



**SINCAP  
GROUP**

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This annual report has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

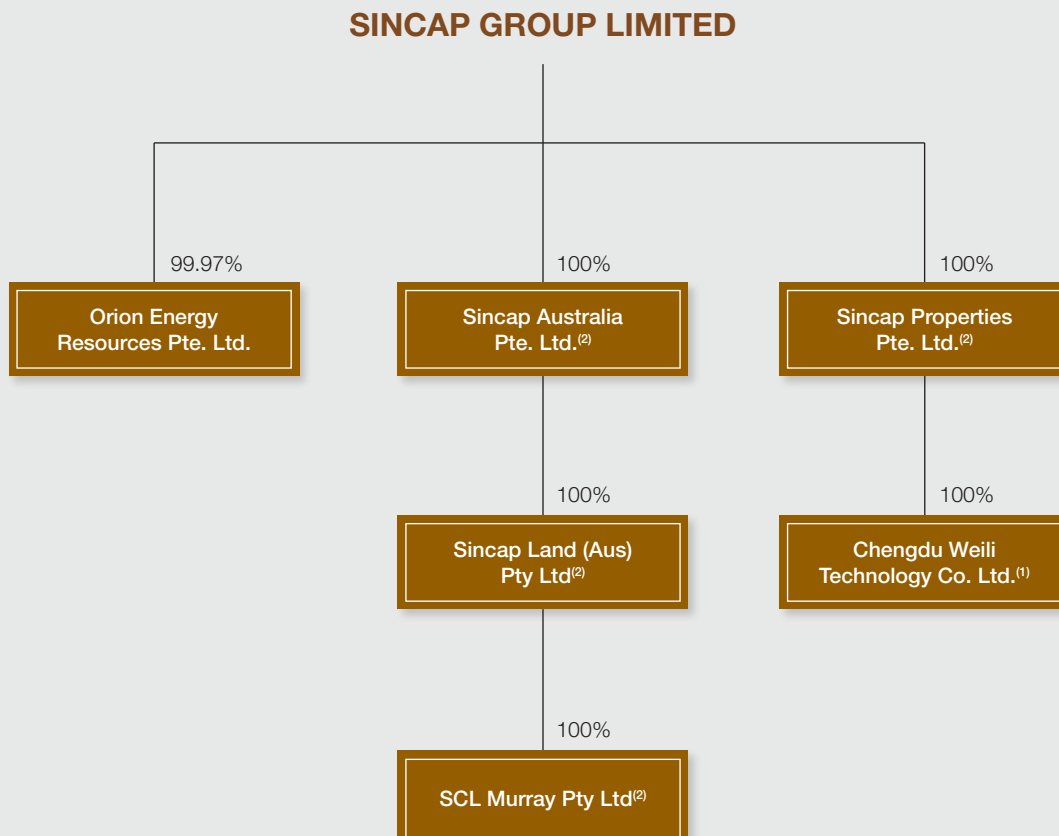
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## CORPORATE PROFILE

Listed on the Catalist Board of SGX-ST in 2012, Sincap Group Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), was principally engaged in business of mineral and resources trading. The Company has been deemed a cash company since May 2021.

## CORPORATE STRUCTURE



**Notes:**

- (1) Deregistered on 27 February 2023.
- (2) Disposed to the executive chairman and chief executive officer of the Company; disposals were completed on 30 June 2023.

## CHAIRMAN'S MESSAGE

Dear Stakeholders,

Following the conduct of our annual general meeting (“AGM”) for the financial year ended 31 December 2020 (“FY2020”) on 12 January 2023, we continue to put our best efforts to address various compliance issues, striving to get things back on course despite our limited resources. With the issuance of the latest annual reports, we will be holding our AGM for FY2021 and FY2022 together on 12 December 2023 after the undue delay, which I would have to apologise again. In spite of this delay, we have been keeping shareholders updated as and when there is material development in the corporate plans for Sincap Group Limited (the “Company”) and together with its subsidiaries (the “Group”).

### OVERVIEW

As updated by the Company through several SGX announcements dated 22 May 2022 and 12 August 2022, including the annual report for FY2020, the Group's trading activities fell significantly in FY2020 as a result of severe COVID-19 related restrictions and the major supply chain disruption. Following which, the Group did not have any revenue-generating activities for the financial years ended 31 December 2021 (“FY2021”) and 2022 (“FY2022”). The downturn in the Group's business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues leading to it being unable to pay its corporate operating expenses and professional service providers. Sincap had also applied for voluntary suspension of the trading of its shares in May 2021.

In August 2022, Sincap announced that it has entered into a binding heads of agreement (“HOA”) for corporate veteran Mr Teh Wing Kwan (the “Professional Investor”) to invest up to SGD2.0 million (comprising shares subscription, loans and guarantees), subject to certain conditions precedent to be fulfilled. The entry into the HOA allows the Company to initiate new corporate plans under the strategic guidance of the Professional Investor.

### FINANCIAL PERFORMANCE

#### FY2021

The Group did not have any revenue-generating activities for FY2021 despite efforts from the management given the above reasons.

#### Other income

Mainly comprised (i) RMB1.0 million gain on settlement of payables as actual payment obligations were lower than the accrued liabilities; and (ii) a foreign currency gain of RMB1.0 million.

#### Interest income

Interest income recorded in FY2020 comprised USD0.2 million (equivalent to RMB1.0 million) interest receivable from Artwell Minerals Resources Co., Ltd (“Artwell”), a company solely owned by the brother of the executive chairman and chief executive officer (the “CEO”), which was previously charged by Orion Energy Resources Pte. Ltd. (“Orion”) based on the total outstanding amount owing by Artwell of USD25.6 million. As the principal amount owing by Artwell remains long overdue, it is doubtful that the Company will be able to collect interest income from Artwell. The management of the Company has accordingly made an accounting judgement to (i) impair the previously recognised interest income and (ii) to refrain from recognising any additional interest income after FY2020. As such, no interest income was recorded in FY2021.

#### Allowance for expected credit loss

Comprised allowance for expected credit loss on trade receivables of RMB192.5 million for FY2021 as compared to RMB1.1 million for FY2020.

In the announcement of the condensed interim consolidated financial statements for FY2021 dated 10 May 2023, the Company had disclosed the factors, circumstances and underlying basis which gave rise to the allowance for expected credit loss, including the appointment of an independent valuer for assessment of the expected credit loss (“ECL”).

Please also refer to pages 84, 106, 107 and 117 to 119 of this annual report for further details of the ECL assessment and credit risks exposure.

The said trade receivables owing by Artwell and Supreme Luck Enterprise Limited (“Supreme Luck”) remain outstanding despite multiple demand letters. We have sought legal advice on the matter and may initiate further legal actions. If the ancillary costs associated with such interventions prove to be justifiable in light of the potential commercial outcomes, we may proceed accordingly.

The Group would however like to highlight that the accounting treatment of full impairment of the receivable owing by Artwell and Supreme Luck in the Group's consolidated financial statements for FY2021 does not expressly confer a waiver of their contractual obligations to pay and it is also not a presumption that Orion has readily given up its right to pursue further legal actions in claiming the full receivable amount from Artwell and Supreme Luck. The Group will continue to discuss with its legal counsel and evaluate the feasibility of pursuing further legal actions to recover any of such receivable amounts from the debtors.

#### Reversal of allowance for expected credit loss

Mainly comprised a partial reversal of doubtful debts of RMB2.7 million which was previously impaired taking into consideration the final settlement of an unsecured loan extended by the Group to Richardson 1 Pty Ltd (the “Richardson Loan”) in April 2022. Please refer to Note 6(b) of the financial statements for FY2021 on page 107 of this annual report for additional details of the movement in the Richardson Loan.

#### Administrative expenses

Mainly comprised corporate expenses including compliance expenses and various professional fees. Administrative expenses decreased by RMB18.3 million due to (i) the absence of impairment loss on goodwill of

## CHAIRMAN'S MESSAGE

RMB13.8 million which was recorded in FY2020; (ii) the discontinuance of trading business operations and operational streamlining; and (iii) the waiver of the CEO's salary.

### Other expenses

Mainly comprised a write-off of RMB3.7 million in relation to deposits placed with third-party suppliers after offsetting amount payable to suppliers for purchase of coal in the Republic of Indonesia, due to non-fulfilment of contractual obligations in taking delivery. The discontinuance of the Group's trading business in FY2021 had caused non-fulfilment of the Group's contractual obligations with the third-party suppliers, which the management had attempted to negotiate for partial refunds without success.

### Finance costs

The Group recorded RMB0.19 million in finance costs in FY2021 as compared to RMB0.2 million in FY2020. This mainly comprised interest expense that arose from a bond which was previously issued by the Company to Magnigrow Capital Pte. Ltd. with a principal amount of SGD12,000,000, as consideration for the acquisition of additional interest in Orion (the "Bond"). The bond had been cancelled and terminated in its entirety upon the payment of the sum of SGD0.6 million by the CEO being

full and final settlement of the amounts outstanding in December 2022 under an internal debt restructuring exercise as announced and defined in the Company's announcement dated 15 December 2022 (the "Internal Debt Restructuring").

### FY2022

#### Other income

Mainly comprised (i) RMB0.3 million gains in relation to partial waiver of debt owing by the Company to the CEO; and (ii) RMB3.2 million gain from settlement of bond payables on completion of the Internal Debt Restructuring. Please refer to Company's announcement dated 15 December 2022 for further details on the Internal Debt Restructuring.

#### Allowance for expected credit loss

There was no allowance for expected credit loss in FY2022 compared to allowance for expected credit loss on trade receivables of RMB192.5 million in FY2021.

#### Reversal of allowance for expected credit loss

There was no reversal of allowance for expected credit loss in FY2022 compared to a partial reversal of doubtful debts of RMB2.7 million in FY2021.

### Administrative expenses

Mainly comprised corporate expenses including compliance expenses and various professional fees. Administrative expenses increased by RMB3.6 million in FY2022 due to (i) agency fees of RMB2.3 million for the recovery of the Richardson Loan; and (ii) accruals of corporate expenses, including director fees, audit fees, listing fees, secretary fees, continuing sponsor fees, compliance expenses, and professional fees.

### Other expenses

Mainly comprised foreign currency loss of RMB0.2 million due to the depreciation of SGD against USD in FY2022.

### Finance costs

Finance cost fell significantly by RMB0.2 million from RMB0.2 million in FY2021 to RMB13,000 in FY2022 upon full and final settlement of the bond payables in relation to the Internal Debt Restructuring.

## FINANCIAL POSITION

### FY2021

Total assets fell by RMB200.6 million from RMB205.8 million in FY2020 to RMB5.2 million in FY2021. Significant changes during the year under review were:





## CHAIRMAN'S MESSAGE

### Trade and other receivables

Trade and other receivables fell by RMB200.0 million from RMB204.6 million in FY2020 to RMB4.6 in FY2021 due mainly to (i) write-off of RMB7.1 million in relation to deposits placed with third-party suppliers before offsetting amount payables to suppliers for purchase of coal of RMB3.4 million in the Republic of Indonesia and (ii) allowance of expected credit loss on trade receivables of RMB192.5 million (as explained in the above), (iii) offset by a reversal of an accumulated impairment loss of RMB2.7 million taking into consideration of the subsequent collection of the final settlement amount for the Richardson Loan and based on the available information as at 31 December 2021.

### Cash and cash equivalent

Cash and cash equivalent fell by RMB0.4 million from RMB0.9 million in FY2020 to RMB0.5 million in FY2021 due mainly to payments of operating expenses.

Total liabilities fell by RMB4.6 million from RMB15.6 million in FY2020 to RMB11.0 million in FY2021. Significant changes during the year under review were:

### Trade and other payables

Trade and other payables fell by RMB3.7 million from RMB7.2 million in FY2020 to RMB3.5 million in FY2021 which mainly comprised accrued operating expenses, including professional fees, and the decrease was due mainly to reduction in accrued liabilities upon discharge of certain payment obligations in full.

### Borrowings

Borrowings fell by RMB0.8 million from RMB8.3 million in FY2020 to RMB7.5 million in FY2021 which comprised (i) outstanding amount of RMB5.9 million in equivalents under the Bond which was settled in December 2022, and (ii) loans payable to the CEO amounting to RMB1.6 million.

