 2,316 |
| Total borrowings | 823 | 823 | 823 | – | – | – |
| Number of Shares(1) ('000) | 275,843 | 262,051 | 262,051 | 275,843 | 262,051 | 262,051 |
| Weighted average number of Shares ('000) | 275,843 | 262,051 | 262,051 | 275,843 | 262,051 | 262,051 |
| **Financial Ratios** | | | | | | |
| Net tangible assets per Share(2) (cents) | 1.40 | 1.22 | 1.18 | 0.64 | 0.41 | 0.38 |
| Loss per Share (cents) | (0.49) | (0.52) | (0.52) | (0.95) | (1.00) | (1.00) |
| Gearing ratio(3) (times) | 0.18 | 0.21 | 0.22 | – | – | – |
| Current ratio(4) (times) | 1.32 | 1.27 | 1.26 | 0.09 | 0.06 | 0.06 |

**Notes:**

(1) Excluding treasury shares and subsidiary holdings. As at 31 December 2023, the Company did not have any treasury shares or subsidiary holdings.

(2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares and subsidiary holdings). As at 31 December 2023, the Company did not have any treasury shares or subsidiary holdings.

(3) Gearing ratio equals total borrowings divided by Shareholders' equity (excluding non-controlling interests).

(4) Current ratio equals current assets divided by current liabilities.

# APPENDIX

**Scenario 2**

***Purchase or acquisition of 13,792,156 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and cancelled***

| As at 31 December 2023 | Group Before Share Purchase S$'000 | Group After Share Purchase Market Purchase S$'000 | Group After Share Purchase Off-Market Purchase S$'000 | Company Before Share Purchase S$'000 | Company After Share Purchase Market Purchase S$'000 | Company After Share Purchase Off-Market Purchase S$'000 |
|---|---|---|---|---|---|---|
| Share capital | 55,757 | 55,081 | 54,985 | 170,474 | 169,798 | 169,702 |
| Reserves | 142 | 142 | 142 | 2,515 | 2,515 | 2,515 |
| Accumulated losses | (51,374) | (51,374) | (51,374) | (171,226) | (171,226) | (171,226) |
| Treasury shares | – | – | – | – | – | – |
| Total Shareholders' equity | 4,525 | 3,849 | 3,753 | 1,763 | 1,087 | 991 |
| Non-controlling interests | (397) | (397) | (397) | – | – | – |
| Net tangible assets | 3,871 | 3,195 | 3,099 | 1,763 | 1,087 | 991 |
| Current assets | 15,859 | 15,183 | 15,087 | 132 | 132 | 132 |
| Current liabilities | 11,979 | 11,979 | 11,979 | 1,544 | 2,220 | 2,316 |
| Total borrowings | 823 | 823 | 823 | – | – | – |
| Number of Shares[(1)] ('000) | 275,843 | 262,051 | 262,051 | 275,843 | 262,051 | 262,051 |
| Weighted average number of Shares ('000) | 275,843 | 262,051 | 262,051 | 275,843 | 262,051 | 262,051 |
| **Financial Ratios** | | | | | | |
| Net tangible assets per Share[(2)] (cents) | 1.40 | 1.22 | 1.18 | 0.64 | 0.41 | 0.38 |
| Loss per Share (cents) | (0.49) | (0.52) | (0.52) | (0.95) | (1.00) | (1.00) |
| Gearing ratio[(3)] (times) | 0.18 | 0.21 | 0.22 | – | – | – |
| Current ratio[(4)] (times) | 1.32 | 1.27 | 1.26 | 0.09 | 0.06 | 0.06 |

**Notes:**

(1) Excluding treasury shares and subsidiary holdings. As at 31 December 2023, the Company did not have any treasury shares or subsidiary holdings.

(2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares and subsidiary holdings). As at 31 December 2023, the Company did not have any treasury shares or subsidiary holdings.

(3) Gearing ratio equals total borrowings divided by Shareholders' equity (excluding non-controlling interests).

(4) Current ratio equals current assets divided by current liabilities.

**Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2023 audited numbers and is not necessarily reflective of the future financial performance of the Company and the Group. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 5% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not purchase or acquire or be able to purchase or acquire 5% of the issued Shares (excluding treasury shares and subsidiary holdings) in full. In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired in treasury.**

# APPENDIX

## 7. CATALIST RULES

Under the Catalist Rules, a listed company may purchase or acquire shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases or acquisitions were made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases or acquisitions were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) of this Appendix, conforms to this restriction.