### FY2022

Total assets fell by RMB4.2 million from RMB5.2 million in FY2021 to RMB1.0 million in FY2022. Significant changes during the year under review were:

### Trade and other receivables

Trade and other receivables fell by RMB4.6 million from RMB4.7 million in FY2021 to RMB32,000 in FY2022 due mainly to settlement arrangement in relation to the Richardson Loan. Please refer to the Company's announcement dated 29 April 2022.

### Cash and cash equivalent

Cash and cash equivalent increased by RMB0.4 million from RMB0.5 million in FY2021 to RMB0.9 million in FY2022 due mainly to net proceeds from the Richardson Loan.

Total liabilities fell by RMB2.3 million from RMB11.0 million in FY2021 to RMB8.7 million in FY2022. Significant changes during the year under review were:

### Trade and other payables

Trade and other payables increased by RMB0.6 million from RMB3.5 million in FY2021 to RMB4.1 million in FY2022 which mainly comprised amount payables to professional service providers and accrued operating expenses during the year under review.

### Borrowings

Borrowings fell by RMB2.9 million from RMB7.5 million in FY2021 to RMB4.7 million in FY2022 mainly due to the full settlement of the Bond upon the completion of the Internal Debt Restructuring.

### GOING FORWARD

As you may have read, we have been taking meticulous steps to address several compliance issues, streamline legacy operations, and restructure

certain debts, paving the way for implementation of corporate turnaround plans via a potential reverse takeover exercise (the "Potential RTO"). The conduct of the AGM for FY2020 early this year was a significant progress after the unwished-for delay while the completion of audits and the issuance of annual report for FY2021 and FY2022 serve as encouraging milestones.

Implementing pivotal corporate strategies understandably takes time. While certain specific targets have been identified for evaluating, discussing, negotiating and agreeing pertinent terms for commercial proposals and business structures in relation to the Potential RTO, it has inevitably consumed a significant amount of time amidst challenging operating environment. The Professional Investor and the Company have been extremely cautious in assessing the feasibility and suitability of the target for the Potential RTO.

I would like to thank Mr. Teh, the Professional Investor, for his strategic advice, guidance and support while we are still working towards fulfilling certain key conditions precedent in the HOA. I also wish to convey my sincere appreciation to our shareholders, sponsor, advisors, consultants and service providers for their sustained backing as we have made significant headway. Equally, my gratitude extends to my fellow Directors for their resilience during these demanding times. We are looking forward to rebuilding shareholders' value.

**Chu Ming Kin**  
**Executive Chairman and**  
**Chief Executive Officer**  
**23 November 2023**

## BOARD OF DIRECTORS

### MR CHU MING KIN

*Executive Chairman and Chief Executive Officer*

Mr. Chu, aged 59, was appointed as Non-Executive Director to the Board on 6 April 2015 and became the Executive Chairman and Chief Executive Officer with effect from 30 April 2015 and 7 July 2015 respectively. Mr Chu used to be responsible for overseeing the Group's operations, including the mining and trading businesses and the property business. Leveraging on more than twenty years of experience in trading and plantation of agricultural tapioca chips in Thailand, Vietnam and Indonesia, Mr Chu has accumulated skills to maintain the best purchasing, logistic and operating systems, handle shipments, and possesses strong understanding in procurement. Since the Company has been deemed a cash company in May 2021, Mr Chu is currently focusing on devising potential business diversification strategies as part of the Group's corporate turnaround plans, as well as the allocation of the Group's resources.

### MR TAY BOON ZHUAN, MAX

*Independent Director*

Mr. Tay, aged 43, was appointed as Independent Director to the Board on 22 March 2021. Mr. Tay is currently the Senior Finance Director of Geniebook Pte Ltd and was previously the chief financial officer of Intraco Limited and Heatec Jietong Holdings Ltd., both listed on the SGX-ST. Mr. Tay was head of internal audit for China Yuchai International Limited ("CYI"). CYI is listed on the New York Stock Exchange, and is the largest diesel engine manufacturer in China and the major subsidiary of Hong Leong Asia Ltd, which is listed on the SGX-ST. In addition, Mr. Tay spent eleven years with PricewaterhouseCoopers (including two years in Sydney) and two other leading accounting firms specialising in accounting, payroll, business advisory and assurance services. Mr. Tay attended Raffles Institution and Raffles Junior College; and graduated from Nanyang Technological University with a Bachelor in Accountancy degree (First Class Honours). He is a qualified Chartered Accountant from the Institute of Singapore Chartered Accountants ("ISCA"), and also holds an ASEAN CPA certification.

### MR LEE FANG WEN

*Independent Director*

Mr. Lee, aged 62, was appointed as Independent Director to the Board on 16 September 2022. Mr. Lee is a private investor and is currently a non-executive and independent director of Tai Sin Electric Limited, listed on the SGX-ST. Mr. Lee graduated from National University of Singapore with a Bachelor of Engineering (Chemical), and previously held positions such as executive director of Creative Master Bermuda Limited and business development director of MFS Technology (S) Pte. Ltd.

### MR NG HOI-GEE, KIT

*Lead Independent Director*

(Tenure: 16 September 2022 to 16 October 2022)

### MR TENG WAI LEUNG WILSON

*Lead Independent Director*

(Tenure: 2 April 2018 to 30 September 2022)

### MR WANG XIUFENG

*Independent Director*

(Tenure: 1 October 2021 to 11 May 2022)

### MR LEE CHONG YANG

*Independent Director*

(Tenure: 12 June 2018 to 25 March 2021)

### MR ROBBY

*Executive Director*

(Tenure: 5 July 2018 to 25 January 2021)

## GROUP FINANCIAL HIGHLIGHTS

	2022 RMB'000	2021 RMB'000	2020 RMB'000
<b>FOR THE YEAR</b>			
Revenue	–	–	24,553
Loss before interest expenses, tax, depreciation and amortisation (EBITDA)	(1,313)	(192,393)	(18,623)
Loss before tax	(1,326)	(192,586)	(19,061)
Net loss after tax and non-controlling interest	(1,364)	(192,459)	(18,101)
<b>AT YEAR END</b>			
Total assets	949	5,177	205,821
Net tangible assets/(liabilities)	(7,791)	(5,839)	190,234
Total liabilities	8,740	11,016	15,587
Total shareholders' equity	(7,769)	(5,819)	190,192
Cash and cash equivalents	917	526	930
Basic and diluted losses per share (RMB cents)	(0.08)	(11.31)	(1.06)
Net asset/(liabilities) per share (RMB cents)	(0.46)	(0.34)	11.18
Net tangible assets/(liabilities) per share (RMB cents)	(0.46)	(0.34)	11.18
No. of shares as at 31 December	1,701,000,410	1,701,000,410	1,701,000,410



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Chu Ming Kin

*Executive Chairman and Chief Executive Officer*

Tay Boon Zhuan, Max

*Independent Director (appointed on 22 March 2021)*

Lee Fang Wen

*Independent Director (appointed on 16 September 2022)*

### COMPANY SECRETARY

Chong Eng Wee (appointed on 22 November 2021)

### REGISTERED OFFICE

112 Robinson Road

#04-02

Singapore 068902

### EMAIL ADDRESS

ir@sincapgroup.com

### SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

Keppel Bay Tower #14-07

Singapore 098632

### CONTINUING SPONSOR

Stamford Corporate Services Pte. Ltd.

10 Collyer Quay

#27-00 Ocean Financial Centre

Singapore 049315

### INDEPENDENT AUDITOR

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

1 Raffles Place #04-61

One Raffles Place Tower 2

Singapore 048616

Partner-in-charge: Chin Bo Wui

(Appointed from the financial year ended

31 December 2021)



## CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance practices within the Group to safeguard the interest of shareholders and to enhance corporate value and accountability. The Board will continue to be committed to enhancing the Group's corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Code of Corporate Governance issued in August 2018 (the "Code") and the requirements under Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Catalist Rules") so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial years ended 31 December 2021 ("FY2021") and 31 December 2022 ("FY2022"), with specific reference made to the principles and provisions of the Code. Where the Company's practices vary from any of the provisions of the Code, explanations for the deviation and how the Group's practices are consistent with the intent of the relevant principle, are provided in the sections below.

The Board and the management of the Company (the "Management") have taken steps to align the corporate governance framework of the Company with the principles of the Code, and where there are deviations from the provisions in the Code, appropriate explanations are provided.

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation										
<b>BOARD MATTERS</b>												
<b>The Board's Conduct of Affairs</b>												
Principle 1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	The Board is collectively responsible for the overall performance of the Group and works with Management to ensure the implementation of necessary corporate actions for the long-term success of the Company. The Board sets the strategic direction and vision of the Group and directs the overall strategy, policies, and business plans of the Group, as well as oversees the stewardship and allocation of the Group's resources. In this regard, the Board also consults and works with other experienced professionals who could provide strategic guidance to the Company. Please refer to Provisions 1.1 to 1.7 below for more details and instances of the Company's compliance with this principle.										
Provision 1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	<p>Currently, the Board has three (3) Directors, two (2) of whom are Independent Directors. The Directors as at the date of this statement are:-</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 1.1 - Composition of the Board<sup>(1)</sup></b></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td>Executive Chairman and Chief Executive Officer ("CEO")</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max<sup>(2)</sup></td> <td>Independent Director</td> </tr> <tr> <td>Mr Lee Fang Wen<sup>(3)</sup></td> <td>Independent Director</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) As announced by the Company:</p> <p>(i) on 24 January 2021, Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021;</p> <p>(ii) on 25 March 2021, Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021;</p> <p>(iii) on 1 October 2021 and 11 May 2022, Mr Wang Xiufeng was appointed as an Independent Director of the Company with effect from 1 October 2021 and subsequent resigned as an Independent Director of the Company with effect from 11 May 2022;</p>	<b>Table 1.1 - Composition of the Board<sup>(1)</sup></b>		Name of Director	Designation	Mr Chu Ming Kin	Executive Chairman and Chief Executive Officer ("CEO")	Mr Tay Boon Zhuan, Max <sup>(2)</sup>	Independent Director	Mr Lee Fang Wen <sup>(3)</sup>	Independent Director
<b>Table 1.1 - Composition of the Board<sup>(1)</sup></b>												
Name of Director	Designation											
Mr Chu Ming Kin	Executive Chairman and Chief Executive Officer ("CEO")											
Mr Tay Boon Zhuan, Max <sup>(2)</sup>	Independent Director											
Mr Lee Fang Wen <sup>(3)</sup>	Independent Director											

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>(iv) on 16 September 2022, Mr Teng Wai Leung Wilson resigned as the Lead Independent Director of the Company with effect from 30 September 2022; and</p> <p>(v) on 18 October 2022, Mr Ng Hoi-Gee, Kit ceased to be the Lead Independent Director of the Company with effect from 16 October 2022.</p> <p>(2) Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021.</p> <p>(3) Mr Lee Fang Wen was appointed as an Independent Director of the Company with effect from 16 September 2022.</p> <p>The Board is collectively entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are:</p> <p>(a) supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic objectives and direction;</p> <p>(b) overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance;</p> <p>(c) reviewing the performance of Management and overseeing succession planning for Management;</p> <p>(d) setting the Company's corporate objectives, value and standards, and to ensure that the obligations to the shareholders of the Company (the "<b>Shareholders</b>") and other stakeholders are understood and met; and</p> <p>(e) providing overall corporate governance of the Company.</p> <p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interests of the Group. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisation culture and ensures proper accountability within the Group. The Board also ensures that good corporate governance practices are in place to protect the interests of shareholders.</p> <p>All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest between any Director and the Company, such Director shall recuse himself or herself from participating in any discussion and decision on the matter.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 1.2	<p>Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.</p>	<p>The Company ensures that incoming new Directors are provided with a formal letter of appointment setting out their duties and obligations. The Company encourages Directors to receive regular training, at the Company's expense, and updates on relevant laws and regulations and to participate in conferences, seminars or any training programmes to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner.</p> <p>Newly-appointed Directors will receive orientation, briefing and training, if necessary, to familiarise themselves with the Group's business activities, strategic direction and the regulatory environment in which the Group operates in, as well as their statutory and other duties and responsibilities as Directors. Directors will also be briefed on the key audit matters in the auditor's report and receive quarterly updates on the strategic development of the Group.</p> <p>Directors who do not have prior experience as a director of a public listed company in Singapore will attend training courses organised by the Singapore Institute of Directors ("<b>SID</b>") or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties and at the Company's expense.</p> <p>Directors are updated regularly on any new developments or changes in applicable regulatory, legal and accounting frameworks that are of relevance to the Group during Board meetings or via electronic mail, and through participation in training courses, seminars and workshops at the Company's expense.</p> <p>New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("<b>ACRA</b>"), which are relevant to the Directors, are circulated to the Board. Directors are also informed of upcoming conferences and seminars relevant to their roles as directors of the Company.</p> <p>The Board is briefed by the external auditor engaged by the Company (the "<b>EA</b>") on recent changes and amendments to the accounting standards, including amendments to the Singapore Financial Reporting Standards (International), and receives regulatory updates from time to time.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	<p>Matters that require the Board's approval, as decided by the Board, include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>(a) approval of the Group's strategic objectives;</li> <li>(b) changes relating to the Group's capital structure, including reduction of capital, share issues and share buy backs;</li> <li>(c) major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals;</li> <li>(d) approval of the interim and full year's results announcements and release of annual reports;</li> <li>(e) approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend;</li> <li>(f) approval of material investments, divestments or capital expenditure;</li> <li>(g) approval of resolutions and corresponding documentation to be put forward to Shareholders at a general meeting, including approval of all circulars, prospectuses, amongst others; and</li> <li>(h) any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational matters.</li> </ul>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation																				
Provision 1.4	Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.	<p>The Board committees, namely the Audit and Risk Committee (the "<b>ARC</b>"), the Remuneration Committee (the "<b>RC</b>"), and the Nominating Committee (the "<b>NC</b>") (collectively, the "<b>Board Committees</b>") have been constituted to assist the Board in the discharge of its responsibilities and each report back to the Board. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference, which are reviewed on a regular basis to ensure their continued relevance. The current composition of each Board Committee is as follows:</p> <table border="1" data-bbox="655 824 1428 1115"> <thead> <tr> <th colspan="4" data-bbox="655 824 1428 869"><b>Table 1.4 – Composition of Board Committees</b></th> </tr> <tr> <th data-bbox="655 869 836 902"></th> <th data-bbox="836 869 1016 902"><b>ARC<sup>(1)(4)</sup></b></th> <th data-bbox="1016 869 1197 902"><b>NC<sup>(2)(4)</sup></b></th> <th data-bbox="1197 869 1428 902"><b>RC<sup>(3)(4)</sup></b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 902 836 976">Chairman</td> <td data-bbox="836 902 1016 976">Mr Tay Boon Zhuan, Max</td> <td data-bbox="1016 902 1197 976">Mr Lee Fang Wen</td> <td data-bbox="1197 902 1428 976">–</td> </tr> <tr> <td data-bbox="655 976 836 1050">Member</td> <td data-bbox="836 976 1016 1050">Mr Lee Fang Wen</td> <td data-bbox="1016 976 1197 1050">Mr Tay Boon Zhuan, Max</td> <td data-bbox="1197 976 1428 1050">Mr Tay Boon Zhuan, Max</td> </tr> <tr> <td data-bbox="655 1050 836 1115">Member</td> <td data-bbox="836 1050 1016 1115">–</td> <td data-bbox="1016 1050 1197 1115">–</td> <td data-bbox="1197 1050 1428 1115">Mr Lee Fang Wen (Acting Chairman)</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) As announced by the Company 22 March 2021, Mr Teng Wai Leung Wilson duties as the Chairman of the ARC were taken over by the Company's Independent Director, Mr Tay Boon Zhuan, Max, on 22 March 2021.</p> <p>(2) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021. As announced by the Company on 1 October 2021, his duties as the Chairman of the NC were taken over by the Company's newly appointed Independent Director, Mr Wang Xiufeng. However, the NC Chairman position became vacant after Mr Wang Xiufeng resigned as an Independent Director of the Company on 11 May 2022. As further announced by the Company on 16 September 2022, Mr Lee Fang Wen was appointed as the Chairman of the NC.</p> <p>(3) As announced by the Company on 16 September 2022, Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 30 September 2022. Consequent to Mr Teng Wai Leung Wilson's resignation, the duties as the Chairman of the RC were taken over by the Company's newly appointed Lead Independent Director, Mr Ng Hoi-Gee, Kit.</p> <p>(4) As announced by the Company on 18 October 2022, following the unexpected demise of Mr Ng Hoi-Gee, Kit on 16 October 2022, each of the ARC, NC and RC (respectively) has fallen below the minimum of 3 directors as required under the Code. The Board and the NC have endeavored to search for suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and the Catalist Rules. Notwithstanding the above, the NC bears in mind that the Company should not hasten such an appointment of additional Independent Director to more effectively manage its existing limited resources while it is evaluating its potential reorganisation strategies as the suitable candidate of the Board member should carry the relevant skills and competencies.</p> <p>Information on the ARC, RC, and NC, their respective terms of reference, summaries of their activities and any delegation to them by the Board of its decision-making authority can be found in the subsequent sections of this annual report.</p>	<b>Table 1.4 – Composition of Board Committees</b>					<b>ARC<sup>(1)(4)</sup></b>	<b>NC<sup>(2)(4)</sup></b>	<b>RC<sup>(3)(4)</sup></b>	Chairman	Mr Tay Boon Zhuan, Max	Mr Lee Fang Wen	–	Member	Mr Lee Fang Wen	Mr Tay Boon Zhuan, Max	Mr Tay Boon Zhuan, Max	Member	–	–	Mr Lee Fang Wen (Acting Chairman)
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## CORPORATE GOVERNANCE REPORT

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Provision 1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	<p>The Board meets regularly on a half-yearly basis and more often when required to address any specific significant matters which may arise. The Board also holds meetings when warranted by particular circumstances, as deemed appropriate by the Board members.</p> <p>The constitution of the Company (the "<b>Constitution</b>") allows for meetings to be held through audiovisual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transactions.</p> <p>The number of Board and Board Committee meetings held, and the attendance of each Director at the meetings in FY2021 and FY2022 are as follows:–</p> <p style="text-align: center;"><b>Table 1.5 – Attendance of Directors at Company Meetings during FY2021</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Name of Director</th> <th colspan="4" style="text-align: center;">Number of meeting(s) attended/ Number of meeting(s) held</th> </tr> <tr> <th style="text-align: center;">Board</th> <th style="text-align: center;">ARC</th> <th style="text-align: center;">NC</th> <th style="text-align: center;">RC</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Lee Chong Yang<sup>(1)</sup></td> <td style="text-align: center;">0/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> </tr> <tr> <td>Mr Robby<sup>(2)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max<sup>(3)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson<sup>(4)</sup></td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> </tr> <tr> <td>Mr Wang Xiufeng<sup>(5)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Table 1.6 – Attendance of Directors at Company Meetings during FY2022</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Name of Director</th> <th colspan="4" style="text-align: center;">Number of meeting(s) attended/ Number of meeting(s) held</th> </tr> <tr> <th style="text-align: center;">Board</th> <th style="text-align: center;">ARC</th> <th style="text-align: center;">NC</th> <th style="text-align: center;">RC</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Lee Fang Wen<sup>(6)</sup></td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> </tr> <tr> <td>Mr Ng Hoi-Gee, Kit<sup>(7)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max<sup>(3)</sup></td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> <td style="text-align: center;">1/1</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson<sup>(4)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Mr Wang Xiufeng<sup>(5)</sup></td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> </tbody> </table>	Name of Director	Number of meeting(s) attended/ Number of meeting(s) held				Board	ARC	NC	RC	Mr Chu Ming Kin	1/1	–	–	–	Mr Lee Chong Yang <sup>(1)</sup>	0/1	1/1	1/1	1/1	Mr Robby <sup>(2)</sup>	–	–	–	–	Mr Tay Boon Zhuan, Max <sup>(3)</sup>	–	–	–	–	Mr Teng Wai Leung Wilson <sup>(4)</sup>	1/1	1/1	1/1	1/1	Mr Wang Xiufeng <sup>(5)</sup>	–	–	–	–	Name of Director	Number of meeting(s) attended/ Number of meeting(s) held				Board	ARC	NC	RC	Mr Chu Ming Kin	1/1	–	–	–	Mr Lee Fang Wen <sup>(6)</sup>	1/1	1/1	1/1	1/1	Mr Ng Hoi-Gee, Kit <sup>(7)</sup>	–	–	–	–	Mr Tay Boon Zhuan, Max <sup>(3)</sup>	1/1	1/1	1/1	1/1	Mr Teng Wai Leung Wilson <sup>(4)</sup>	–	–	–	–	Mr Wang Xiufeng <sup>(5)</sup>	–	–	–	–
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## CORPORATE GOVERNANCE REPORT

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		<p>The Board and each of the Board Committees held only two (2) meetings from FY2021 to FY2022 during which the Company faced multiple resignations of directors and management executives; and the Company was not able to procure suitable replacements for those roles due to its operational difficulties and operating cash-flow issues. Trading of the Company's shares have also been suspended since May 2021.</p> <p>Despite these issues, there has been proactive engagement since the appointment of Mr. Lee Fang Wen and Mr. Ng Hoi-Gee, Kit as Independent Directors on 16 September 2022 (Mr Ng ceased to be an Independent Director on 16 October 2022). The Board, with the professional investor and project consultant, had several discussions and phone conversations during the fourth quarter of FY2022. Following these discussions, the Company released several announcements on 21 September 2022, 10 October 2022, 25 November 2022, 15 December 2022 and 21 December 2022 to update shareholders on the progress in addressing the compliance issues, corporate strategies, internal debt restructuring of the Company, among others. However, these conversations were not recorded as part of the meetings of the Board and each of the Board committees and thus, are not included in the aforementioned attendance.</p> <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>(1) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021.</li> <li>(2) Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021.</li> <li>(3) Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021.</li> <li>(4) Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 30 September 2022.</li> <li>(5) Mr Wang Xiufeng was appointed as an Independent Director of the Company with effect from 1 October 2021 and resigned with effect on 11 May 2022.</li> <li>(6) Mr Lee Fang Wen was appointed as an Independent Director of the Company with effect from 16 September 2022.</li> <li>(7) Mr Ng Hoi-Gee, Kit was appointed as an Independent Director of the Company with effect from 16 September 2022 and ceased to be the Lead Independent Director of the Company with effect from 16 October 2022.</li> </ol>

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Provision 1.6	<p>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</p>	<p><u>Provision of information on an on-going basis</u></p> <p>Management provides the Board with relevant, complete, adequate and accurate information in a timely manner relating to matters to be brought before the Board on an on-going basis. Management ensures that the company secretary is provided with the relevant board papers to be circulated to the Board from time to time or to be submitted at Board meetings. Board papers adhere to a standard format which includes background information, issues for deliberation, and risk mitigation measures.</p> <p><u>Provision of information prior to meetings</u></p> <p>To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda and board papers are circulated by the company secretary to the Board at least one week before the relevant meeting. Directors can access these materials via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. Hard copies of these materials are also available at the request of Directors. Members of the Management, who prepared the Board papers and who can provide additional insight into matters at hand, would be present at the relevant meetings.</p> <p>At the Board meetings, the Management provides the Board with relevant reports on the Group's financial and business performance, and such explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates.</p>
Provision 1.7	<p>Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.</p>	<p>The Directors have separate and independent access to the Management, company secretary and the external consultant; and full access to the Company's records and information and may seek independent legal and other professional advice, if necessary, in the furtherance of their duties at the expense of the Company. The appointment and the removal of the company secretary is a decision subject to the approval of the Board as a whole.</p> <p>As announced by the Company on 22 November 2021, and as decided collectively by the Board, Ms Lee Yi Han and Mr Chong Eng Wee was appointed as joint secretaries of the Company in place of Ms Ong Le Jing with effect on and from 22 November 2021. As further announced by the Company on 14 July 2022, Ms Lee Yi Han resigned as a joint secretary of the Company with effect on and from 25 July 2022.</p>

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<b>Board Composition and Guidance</b>		
Principle 2	The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	The Board 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. Please refer to Provisions 2.1 to 2.5 below for more details and instances of the Company's compliance with such principle.
Provision 2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	The Board currently consists of three (3) members, two (2) of whom are Non-Executive and Independent Directors.  Please refer to Provision 4.4 below for more information on the NC's determination of the independence of the Independent Directors.
Provision 2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	As Mr Chu Ming Kin, the Chairman of the Board, is not independent, the Company has complied and ensured that the majority of the Board comprises Independent Directors (two (2) Independent Directors out of the current three (3) Board members).
Provision 2.3	Non-executive directors make up a majority of the Board.	The majority of the Board consists of Non-Executive Directors (two (2) Non-Executive Directors out of the current three (3) Board members).