The Catalist Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include, *inter alia*, details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Catalist Rules.

While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant financial statements.

## 8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its issued Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The "**public**", as defined in the Catalist Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders and controlling Shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Catalist Rules) of such persons.

As at the Latest Practicable Date, there were approximately 196,084,941 issued Shares in the hands of the public (as defined above), representing approximately 71.09% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full 5% limit pursuant to the Share Purchase Mandate and holds the purchased or acquired Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 182,292,785 Shares, representing approximately 69.56% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. As at the Latest Practicable Date, the Company did not hold any treasury shares and did not have any preference shares or convertible equity securities, and there were no subsidiary holdings.

# APPENDIX

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases or acquisitions of its Shares through Market Purchases up to the full 5% limit pursuant to the Share Purchase Mandate without:

(a) affecting adversely the listing status of the Shares on the SGX-ST;

(b) causing market illiquidity; or

(c) affecting adversely the orderly trading of Shares.

## 9. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

## 10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in effective control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate effective control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code ("**Rule 14**").

The circumstances under which Shareholders, including Directors and persons acting in concert with them, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code ("**TOC Appendix 2**").

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company:

(i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

# APPENDIX

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert: (i) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts; and (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Mr Ching Chiat Kwong (Non-Executive Non-Independent Chairman of the Company), Mr Shawn Ching Wei Hung (Non-Executive Non-Independent Deputy Chairman of the Company, and son of Mr Ching Chiat Kwong) and Mr Ng Weng Sui Harry (Non-Executive Non-Independent Director of the Company) collectively held 27.94% of the issued Shares (excluding treasury shares and subsidiary holdings). In the event that the Company purchases or acquires up to the maximum of 5% of its issued Shares pursuant to the proposed Share Purchase Mandate, the aggregate shareholdings of the aforesaid Directors will increase to 29.41% of the issued Shares (excluding treasury shares and subsidiary holdings), illustrated as follows:

| | **As at the Latest Practicable Date** | | | **After purchases or acquisitions of maximum number of Shares permitted under the Share Purchase Mandate** | | |
|---|---|---|---|---|---|---|
| | **Direct Interest** | **Deemed Interest** | **Total Interest** | **Direct Interest** | **Deemed Interest** | **Total Interest** |
| | **Number of Shares** | **Number of Shares** | **%(1)** | **Number of Shares** | **Number of Shares** | **%(2)** |
| **Directors** | | | | | | |
| Ching Chiat Kwong | 76,826,612 | – | 27.85 | 76,826,612 | – | 29.32 |
| Shawn Ching Wei Hung | 140,000 | – | 0.05 | 140,000 | – | 0.05 |
| Ng Weng Sui Harry | 109,800 | – | 0.04 | 109,800 | – | 0.04 |
| **Total** | 77,076,412 | – | 27.94 | 77,076,412 | – | 29.41 |

**Notes:**

(1) The percentages are calculated based on 275,843,137 issued Shares (with no treasury shares or subsidiary holdings) in the capital of the Company as at the Latest Practicable Date.

(2) The percentages are calculated based on (i) 262,050,981 issued Shares, assuming that the Shares purchased or acquired are cancelled, or (ii) 262,050,981 issued Shares (excluding treasury shares and subsidiary holdings), assuming that the Shares purchased or acquired are held as treasury shares, after the purchase or acquisition by the Company of the maximum number of 13,792,156 Shares as permitted under the Share Purchase Mandate, and there is no change in the number of Shares held or deemed to be held by the aforesaid Directors.

# APPENDIX

As their aggregate voting rights would remain below 30% of the total voting rights in the Company, the aforesaid Directors would not be obliged to make a take-over offer under Rule 14 as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.**

## 11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar.

The Directors shall lodge with the Registrar a notice of Share purchase within 30 days of a Share purchase or acquisition. Such notification shall include the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profit or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

## 12. NO SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

## 13. LIMITS ON SHAREHOLDINGS

The Company does not have any individual shareholding limit or foreign shareholding limit.