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Provision 2.4	<p>The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.</p>	<p>The Board has adopted the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>(a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary to enhance the efficacy of the Board; and</li> <li>(b) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of the above review and evaluation in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.</p> <p>For the relevant financial years under review, taking into account the nature and scope of the Group's business, in concurrence with the NC, the Board believes that the size of the Board was appropriate (despite the Board Committees comprising less than three (3) members for certain period(s)), and that the composition of the Board (given that the independent directors made up a majority of the Board) and Board Committees provided sufficient diversity without interfering with efficient decision making. The NC is of the view that no individual, or small group of individuals, dominates the Board's decision-making process.</p> <p>For the relevant financial years under review, the Board's policy in identifying Director candidates is to have an appropriate mix of members with core competencies such as accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management.</p>

## CORPORATE GOVERNANCE REPORT

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		<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="659 611 1428 1200"> <thead> <tr> <th colspan="3" data-bbox="659 611 1428 651"><b>Table 2.4 – Balance and Diversity of the Board</b></th> </tr> <tr> <th data-bbox="659 651 1046 752"></th> <th data-bbox="1046 651 1235 752"><b>Number of Directors</b></th> <th data-bbox="1235 651 1428 752"><b>Proportion of Board (%)</b></th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="659 752 1428 792"><b>Core Competencies</b></td> </tr> <tr> <td data-bbox="659 792 1046 833">– Accounting or finance</td> <td data-bbox="1046 792 1235 833">1</td> <td data-bbox="1235 792 1428 833">33</td> </tr> <tr> <td data-bbox="659 833 1046 873">– Business management</td> <td data-bbox="1046 833 1235 873">3</td> <td data-bbox="1235 833 1428 873">100</td> </tr> <tr> <td data-bbox="659 873 1046 913">– Legal or corporate governance</td> <td data-bbox="1046 873 1235 913">2</td> <td data-bbox="1235 873 1428 913">67</td> </tr> <tr> <td data-bbox="659 913 1046 983">– Relevant industry knowledge or experience</td> <td data-bbox="1046 913 1235 983">3</td> <td data-bbox="1235 913 1428 983">100</td> </tr> <tr> <td data-bbox="659 983 1046 1023">– Strategic planning experience</td> <td data-bbox="1046 983 1235 1023">3</td> <td data-bbox="1235 983 1428 1023">100</td> </tr> <tr> <td data-bbox="659 1023 1046 1093">– Customer based experience or knowledge</td> <td data-bbox="1046 1023 1235 1093">3</td> <td data-bbox="1235 1023 1428 1093">100</td> </tr> <tr> <td colspan="3" data-bbox="659 1093 1428 1133"><b>Gender</b></td> </tr> <tr> <td data-bbox="659 1133 1046 1173">– Male</td> <td data-bbox="1046 1133 1235 1173">3</td> <td data-bbox="1235 1133 1428 1173">100</td> </tr> <tr> <td data-bbox="659 1173 1046 1200">– Female</td> <td data-bbox="1046 1173 1235 1200">0</td> <td data-bbox="1235 1173 1428 1200">0</td> </tr> </tbody> </table> <p>As announced by the Company on 16 October 2022, following the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company currently does not have a lead independent director and each of the NC, RC and ARC has fallen below the minimum number of three (3) directors as required under the Code and/or Catalist Rules. The Board and the NC have endeavoured to search for a suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and Catalist Rules 704(7) and will reconstitute the Board and Board Committee in due course, including the appointment of a new lead independent director.</p>	<b>Table 2.4 – Balance and Diversity of the Board</b>				<b>Number of Directors</b>	<b>Proportion of Board (%)</b>	<b>Core Competencies</b>			– Accounting or finance	1	33	– Business management	3	100	– Legal or corporate governance	2	67	– Relevant industry knowledge or experience	3	100	– Strategic planning experience	3	100	– Customer based experience or knowledge	3	100	<b>Gender</b>			– Male	3	100	– Female	0	0
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		<p>The Company did not have a Board diversity policy in FY2021. Following the introduction of Rule 710A of the Catalist Rules effective from 1 January 2022, the Board has formulated and implemented a board diversity policy (the "<b>Board Diversity Policy</b>") in FY2022 that addresses gender, skills and experience and other relevant aspects of diversity, with the NC responsible for reviewing and assessing the Board composition on behalf of the Board and recommending the appointment of new Directors.</p> <p>Under the Board Diversity Policy, the Board considers whether there is an appropriate mix of members of different age, gender, length of service, ethnicity and with different skills, professional experience, knowledge, cultural and educational background and other relevant qualities essential for the effective governance of the Company. In reviewing the appointments of new Directors, the Board together with the NC ensures that it sets relevant objectives to promote and achieve diversity on the Board, and appointments are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.</p> <p>While the Board appreciates the value of a diverse board, the Company has to prioritise its resources allocation, focusing on implementation of its potential corporate turnaround strategies to enable the Company to make an application with a view to resuming the trading of its shares on the Catalist of the SGX-ST.</p> <p>Whilst the Company navigates through this transitional period, the NC will continue to review the Board Diversity Policy, as appropriate, and will recommend appropriate revisions to the Board for consideration and approval. The NC will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board. Profiles of the respective Directors are set out in the section titled "Board of Directors" of this annual report.</p>

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Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	<p>The Non-Executive Directors discuss and/or meet as often as is needed, based on the Group's needs from time to time, without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors, where applicable.</p> <p>The Non-Executive Directors had held periodic conference calls and/or meetings in the absence of key management personnel. In FY2021 and FY2022, such meetings were conducted physically, through means of video conference or other forms of telecommunication.</p> <p>During meetings of the Board and Board Committees in FY2021 and FY2022, the Independent Directors actively participated and provided their input on matters including the Group's financial performance, corporate governance and the performance of the Management, which may have been discussed between the Independent Directors at the aforesaid meetings of the Independent Directors. The Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.</p>
<b>Chairman and Chief Executive Officer</b>		
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 Board is of the view that there is a clear division of responsibilities between the leadership of the Board and the Management during FY2021 and FY2022, and no one individual has unfettered powers of decision-making. Please refer to Provisions 3.1 to 3.3 below for more details and instances of the Company's compliance with such principle.
Provision 3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	Mr Chu Ming Kin is the Executive Chairman and CEO of the Company. Although the roles of Chairman and the CEO are assumed by the same person, the Board determined that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. As set out in Provision 1.5, transactions are approved by the Board and Board Committees (as the case may be) collectively by way of written resolutions, after the Board or Board Committee (as the case may be) has considered all relevant information regarding the proposed transactions, which are provided to the Board or Board Committee (as the case may be) together with the written resolutions.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	<p>As mentioned in Provision 3.1 above, Mr Chu Ming Kin is the Executive Chairman and CEO of the Company. Notwithstanding the foregoing, the Board is of the view that there is an appropriate balance of power and authority as the Independent Directors have demonstrated high levels of commitment in their role as Independent Directors. As such, the Board is of the view that there is no need for the role of the Chairman and CEO to be separated. The responsibilities of Mr Chu Ming Kin, as the Executive Chairman include:</p> <ul style="list-style-type: none"> <li>(a) leading the Board to ensure its effectiveness on all aspects of its role;</li> <li>(b) setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular for those in relation to strategic issues;</li> <li>(c) promoting a culture of openness and debate at the Board;</li> <li>(d) ensuring that the Directors receive complete, adequate and timely information;</li> <li>(e) ensuring effective communication with Shareholders;</li> <li>(f) encouraging constructive relations within the Board and between the Board and Management;</li> <li>(g) facilitating the effective contribution of Non-Executive Directors in particular; and</li> <li>(h) ensuring practice of good corporate governance.</li> </ul> <p>In addition to the responsibilities set out above, Mr Chu Ming Kin is also responsible for devising business strategies and direction, and overseeing the Group's operations, specifically the coal trading and potential diversification of the Group's business. Notwithstanding the foregoing, as announced by the Company on 22 May 2022, the Company is presently deemed to be a cash company under Rule 1017 of the Catalist Rules. In this regard, the Company will work with other experienced professionals in devising potential business diversification strategies as part of its corporate turnaround plans.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	During FY2021 and up till 30 September 2022, Mr Teng Wai Leung Wilson was the Lead Independent Director. As announced by the Company on 16 September 2022, the Company had appointed Mr Ng Hoi-Gee, Kit as Lead Independent Director upon the resignation of Mr Teng Wai Leung Wilson on 30 September 2022. However, following the unexpected demise of Mr Ng Hoi-Gee, Kit on 16 October 2022 as announced by the Company on 18 October 2022, the Company currently does not have a lead independent director. The Board and the NC have endeavoured to search for suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and Catalist Rule 704(7) and will reconstitute the Board and Board Committee in due course, including for the appointment of a new lead independent director.
<b>Board Membership</b>		
Principle 4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board. Please refer to Provisions 4.1 to 4.5 below for more details and instances of the Company's compliance with such principle.
Provision 4.1	The Board establishes a NC to make recommendations to the Board on relevant matters relating to: <ul style="list-style-type: none"> <li>(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</li> <li>(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;</li> </ul>	The Board has established the NC, which holds at least one (1) meeting in each financial year. The NC is guided by the key terms of reference as follows: <ul style="list-style-type: none"> <li>(a) to determine annually, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code or any other salient factors;</li> <li>(b) to recommend and review Board succession plans and, in particular, the appointment and reappointment of Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</li> <li>(c) to develop a process for evaluation of the performance of the Board, its Board committees and the Directors and the review of training and professional development programmes for the Board;</li> <li>(d) to ensure that new Directors are aware of their duties and obligations, and to decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company and make the appropriate recommendations to the Board;</li> </ul>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
	<p>(c) the review of training and professional development programmes for the Board and its directors; and</p> <p>(d) the appointment and re-appointment of directors (including alternate directors, if any).</p>	<p>(e) in respect of a Director who has multiple board representations on various companies, if any, to provide the NC's and Board's reasoned assessment of whether such Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representations and other principal commitments;</p> <p>(f) recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards for the Board's disclosure in the annual report, of the maximum number of listed company board representations which any Director may hold and disclose the same in the Company's annual report. For such purposes, the maximum number of listed company board representations which any Director may hold at any time shall be six (6). A Director who proposes to hold any additional appointment on the board of a listed company in excess of the foregoing cap shall submit an application in writing to the NC which shall make a recommendation to the Board for its approval. Any Director who makes such application shall not participate in deliberation of the NC and Board in considering such application;</p> <p>(g) to provide disclosure in the Company's annual report of the listed company board representations and principal commitments of each Director, and where a director holds a significant number of such board representations and commitments, to provide the Committee's and the Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties to the Company;</p> <p>(h) where a person is proposed to be appointed as an alternate Director to an Independent Director of the Company, to review and conclude with the Board that the person would similarly qualify as an Independent Director before his appointment as an alternate Director;</p> <p>(i) to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board;</p> <p>(j) to decide how the performance of the Board may be evaluated and to propose objective performance criteria;</p> <p>(k) to ensure that new Directors are aware of their duties and obligations, and to decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company and make the appropriate recommendations to the Board; and</p> <p>(l) to decide how the performance of the Board may be evaluated and to propose objective performance criteria.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 4.2	<p>The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.</p>	<p>As announced by the Company on 25 March 2021, Mr Lee Chong Yang resigned as Independent Director of the Company with effect from 25 March 2021. As further announced by the Company on 22 March 2021 and 1 October 2021, Mr Tay Boon Zhuan, Max and Mr Wang Xiufeng were appointed as Independent Directors of the Company with effect from 22 March 2021 and 1 October 2021 respectively. Mr Tay Boon Zhuan, Max was also appointed as a member of the NC while Mr Wang Xiufeng was appointed as the Chairman of the NC. Accordingly, at the end of FY2021 in review, the NC comprised three (3) Directors, all of whom were Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(a) Mr Wang Xiufeng (Chairman);</li> <li>(b) Mr Wilson Teng Wai Leung (Member); and</li> <li>(c) Mr Tay Boon Zhuan, Max (Member).</li> </ul> <p>Separately, as announced by the Company on 11 May 2022 and 16 September 2022, Mr Wang Xiufeng and Mr Teng Wai Leung Wilson resigned as Independent Directors of the Company with effect from 11 May 2022 and 30 September 2022 respectively.</p> <p>As further announced by the Company on 16 September 2022, Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>At the end of FY2022 in review and as at the date of this annual report, the NC comprised two (2) Directors, all of whom are Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(a) Mr Lee Fang Wen (Chairman); and</li> <li>(b) Mr Tay Boon Zhuan, Max (Member).</li> </ul> <p>In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Board and the NC have endeavoured to search for a suitable Independent Director to fill in the vacancy of the NC and ensure compliance with applicable laws, the provisions of the Code and the Catalyst Rules.</p>



## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation																		
Provision 4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	<p style="text-align: center;"><b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b></p> <table border="1"> <tbody> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">Determination of selection criteria</td> <td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td style="text-align: center;">Search for suitable candidates</td> <td>The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders and may engage external search consultants where necessary or if resources permitted.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td style="text-align: center;">Assessment of shortlisted candidates</td> <td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td style="text-align: center;">4.</td> <td style="text-align: center;">Appointment of director</td> <td>The NC would recommend the selected candidate to the Board for consideration and approval. The Board is also advised by the Sponsor on the appointment of directors as required under Catalyst Rule 226(2)(d).</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Table 4.3(b) – Process for the Re-election of Incumbent Directors</b></p> <table border="1"> <tbody> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">Assessment of directors</td> <td> <ul style="list-style-type: none"> <li>• The NC would assess the contributions and performance of the Directors in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.</li> </ul> </td> </tr> <tr> <td style="text-align: center;">2.</td> <td style="text-align: center;">Re-appointment of directors</td> <td> <ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance.</li> <li>• All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years.</li> </ul> </td> </tr> </tbody> </table>	1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders and may engage external search consultants where necessary or if resources permitted.	3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval. The Board is also advised by the Sponsor on the appointment of directors as required under Catalyst Rule 226(2)(d).	1.	Assessment of directors	<ul style="list-style-type: none"> <li>• The NC would assess the contributions and performance of the Directors in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.</li> </ul>	2.	Re-appointment of directors	<ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance.</li> <li>• All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years.</li> </ul>
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## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>Regulation 99 of the Constitution provides that one-third of the Board is to retire from office by rotation and be subject to re-election at the annual general meeting ("<b>AGM</b>") of the Company and that the Directors to retire in every year shall be those who have been longest in office since the last election, but as between persons who became Directors on the same day, those to retire shall be determined by lot. In this regard, Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen will be retiring at the Company's forthcoming AGM in respect of FY2021 and FY2022 respectively, pursuant to Regulation 99 and shall be eligible for re-election.</p> <p>In making the recommendation below, the NC had considered the Directors' overall contribution and performance, with reference to the results of the assessment of the performance of the individual Director. The NC has recommended the re-election of Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen, who are retiring at the forthcoming AGM in respect of FY2021 and FY2022 respectively, pursuant to Regulation 99 of the Constitution (the "<b>Retiring Directors</b>"). The Board has accepted the recommendation of the NC and the Retiring Directors will be offering themselves for re-election.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation			
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Provision 4.4	<p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	<p>The independence of each Director is assessed and reviewed annually by the NC in accordance with a criterion based on the guidelines stated in the Code. In particular, the NC notes that Independent Directors who have served for more than nine (9) years from the date of their first appointment will no longer be deemed to be independent following the AGM for the financial year ending on or after 31 December 2023. Currently, none of the Independent Directors on the Board has served for a period exceeding nine years from the date of his first appointment.</p> <p>The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders, or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.</p> <p>The Independent Directors, Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen have confirmed, and the Board confirms that the Independent Directors do not have any relationship as stated in the Code that would otherwise deem any of them not to be independent.</p> <p>For the reasons above, the Board, having taken into account and concurring with the views of the NC, has determined that the Independent Directors remained independent in character and judgment and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.</p>			

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 4.5	<p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p>	<p>The NC ensures that incoming new Directors are provided with a formal letter of appointment setting out their duties and obligations. Upon their appointment, the new Directors are given guidance and orientation including onsite visits (as applicable) to get them familiarised with the Group's businesses, organisation structure, corporate strategies, policies and corporate governance practices to facilitate the effective discharge of their individual duties.</p> <p>The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration time and resources allocated to the affairs of the Company. The NC is of the view that all the Directors are able to devote themselves to the Company's affairs, notwithstanding their other commitments.</p> <p>The Board notes that as at the date of this report, none of the Directors holds more than three (3) board representations in listed companies. The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>(a) expected and/or competing time commitments of Directors;</li> <li>(b) geographical location of Directors;</li> <li>(c) size and composition of the Board; and</li> <li>(d) nature and scope of the Group's operations and size.</li> </ul> <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors are able to and have discharged their duties adequately in FY2021 and FY2022, respectively.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation								
		<p>The table below shows the disclosure of directorships and chairmanships held over the preceding three (3) years in other listed companies as well as other principal commitments (excluding the Group) of each respective Director:</p> <table border="1" data-bbox="659 674 1426 1261"> <thead> <tr> <th data-bbox="659 674 932 745">Name of Director</th> <th data-bbox="940 674 1426 745">Present Directorships in other listed companies and principal commitments</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 757 932 909">Mr Chu Ming Kin</td> <td data-bbox="940 757 1426 909"> <u>Directorships in other Listed Companies</u>                      –   <u>Principal Commitment</u>                      –                 </td> </tr> <tr> <td data-bbox="659 920 932 1099">Mr Tay Boon Zhuan, Max</td> <td data-bbox="940 920 1426 1099"> <u>Directorships in other Listed Companies</u>                      Sen Yue Holdings Limited   <u>Principal Commitment</u>                      Senior Director, Finance of Geniebook Pte. Ltd.                 </td> </tr> <tr> <td data-bbox="659 1111 932 1261">Mr Lee Fang Wen</td> <td data-bbox="940 1111 1426 1261"> <u>Directorships in other Listed Companies</u>                      Tai Sin Electric Limited   <u>Principal Commitment</u>                      –                 </td> </tr> </tbody> </table>	Name of Director	Present Directorships in other listed companies and principal commitments	Mr Chu Ming Kin	<u>Directorships in other Listed Companies</u> –  <u>Principal Commitment</u> –	Mr Tay Boon Zhuan, Max	<u>Directorships in other Listed Companies</u> Sen Yue Holdings Limited  <u>Principal Commitment</u> Senior Director, Finance of Geniebook Pte. Ltd.	Mr Lee Fang Wen	<u>Directorships in other Listed Companies</u> Tai Sin Electric Limited  <u>Principal Commitment</u> –
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<b>Board Performance</b>										
Principle 5	The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.	The Board has undertaken a formal annual assessment of its effectiveness as a whole, and each of its board committees and individual Directors in FY2021 and FY2022. Please refer to Provisions 5.1 to 5.2 below for more details and instances of the Company's compliance with such principle.								

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation												
Provision 5.1	<p>The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	<p>Table 5.1 below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director and Chairman to the effectiveness of the Board for FY2021 and FY2022:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 5.1 – Performance Criteria</b></th> </tr> <tr> <th style="text-align: center;"><b>Performance Criteria</b></th> <th style="text-align: center;"><b>Board and Board Committees</b></th> <th style="text-align: center;"><b>Individual Directors</b></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"><b>Qualitative</b></td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Size and composition</li> <li>• Access to information</li> <li>• Board processes and accountability</li> <li>• Input to strategic planning</li> <li>• Risk management and internal control</li> <li>• Succession Planning</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Commitment of time</li> <li>• Candor</li> <li>• Participation</li> <li>• Knowledge and abilities</li> <li>• Teamwork</li> <li>• Independence</li> <li>• Overall effectiveness</li> </ul> </td> </tr> <tr> <td style="vertical-align: top;"><b>Quantitative</b></td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Measuring and monitoring performance</li> <li>• Financial Reporting</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Attendance at Board and Board Committees meetings</li> </ul> </td> </tr> </tbody> </table>	<b>Table 5.1 – Performance Criteria</b>			<b>Performance Criteria</b>	<b>Board and Board Committees</b>	<b>Individual Directors</b>	<b>Qualitative</b>	<ul style="list-style-type: none"> <li>• Size and composition</li> <li>• Access to information</li> <li>• Board processes and accountability</li> <li>• Input to strategic planning</li> <li>• Risk management and internal control</li> <li>• Succession Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment of time</li> <li>• Candor</li> <li>• Participation</li> <li>• Knowledge and abilities</li> <li>• Teamwork</li> <li>• Independence</li> <li>• Overall effectiveness</li> </ul>	<b>Quantitative</b>	<ul style="list-style-type: none"> <li>• Measuring and monitoring performance</li> <li>• Financial Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance at Board and Board Committees meetings</li> </ul>
<b>Table 5.1 – Performance Criteria</b>														
<b>Performance Criteria</b>	<b>Board and Board Committees</b>	<b>Individual Directors</b>												
<b>Qualitative</b>	<ul style="list-style-type: none"> <li>• Size and composition</li> <li>• Access to information</li> <li>• Board processes and accountability</li> <li>• Input to strategic planning</li> <li>• Risk management and internal control</li> <li>• Succession Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment of time</li> <li>• Candor</li> <li>• Participation</li> <li>• Knowledge and abilities</li> <li>• Teamwork</li> <li>• Independence</li> <li>• Overall effectiveness</li> </ul>												
<b>Quantitative</b>	<ul style="list-style-type: none"> <li>• Measuring and monitoring performance</li> <li>• Financial Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance at Board and Board Committees meetings</li> </ul>												
Provision 5.2	<p>The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.</p>	<p>The NC conducts an annual assessment to evaluate the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board. In this regard, the Directors are required to complete evaluation questionnaires in respect of their individual performance, the effectiveness and performance of the Board as a whole and of each board committee (which such Director is a member of). The NC then reviews the results of the foregoing evaluation questionnaires and identifies any areas for improvement.</p> <p>The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.</p> <p>The Board has not engaged any external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each individual Director in FY2021 and FY2022. Where relevant and when the need arises, the NC will consider such an engagement.</p>												

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b><u>Procedures for Developing Remuneration Policies</u></b>		
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 Board has a formal and transparent procedure for developing policies on the remuneration of Directors and executives and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his own remuneration. Please refer to Provisions 6.1 to 6.4 below for more details and instances of the Company's compliance with such principle.
Provision 6.1	<p>The Board establishes a Remuneration Committee to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	<p>The Board has established the RC, which is guided by key terms of reference as follows:</p> <p>(a) to review and recommend the general framework of remuneration for the Board and key management personnel;</p> <p>(b) to review and recommend to the Board the specific remuneration packages for each Director as well as for key management personnel and engaging in external remuneration consultants for such purposes where appropriate;</p> <p>(c) to review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous;</p> <p>(d) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes, and where applicable disclose in the Company's annual report the details of employee share schemes;</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>(e) to prepare a remuneration report providing clear disclosure of the Company's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, for recommendation to the Board for inclusion in the Company's annual report, which shall include all forms of remuneration and other payments of benefits, such as:</p> <ul style="list-style-type: none"> <li>(i) names, amounts and breakdown of remuneration of each individual director and the CEO;</li> <li>(ii) names, amounts, and breakdown of remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands no wider than SGD250,000 and in aggregate the total remuneration paid to these key management personnel; and</li> <li>(iii) names and remuneration of employees (if any) who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds SGD100,000 during the year, in bands no wider than SGD100,000. This disclosure (if any) shall state clearly the employee's relationship with the relevant Director or the CEO or substantial shareholder;</li> </ul> <p>(f) to review working environments and succession planning for the Management;</p> <p>(g) to review the terms of employment arrangements with the Management so as to develop consistent group-wide employment practices subject to regional differences; and</p> <p>(h) to report to the Board its findings from time to time on matters arising and requiring the attention of the RC.</p>



## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	<p>As announced by the Company on 25 March 2021, Mr Lee Chong Yang resigned as Independent Director of the Company with effect on the announcement date. As further announced by the Company on 22 March 2021 and 1 October 2021, Mr Tay Boon Zhuan, Max and Mr Wang Xiufeng were appointed as Independent Directors of the Company and members of the RC, effective on the respective announcement dates.</p> <p>Accordingly, at the end of FY2021 in review, the RC comprised three (3) Directors, all of whom were Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(a) Mr Teng Wai Leung Wilson (Chairman);</li> <li>(b) Mr Tay Boon Zhuan, Max (Member); and</li> <li>(c) Mr Wang Xiufeng (Member).</li> </ul> <p>Separately, as announced by the Company on 11 May 2022 and 16 September 2022, Mr Wang Xiufeng and Mr Teng Wai Leung Wilson resigned as Independent Directors of the Company with effect from 11 May 2022 and 30 September 2022 respectively.</p> <p>As further announced by the Company on 16 September 2022, Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>At the end of FY2022 in review and as at the date of this annual report, the RC comprised two (2) Directors, all of whom are Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(d) Mr Lee Fang Wen (Acting Chairman); and</li> <li>(e) Mr Tay Boon Zhuan, Max (Member).</li> </ul>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>The RC comprises of all Independent Directors. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Board has taken into account the Group's existing limited resources in its search for a new Independent Director to fill in the vacancy of the RC and ensure compliance with the provisions of the Code and the Catalyst Rules. The RC further recognises that the Company has not been able to attract and procure suitable replacement in part due to downturn in its coal trading business which led to trading suspension of its shares and the difficulties faced by the Company due to its operating cash-flow issues. In addition, the Company has taken into account its existing limited resources in its search for a replacement Independent Director. Meanwhile, as the Company is in the midst of evaluating the Potential RTO, the Company is of the view that the potential independent director should carry the relevant skills and competencies to provide constructive input to these corporate actions which are of paramount importance to the Company at this juncture. Whilst the Company navigates through this transitional period, Mr Lee Fang Wen will be the acting chairman of the RC during this interim period, pending the appointment of a new Independent Director and reconstitution of the RC.</p>
Provision 6.3	<p>The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.</p>	<p>All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial Shareholders 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. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.</p> <p>The RC reviews the Company's obligations arising in the event of termination under the contracts of service of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and if necessary, will seek expert advice from within the Company and/or external professional advice on the remuneration of all Directors and to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.</p>
Provision 6.4	<p>The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.</p>	<p>No remuneration consultants were engaged by the Company in FY2021 and FY2022.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
<b>Level and Mix of Remuneration</b>		
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.	The level and structure of remuneration of the Board and key management personnel is appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. Please refer to Provisions 7.1 to 7.3 below for more details and instances of the Company's compliance with such principle.
Provision 7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	<p>In determining the level of remuneration, the RC undertakes the following:</p> <ul style="list-style-type: none"> <li>(a) give due consideration to the Code's principles and guidance notes on the level and mix of remuneration, to ensure that the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully;</li> <li>(b) ensure that a proportion of the remuneration is linked to corporate and individual performance; and</li> <li>(c) design remuneration packages in such a manner as to align the interests of the Executive Directors and key management personnel with those of Shareholders.</li> </ul> <p>An annual review is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel is commensurate with the Company's and their respective performances, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed annually by the RC and the Board. The Company also has a remuneration policy in place. Please refer to Provision 8.1 for more details on the Group's remuneration policy.</p>
Provision 7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	<p>The Board recommends directors' fees for approval by the Shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees, including that of the Non-Executive Directors, for FY2021 and FY2022 are appropriate and that all the Directors receive directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent for serving on the Board and Board Committees (if any), as well as the responsibilities and obligations of the Directors. Each of the Directors will receive his directors' fees in cash or in shares in the event that there is a completion of the Potential RTO.</p> <p>The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 7.3	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.	<p>In order to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted an employee share option scheme (the “<b>2014 ESOS</b>”), which is a long-term incentive plan and its mechanism involves deferring incentive compensation over a time horizon to ensure that the Group’s employees focus on generating Shareholders’ value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and Shareholders’ value over time, taking into consideration current and future plans of the Company. However, the 2014 ESOS was terminated in the AGM held on 12 January 2023 (the “<b>2014 ESOS Termination</b>”).</p> <p>During FY2021 and FY2022, prior to the 2014 ESOS Termination:</p> <ul style="list-style-type: none"> <li>(a) the 2014 ESOS was administrated by the RC;</li> <li>(b) no option to take up unissued shares of the Company or its subsidiary corporations was granted during FY2021 and FY2022;</li> <li>(c) there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during FY2021 and FY2022;</li> <li>(d) there were no unissued shares of the Company or its subsidiary corporations under option at the end of the FY2021 and FY2022; and</li> <li>(e) no shares were awarded to the Company’s Executive Director or key management personnel under the 2014 ESOS.</li> </ul> <p>The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.</p>
<b>Disclosure on Remuneration</b>		
Principle 8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The 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. Please refer to Provisions 8.1 to 8.3 below for more details and instances of the Company’s compliance with such principle.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation																																																								
Provision 8.1	<p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than SGD250,000 and in aggregate the total remuneration paid to these key management personnel</p>	<p>The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the remuneration package is competitive and sufficient to attract, retain and motivate the Directors and key management personnel. On the other hand, the Company avoids paying more than necessary for this purpose. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of Shareholders and promote long-term success of the Company.</p> <p>Directors and key executives' remuneration packages are a competitive advantage of the Group. The Board is aware of and supports the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the key management personnel (who are not Directors) is not in the best interests of the Company and therefore, the Shareholders. The Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group. In view of these, the Company has chosen to make disclosure in relation thereto in bands of SGD250,000 with a breakdown in percentage terms of base salary, bonus, Director fees and other benefits. The Company is of the view that such disclosures provide adequate information on the remuneration policies and practice for Directors and key management personnel.</p> <p>The remuneration bands of the individual Directors for FY2021 and FY2022 are set out below:</p> <table border="1"> <caption>Table 8.1(a) – Directors' Remuneration for FY2021</caption> <thead> <tr> <th>Name</th> <th>Remuneration Band<sup>(1)</sup></th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Directors Fees (%)</th> <th>Share Incentives Scheme (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin<sup>(2)</sup></td> <td>A</td> <td>100</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Robby<sup>(3)</sup></td> <td>A</td> <td>100</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson<sup>(4)</sup></td> <td>A</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Lee Chong Yang<sup>(5)</sup></td> <td>A</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max<sup>(6)</sup></td> <td>A</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Mr Wang Xiufeng<sup>(7)</sup></td> <td>A</td> <td>–</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table>	Name	Remuneration Band <sup>(1)</sup>	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Share Incentives Scheme (%)	Total (%)	Mr Chu Ming Kin <sup>(2)</sup>	A	100	–	–	–	–	100	Mr Robby <sup>(3)</sup>	A	100	–	–	–	–	100	Mr Teng Wai Leung Wilson <sup>(4)</sup>	A	–	–	–	100	–	100	Mr Lee Chong Yang <sup>(5)</sup>	A	–	–	–	100	–	100	Mr Tay Boon Zhuan, Max <sup>(6)</sup>	A	–	–	–	100	–	100	Mr Wang Xiufeng <sup>(7)</sup>	A	–	–	–	100	–	100
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## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation																																																								
		<p><b>Table 8.1(b) – Directors' Remuneration for FY2022</b></p> <table border="1"> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">Remuneration Band<sup>(1)</sup></th> <th style="text-align: center;">Salary (%)</th> <th style="text-align: center;">Bonus (%)</th> <th style="text-align: center;">Benefits-in-kind (%)</th> <th style="text-align: center;">Directors Fees (%)</th> <th style="text-align: center;">Share Incentives Scheme (%)</th> <th style="text-align: center;">Total (%)</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin<sup>(2)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson<sup>(4)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max<sup>(6)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Wang Xiufeng<sup>(7)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Lee Fang Wen<sup>(8)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Ng Hoi-Gee, Kit<sup>(9)</sup></td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) Remuneration Bands: Band A: Remuneration from SGD0 to SGD250,000 per annum.</p> <p>(2) Mr Chu Ming Kin has waived his remuneration of approximately RMB1.1 million for FY2021 and RMB1.4 million for FY2022.</p> <p>(3) Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021.</p> <p>(4) Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 30 September 2022.</p> <p>(5) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021.</p> <p>(6) Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021.</p> <p>(7) Mr Wang Xiufeng was appointed as an Independent Director of the Company with effect from 1 October 2021 and resigned on 11 May 2022.</p> <p>(8) Mr Lee Fang Wen was appointed as an Independent Director of the Company with effect from 16 September 2022.</p> <p>(9) Mr Ng Hoi-Gee, Kit was appointed as an Independent Director of the Company with effect from 16 September 2022 and ceased to be the Lead Independent Director of the Company with effect from 16 October 2022 due to the unexpected demise of Mr Ng.</p> <p>The above remuneration for FY2021 and FY2022 has been pro-rated according to the Directors' date of appointment or date of resignation (where applicable).</p> <p>In FY2021, the Company had a total of one (1) key management personnel, being Mr Fam Choong Hoong, who resigned as the Group Finance Manager of the Company with effect from 24 April 2021. The total remuneration paid to the foregoing key management personnel for FY2021 was approximately RMB100,000. In FY2022 and to date, the Company does not have any key management personnel, other than the Executive Chairman and CEO, whose remuneration has been disclosed as part of the directors' remuneration which he has waived a substantial portion of his remuneration for FY2021 and FY2022 as further disclosed above.</p>	Name	Remuneration Band <sup>(1)</sup>	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Share Incentives Scheme (%)	Total (%)	Mr Chu Ming Kin <sup>(2)</sup>	A	100	–	–	–	–	100	Mr Teng Wai Leung Wilson <sup>(4)</sup>	A	–	–	–	100	–	100	Mr Tay Boon Zhuan, Max <sup>(6)</sup>	A	–	–	–	100	–	100	Mr Wang Xiufeng <sup>(7)</sup>	A	–	–	–	100	–	100	Mr Lee Fang Wen <sup>(8)</sup>	A	–	–	–	100	–	100	Mr Ng Hoi-Gee, Kit <sup>(9)</sup>	A	–	–	–	100	–	100
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## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation														
		<p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2021 is as follows:</p> <table border="1" data-bbox="659 611 1434 772"> <caption data-bbox="659 611 1434 645"><i>Table 8.1(c) – Remuneration of key management personnel in FY2021</i></caption> <thead> <tr> <th data-bbox="659 645 858 741">Name</th> <th data-bbox="858 645 991 741">Remuneration Band<sup>(2)</sup></th> <th data-bbox="991 645 1066 741">Salary (%)</th> <th data-bbox="1066 645 1177 741">Defined Contribution Plan (%)</th> <th data-bbox="1177 645 1273 741">Benefits-in-kind (%)</th> <th data-bbox="1273 645 1369 741">Share incentive scheme (%)</th> <th data-bbox="1369 645 1434 741">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 741 858 772">Fam Choong Hoong<sup>(1)</sup></td> <td data-bbox="858 741 991 772">A</td> <td data-bbox="991 741 1066 772">100</td> <td data-bbox="1066 741 1177 772">–</td> <td data-bbox="1177 741 1273 772">–</td> <td data-bbox="1273 741 1369 772">–</td> <td data-bbox="1369 741 1434 772">100</td> </tr> </tbody> </table> <p data-bbox="659 808 719 831"><b>Notes:</b></p> <p data-bbox="659 842 1434 887">(1) Mr Fam Choong Hoong resigned as Group Finance Manager of the Company with effect from 24 April 2021.</p> <p data-bbox="659 898 1434 954">(2) Remuneration Bands: Band A: Compensation from SGD0 to SGD250,000 per annum.</p> <p data-bbox="659 987 1434 1099">There are no termination, retirement, or post-employment benefits that may be granted to the foregoing key management personnel, save for the standard contractual notice period termination payment in lieu of service.</p> <p data-bbox="659 1133 1434 1256">The Board is of the view that the current disclosure information on remuneration matters provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.</p>	Name	Remuneration Band <sup>(2)</sup>	Salary (%)	Defined Contribution Plan (%)	Benefits-in-kind (%)	Share incentive scheme (%)	Total (%)	Fam Choong Hoong <sup>(1)</sup>	A	100	–	–	–	100
Name	Remuneration Band <sup>(2)</sup>	Salary (%)	Defined Contribution Plan (%)	Benefits-in-kind (%)	Share incentive scheme (%)	Total (%)										
Fam Choong Hoong <sup>(1)</sup>	A	100	–	–	–	100										
Provision 8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds SGD100,000 during the year, in bands no wider than SGD100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	During FY2021 and FY2022, there was no employee who is a substantial Shareholder of the Company, or are immediate family members of a Director, the CEO or a substantial Shareholder of the Company, and whose remuneration exceeded SGD100,000.														