# APPENDIX

## 14. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders kept by the Company, are as follows:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | **Number of Shares** | **%(1)** | **Number of Shares** | **%(1)** |
| **Directors** | | | | |
| Ching Chiat Kwong | 76,826,612 | 27.85 | – | – |
| Shawn Ching Wei Hung | 140,000 | 0.05 | – | – |
| Yick Li Tsin | – | – | – | – |
| Ng Weng Sui Harry | 109,800 | 0.04 | – | – |
| Kesavan Nair | – | – | – | – |
| Chin Chen Keong | – | – | – | – |
| Yee Kee Shian, Leon | – | – | – | – |
| **Substantial Shareholders (other than Directors)** | – | – | – | – |

**Note:**

(1) The percentages are calculated based on 275,843,137 issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the Latest Practicable Date.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the proposed renewal of the Share Purchase Mandate, save through their shareholdings in the Company (if any).

## 15. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale and information relating to the proposed renewal of the Share Purchase Mandate as set out in this Appendix, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interest of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution to approve the renewal of the Share Purchase Mandate to be proposed at the AGM.

## 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

**OXPAY FINANCIAL LIMITED**
**ANNUAL GENERAL MEETING PROXY FORM**

(Company Registration No. 200407031R)
(Incorporated in the Republic of Singapore)

**IMPORTANT**
For investors who hold shares of OxPay Financial Limited under the Supplementary Retirement Scheme ("**SRS**"), this Proxy Form is not valid for use by such investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors who wish to vote should approach their respective SRS Operators if they have any queries regarding their appointment as proxies. Such investors who wish to appoint the Chairman of the Meeting to vote on their behalf should approach their respective SRS Operators to submit their votes at least seven working days before the date of the Annual General Meeting of the Company ("**AGM**"), to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received no later than 72 hours before the time appointed for holding the AGM.

I/We ________________________________ (Name) ____________________ (NRIC/Passport/Registration Number)

of ______________________________________________________________________ (Address)
being a member/members of **OXPAY FINANCIAL LIMITED** (the "**Company**") hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or (deleted as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

or failing the person or both of the persons above, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf, at the AGM to be held at Cypress Room, Metropolitan YMCA Singapore (2$^{nd}$ floor), 60 Stevens Road, Singapore 257854 on Monday, 29 April 2024 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM or to abstain from voting, as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof except that where the Chairman of the Meeting is appointed as proxy and no specific directions as to voting is given in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The resolutions put to vote at the AGM shall be decided by poll.

| No. | Resolution relating to:– | For | Against | Abstain |
|---|---|---|---|---|
| | **Ordinary Business** | | | |
| 1. | Adoption of the audited financial statements of the Company for the financial year ended 31 December 2023, together with the Directors' Statement and Independent Auditors' Report | | | |
| 2. | Re-election of Mr Ching Chiat Kwong as a director of the Company ("**Director**") | | | |
| 3. | Re-election of Mr Kesavan Nair as a Director | | | |
| 4. | Re-election of Mr Yick Li Tsin as a Director | | | |
| 5. | Re-election of Mr Yee Kee Shian, Leon as a Director | | | |
| 6. | Payment of Directors' fees of up to S$240,000 for the financial year ending 31 December 2024 | | | |
| 7. | Re-appointment of Foo Kon Tan LLP as the Company's independent auditors and authority to the Directors to fix their remuneration | | | |
| | **Special Business** | | | |
| 8. | Authority to allot and issue shares | | | |
| 9. | Authority to offer and grant share awards, and allot and issue shares under the OxPay Performance Share Plan | | | |
| 10. | Authority to offer and grant options, and allot and issue shares under the OxPay Employee Share Option Scheme | | | |
| 11. | Renewal of the share purchase mandate | | | |

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against or to abstain in respect of the resolution as set out in the Notice of the AGM. Alternatively, if you wish to exercise your votes for and/or against the resolution and/or to abstain, please indicate the number of shares in the respective spaces provided.)

Dated this ________ day of _______________ 2024

| Total number of shares held: | |
|---|---|

____________________________________
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:–**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. Unless otherwise permitted under the Companies Act 1967 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

5. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of a duly authorised officer or attorney.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. This proxy form duly completed and executed must be submitted:

   (a) by post to the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) by email to shareregistry@incorp.asia,

   in either case, to be received not less than 72 hours before the time appointed for holding the AGM, failing which this proxy form will be treated as invalid.

8. Completion and return of this proxy form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant proxy form to the AGM.

9. The Company shall be entitled to reject a proxy form which 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 addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

10. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2024.

OxPay Financial Limited
(Company Registration No. 200407031R)
(Incorporated in the Republic of Singapore)
10 Ubi Crescent | #03-48 Ubi Techpark | Singapore 408564
Tel: +65 6299 0030
Website: https://oxpayfinancial.com/