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	Save as disclosed in Tables 8.1(a), 8.1(b) and 8.1(c) above, there are no other forms of remuneration and other payments and benefits, paid by the Group to Directors and/or key management personnel of the Company and its subsidiaries.
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
Principle 9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	The Board 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. Please refer to Provisions 9.1 to 9.2 below for more details and instances of the Company's compliance with such principle.
Provision 9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	<p>The Board has not set up a specific Board Risk Committee. Instead, the ARC assists the Board in the area of risk management and internal controls. The ARC oversees the Management in the area of risk management and internal control systems, and determine the Company's risk appetite and tolerance level. The Board and the ARC regularly review and improve the Company's business and operational activities to identify areas of significant risks and the risk exposure and tolerance ratings thereto, as well as considering relevant mitigating control measures.</p> <p>In addition, Management highlights and discusses salient risk management matters (if any) with the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks.</p>



## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 9.2	<p>The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the CFO (or its equivalent) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p>	<p>The Board has received assurance from the CEO for FY2021 and FY2022, that:</p> <p>(a) the Group's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of the Group's operations and finances; and</p> <p>(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the risks which the Group considers relevant and material, having considered the current state of the Group's operations.</p> <p>Based on the internal audit function carried out by the ARC as further elaborated under Provision 10.4 below, work performed by the external auditor and assurance from the CEO referred to in the preceding paragraphs, the Board, with the concurrence of the ARC, is satisfied that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective as at 31 December 2021 and 2022.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
General	The Board's annual review of the internal controls and risk management systems	<p>The Board recognises the importance of sound internal controls and risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for the Company's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis. Following the Company's development since the outbreak of COVID-19 in early 2020, the Company has since become a cash company as announced by the Company on 22 May 2022. Notwithstanding the foregoing, the ARC and the Board have considered the current cash company status of the Company together with the existing internal controls and are of the opinion that the internal controls are adequate and effective to address the risks which comprise mainly financial, operational, compliance and information technology controls risks which the Company considers relevant and material to its current status and environment based on the following:</p> <ul style="list-style-type: none"> <li>• in the absence of a management function, assurance has been received from the CEO and supporting team that they are responsible for the adequacy and effectiveness of the Group's risk management and internal control system;</li> <li>• in the Company's announcement dated 26 August 2022, the Company confirmed that it has included the Company's ARC Chairman as an authorised signatory for its main bank account;</li> <li>• the CEO with the support of external professionals, regularly evaluates, monitors and reports to the ARC and the Board on material risks; and</li> <li>• discussions were held between ARC and auditor to review and address any potential concerns.</li> </ul> <p>It should be noted that, in the opinion of the Board, such internal controls and risk management systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can only provide reasonable, but not absolute, assurance against material misstatement of loss, safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.</p> <p>The Board understands its accountability to the Shareholders on the Company's performance, position and prospect. The Management provides all Board members with management reports and accounts, which reflect a balanced, understandable assessment of the Company's performance, position and prospect on a regular basis.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
Principle 10	The Board has an Audit Committee which discharges its duties objectively.	The Board has established the ARC in compliance with Principle 10. Please refer to Provisions 10.1 to 10.5 below for more details and instances of the Company's compliance with such principle.
Provision 10.1	<p>The duties of the AC include:</p> <p>(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;</p> <p>(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;</p> <p>(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;</p> <p>(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;</p>	<p>The ARC was tasked by the Board to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.</p> <p>The duties and roles of the ARC are guided by the following key terms of reference:</p> <p>(a) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;</p> <p>(b) to review and report to the Board, at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems;</p> <p>(c) to review and discuss with EA and internal auditor, any suspected fraud, irregularity, infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;</p> <p>(d) to review the independence, adequacy, effectiveness, scope and results of the external audit and internal audit function, and the independence and objectivity of the EA and the internal auditor;</p> <p>(e) to make recommends to the Board the appointment, re-appointment and removal of the EA, and approves the remuneration and terms of engagement of the EA;</p> <p>(f) to make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA and the internal auditor;</p> <p>(g) to review and approve transactions falling within the scope of Chapter 9 of the Catalist Rules (if any);</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
	<p>(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and</p> <p>(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.</p>	<p>(h) to review any potential conflicts of interest;</p> <p>(i) to review the assurance from the CEO and the CFO (or its equivalent) on the financial records and the financial statements (as applicable);</p> <p>(j) to review and establish procedures for receipt, retention and treatment of complaints received by the Group such as criminal offences involving our Group or its employees, questionable accounting, improprieties in financial reporting, auditing, business, safety or other matters that impact negatively on the Group;</p> <p>(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and</p> <p>(l) to generally undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.</p> <p>The Company has put in place a whistleblowing policy (the "<b>WB Policy</b>") which encourages and provides a well-defined and accessible channel to employees of the Group to raise concerns about possible improprieties in financial reporting or other matters which has been extended previously in FY2019 to include external parties such as the Company's business associates. The ARC is responsible for oversight and monitoring of whistleblowing.</p> <p>The objective of the WB Policy is to encourage employees to report malpractices and misconduct in the workplace or other matters which has been extended previously in FY2019 to include external parties such as the Company's business associates.</p> <p>The Company will treat all (written) complaints in a confidential and sensitive manner. A report of a complaint will only be disclosed to persons on a need-to-know basis in order to properly carry out an investigation and the identity of the whistle-blower is kept confidential. The Company is committed to ensure protection of the whistle-blower against detrimental or unfair treatment arising from whistleblowing.</p> <p>The WB Policy and procedures for raising any concerns is communicated to all employees of the Company and the Group during the orientation for new employees and also via the staff handbook. There was no reported incident pertaining to whistle-blowing for FY2021 and FY2022.</p> <p>The ARC may request the Management to update and/or revise the WB Policy, as it deems necessary to ensure a robust and comprehensive whistle-blowing procedures, and may recommend the same for the Board's approval.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 10.2	<p>The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p>	<p>As announced by the Company on 24 September 2020, 25 September 2020 and 22 March 2021, Mr Chia Soon Hin William resigned as an Independent Director of the Company and as Chairman of the ARC with effect from 30 September 2020 and his duties as the Chairman of the ARC were temporarily taken over by the Company's then Lead Independent Director, Mr Teng Wai Leung Wilson. Separately, as announced by the Company on 25 February 2021, Mr Lee Chong Yang resigned as Independent Director of the Company with effect from 25 March 2021. As further announced by the Company on 22 March 2021, Mr Tay Boon Zhuan, Max was appointed as an Independent Director, Chairman of the ARC and a member of both the NC and RC of the Company with effect from 22 March 2021.</p> <p>Accordingly, at the end of FY2021 in review, the ARC comprised of three (3) Directors, all of whom were Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(a) Mr Tay Boon Zhuan, Max (Chairman);</li> <li>(b) Mr Teng Wai Leung Wilson (Member); and</li> <li>(c) Mr Wang Xiufeng (Member).</li> </ul> <p>Separately, as announced by the Company on 16 September 2022, Mr Teng Wai Leung Wilson resigned as Independent Director of the Company with effect from 30 September 2022.</p> <p>As further announced by the Company 16 September 2022, Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>Accordingly, at the end of FY2022 in review and as at the date of this annual report, the ARC comprised of two (2) Directors, both of whom were Independent Directors, namely:</p> <ul style="list-style-type: none"> <li>(a) Mr Tay Boon Zhuan, Max (Chairman); and</li> <li>(b) Mr Lee Fang Wen (Member).</li> </ul> <p>The ARC Chairman has recent and relevant experience or expertise in accounting and financial management, and Mr Lee Fang Wen has prior experience as an appointed audit committee member of other publicly listed companies. The Board is of the view that the members of the ARC are qualified to discharge the ARC's responsibilities.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>The Company is cognisant of Catalist Rule 704(7) which states that in the event of any cessation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months. The Company is also cognisant of Provision 10.2 of the Code which states that at least two members, including the audit committee chairman, should have recent and relevant accounting or related financial management expertise or experience. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company will be sourcing for a new Independent Director to fill in the vacancy of the ARC to ensure compliance with the provisions of the Code and the Catalist Rules.</p> <p>As at the date of this annual report, the Company has not been able to attract and procure suitable replacement in part due to downturn in its coal trading business which led to trading suspension of its shares, and the difficulties faced by the Company due to its operating cash-flow issues. In addition, the Company has taken into account its existing limited resources in its search of a replacement Independent Director. As the Company is in the midst of evaluating the Potential RTO, the Company is of the view that the potential independent director should carry the relevant skills and competencies to provide constructive input to these corporate actions which are of paramount importance to the Company at this juncture. Whilst the Company is aware of the availability of services provided by several external sources such as the Singapore Institute of Directors, among others, on which the Company could potentially tap on, the Company has identified and shortlisted potential candidates through its internal search process. The potential candidates have expressed their willingness to be appointed as independent director once the Company has firmed up and announced the target for the Potential RTO.</p>
Provision 10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the members of the ARC (a) is a former partner or director of the Company's existing auditing firm or auditing corporation within the previous two years or (b) holds any financial interest in the auditing firm or auditing corporation.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 10.4	<p>The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.</p>	<p>During FY2021 and FY2022, the Group did not appoint an internal auditor or establish an in-house audit function, given that (a) the Group has limited funds and resources following the outbreak of COVID-19; (b) the Executive Chairman and CEO remains as the sole management representative and (c) the Group does not currently have any revenue generating business and the Company had been deemed as a cash company as announced on 22 May 2022.</p> <p>As there is currently minimal business and internal control risks arising to be dealt with, the ARC has assumed responsibility for overseeing the internal control function which primarily relates to the corporate-related matters based on the current control policy that is already in place. The internal audit function carried out by the ARC on all the entities under the Group uses a risk-based auditing approach that covers financial, operational and compliance controls and such internal audit function has unfettered access to all the Company's documents, records, properties and personnel, and has appropriate standing within the Company.</p> <p>In addition, the ARC has identified the controls over the bank accounts of the Company and payment process under the Company as an area of concern, and has since required all payments to be approved by the chairman of the ARC and any withdrawal from the Company will require approval of at least the chairman of the ARC.</p> <p>The ARC is satisfied of the adequacy, independence and effectiveness of Company's internal audit function, is of the view that it is adequately resourced, and will continue to review the adequacy and effectiveness of the Company's internal audit function on an annual basis, where applicable.</p> <p>Mr Tay Boon Zhuan, Max, who is the chairman of the ARC has been included as one of the authorised signatories for the Company's main bank account. He has also been overseeing the internal audit function and has the relevant experience and qualifications to conduct the internal control assessment. Please refer to his experience and qualifications referred to in the Board of Directors section of this annual report.</p>
Provision 10.5	<p>The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.</p>	<p>The ARC had met with the EA once without the presence of the Management in FY2021 and FY2022. The meetings were held virtually by way of telecommunication.</p> <p>The Company has appointed Foo Kon Tan LLP ("<b>FKT</b>") as the EA for FY2021, FY2022 and until the conclusion of the next AGM of the Company, at the extraordinary general meeting ("<b>EGM</b>") of the Company held on 30 June 2023.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation															
General	ARC's annual review of the independence/re-appointment of the EA.	<p>The ARC reviews the independence of the EA annually. As part of this evaluation, the ARC reviews any non-audit services provided by the EA. Given that FKT was newly appointed on 30 June 2023 and has not rendered any non-audit services for FY2021 and FY2022, the ARC is of the opinion that FKT upholds its independence and objectivity.</p> <p>For the financial years under review, the EA have confirmed that they are in compliance with the independence requirements set out in the Code of Professional Conduct and Ethics under the Accountants (Public Accountants) Rules of the Singapore Accountants Act and have affirmed their independence in this respect.</p> <p>The aggregate amount of audit fees paid/payable to FKT in relation to audit engagement in relation to FY2021 and FY2022, respectively are set out in the table below.</p> <p>The ARC has recommended to the Board the re-appointment of FKT as EA at the upcoming AGM. There were no fees paid/payable to FKT for non-audit services for both FY2021 and FY2022. The aggregate amount of audit fees paid/payable to FKT since their appointment at the EGM are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 10.5(a) – Fees paid/payable to FKT</b></th> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">RMB</th> <th style="text-align: center;">% of total</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Audit fees</b></td> </tr> <tr> <td>In relation to FY2021</td> <td style="text-align: center;">355,000 (SGD74,000 equivalent)</td> <td style="text-align: center;">100</td> </tr> <tr> <td>In relation to FY2022</td> <td style="text-align: center;">176,000 (SGD36,000 equivalent)</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>	<b>Table 10.5(a) – Fees paid/payable to FKT</b>				RMB	% of total	<b>Audit fees</b>			In relation to FY2021	355,000 (SGD74,000 equivalent)	100	In relation to FY2022	176,000 (SGD36,000 equivalent)	100
<b>Table 10.5(a) – Fees paid/payable to FKT</b>																	
	RMB	% of total															
<b>Audit fees</b>																	
In relation to FY2021	355,000 (SGD74,000 equivalent)	100															
In relation to FY2022	176,000 (SGD36,000 equivalent)	100															
General	What are the ARC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The ARC keeps abreast of relevant changes to accounting standards and other issues through attendance at relevant seminars or talks, articles and news circulated by the management and updates by the EA at the ARC meetings.															



## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
<b>STAKEHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholders' Rights and Conduct of General Meetings</b>		
Principle 11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	The Company has complied with Principle 11. Please refer to Provisions 11.1 to 11.6 below for more details and instances of the Company's compliance with such principle.
Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	<p><u>Effective participation at meetings</u></p> <p>The Company's corporate governance practices promote fair and equitable treatment to all Shareholders. To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and on-going basis via SGXNET, as well as through the AGM, especially information pertaining to the Company's business development and financial performance, which could have a material impact on the price or value of its shares, so as to enable Shareholders to make informed decisions in respect of their investments in the Company, particularly during general meetings.</p> <p>The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings. The Company's AGM for FY2020 held on 12 January 2023 was conducted through live web-cast pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("<b>COVID-19 (Temporary Measures) Order 2020</b>") and guidance from ACRA, the Monetary Authority of Singapore, and/or SGX-ST on the conduct of general meetings. For the aforesaid AGM, Shareholders were given the opportunity to submit any queries in relation to any meeting agenda items as set out in the notice of AGM to the Company prior to, and/or at such meeting.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p><u>Voting at meetings</u></p> <p>All Shareholders are entitled to vote in accordance with the established voting rules and procedures. All resolutions are put to vote by poll, and the results of the poll voting on each resolution tabled at general meeting, including the number of votes cast for and against each resolution and the respective percentages, are announced after each general meeting via SGXNET. Shareholders and/or their appointed proxy or proxies may cast their votes in real time for each resolution tabled at the general meetings via live web-cast. Alternatively, Shareholders may appoint the Chairman of the general meeting (or any other person other than the Chairman) as proxy to vote on their behalf at the general meeting.</p> <p><u>Informing Shareholders of general meeting rules</u></p> <p>The rules governing general meetings of Shareholders, including the voting process, were detailed in the notice for each respective general meeting and explained during the conduct of the said meetings.</p>
Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	Resolutions submitted at the Shareholders' meetings are separate and not bundled or made inter-conditional on each other unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications. The tabling of separate resolutions gives Shareholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Shareholders to exercise their vote on an informed basis.
Provision 11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	The Company requires all Directors (including each respective chairman of the Board Committees) to be present at all general meetings of Shareholders, unless in the event of exigencies. Shareholders should note that the Company did not hold any general meetings during FY2021 and FY2022; and the Company had provided explanations in relation to the delay in holding the AGM for FY2021 and FY2022. Notwithstanding the foregoing, during the AGM held on 12 January 2023 in respect of FY2020, all Directors and the EA were present at the general meeting held via live web-cast. The Company is prepared to seek the EA's response on any Shareholders' queries about the conduct of audit and the preparation and content of the auditor's report, in the event such queries are submitted ahead of the general meetings.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	<p>The Constitution allows for the Directors to approve and implement, subject to the Constitution and the Companies Act 1967 of Singapore (the "<b>Companies Act</b>"), voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, subject further to any such security measures as may be deemed necessary or expedient.</p> <p>Shareholders (including members who were relevant intermediaries) entitled to vote at such meetings and who wished to exercise their voting rights at the meetings are able to cast their votes in real time for each resolution tabled at such meetings via live web-cast or appoint the Chairman of the meeting (or any person other than the Chairman) as their proxy to vote on his/her/its behalf at the meeting according to their specific instructions.</p> <p>The Company had put in place measures to allow for the submission of proxy forms by Shareholders either in hard copy form at the registered office of the Company, or by electronic mail, in accordance with government advisories.</p>
Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The proceedings of the general meetings are properly recorded, including all comments and/or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management to such comments and/or queries. All minutes of general meetings will be posted on the Company's website as soon as practicable, in any case not more than one month following the general meeting. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Shareholders.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 11.6	The company has a dividend policy and communicates it to shareholders.	<p>The Company does not have a fixed dividend policy. Nonetheless, in considering dividend declaration, the Company will take into account the following factors:</p> <ul style="list-style-type: none"> <li>(a) level of cash and retained earnings;</li> <li>(b) actual and projected financial performance;</li> <li>(c) projected levels of capital expenditure and other investment plans including working capital requirements; and</li> <li>(d) restrictions on payment of dividends imposed on the Company by its financing arrangements, if any.</li> </ul> <p>Any final dividends paid by the Company shall be approved by an ordinary resolution of the Shareholders at a general meeting. The Board may, however, without the approval of Shareholders, declare an interim dividend.</p> <p>The Company had previously disclosed in its condensed interim financial statements for FY2021 and FY2022 that no dividend were declared or recommended for FY2021 and FY2022 due to uncertainty regarding the Company's going concern.</p>
<b>Engagement with Shareholders</b>		
Principle 12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	The Company has communicated regularly with its Shareholders and facilitated the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company, in accordance with Principle 12. Please refer to Provisions 12.1 to 12.3 below for more details and instances of the Company's compliance with such principle.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	<p>The Company makes announcements through the SGXNET from time to time to update investors and Shareholders on developments that are of interest to them. The Company strives to supply Shareholders with reliable and timely information so as to strengthen the relationship with its Shareholders based on trust and accessibility. The Board also encourages Shareholders' participation at the AGMs as explained in Provision 11.1 above.</p> <p>In compliance with continuous disclosure obligations under the Catalist Rules, the Company releases pertinent and other material information to Shareholders in a timely manner through announcements via the SGXNET system, annual reports and press releases. Notices of the AGMs and all EGMs are advertised in newspapers (save as exempted pursuant to the COVID-19 (Temporary Measures) Order 2020), as well as on SGXNET within the prescribed deadlines prior to the relevant meetings. Further, the Board ensures compliance with the continuous disclosure obligations under relevant rules by informing Shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Quarterly, half year and/or full year financial results and other major developments of the Company are announced on SGXNET, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released and announced within the mandatory period. Apart from the SGXNET announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep Shareholders informed of corporate developments, as and when deemed appropriate.</p> <p>The Board welcomes Shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for Shareholders to share their concerns and views. During and/or prior to these meetings, Shareholders are given opportunities to voice their views and seek clarification to the Board on matters relating to the Group's business and operations. Shareholders may also submit any queries or feedback via email to: <a href="mailto:ir@sincapgroup.com">ir@sincapgroup.com</a>.</p>
Provision 12.2	The company has in place an investor relations policy which allows for an on-going exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company does not have an investor relations policy in place. Nonetheless, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	On 21 September 2022, 10 October 2022, 9 January 2023, 6 March 2023, 7 June 2023 and 13 September 2023, the Company provided a corporate update to Shareholders reiterating the existing operational background of the Company, potential corporate actions and efforts taken in addressing the issues relating to compliance of various listing rules and quarterly update on milestones in obtaining a new business, among others.
<b>MANAGING STAKEHOLDER RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
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 Board has adopted an inclusive approach by considering and balancing the needs and interests of material stakeholders, so as to ensure that the best interests of the Company are served. Please refer to Provisions 13.1 to 13.3 below for more details and instances of the Company's compliance with such principle.
Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Company engages its material stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. In light of the Company's status as a cash company, the Company does not maintain a corporate website and general information regarding the Company, such as annual reports, financial results and corporate updates are available on the SGXNET. Notwithstanding the absence of a corporate website, Shareholders may reach out to the Company via the Company's email address (ir@sincapgroup.com).
Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	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, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company did not have any revenue-generating activities in FY2021 and FY2022.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	<p>The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term prospects of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators and shareholders. The Company does not practice selective disclosure. Price sensitive information is released on SGXNET on a timely basis as required under the Catalist Rules. Financial results and annual reports are announced or issued within the prescribed period under the Catalist Rules. The release of such timely and relevant information is crucial to ensure good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company. Taking into consideration that the Company is currently a cash company and costs factors, the Company has taken a pragmatic approach in not establishing a corporate website.</p> <p>While the Company does not maintain a corporate website, which is a deviation from Provision 13.3, Shareholders can contact the Company via the Company's email address (ir@sincapgroup.com), which is in line with the intent of Principle 13 of the Code.</p>
<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<u>Catalist Rule</u>	<u>Rule Description</u>	<u>Company's Compliance or Explanation</u>
704(7)	Audit Committee	The Company is cognisant of Catalist Rule 704(7) which states that in the event of any cessation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company has been and will continue to source for a new Independent Director to fill in the vacancy of the ARC to ensure compliance with the provisions of the Code and the Catalist Rules. Notwithstanding, the NC bears in mind that the Company should not hasten the appointment of a replacement Independent Director to more effectively manage its existing limited resources while it is evaluating its Potential RTO as the potential Independent Director should be equipped with the relevant skills and competencies.
707(1)	Holding of AGM	<p><u>Delay in holding of AGM for FY2021 and FY2022</u></p> <p>As announced by the Company on 13 April 2021, the Company had submitted an application to the SGX-ST for an extension of time from the deadline of 30 April 2021 to 31 May 2021 for the Company to hold its AGM for FY2020 (the "<b>Extension Application</b>"). The Extension Application was made in view of various reasons as disclosed on pages 53 to 54 of the annual report for FY2020.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
		<p>The eventual convening of the AGM for FY2020 on 12 January 2023 inadvertently affected the scheduling of the AGMs for FY2021 and FY2022. While the Company recognise the inconvenience, it's crucial to note that the subsequent delays were also influenced by:</p> <p>(a) <b>auditor transition:</b> as stated in the Company's circular to shareholders dated 14 June 2023, in an effort to meet various key timelines in relation to issue its annual reports for FY2021 and FY2022, and conduct its AGMs for FY2021 and FY2022, with time and cost effectiveness in mind given the existing circumstances of the Company. In view of such, the Company has held various discussions including our then-auditor, Baker Tilly TFW LLP, and our new auditor, FKT, in relation to the duration and costs required for the completion of its audits for FY2021 and FY2022. The Company's appointment of FKT as the new EA was effective on 30 June 2023;</p> <p>(b) <b>ensuring audit quality:</b> post the onboarding of FKT, it was imperative to allocate adequate time for FKT to ensure a rigorous and comprehensive audit process. This involved a thorough review of opening balances, comparative data review, and addressing salient audit issues, while adhering to the requirements of the Singapore Standards on Auditing.</p> <p>(c) <b>operational constraints:</b> existing operational constraints, accentuated by limited resources both in human capital and financial metrics, have necessitated a calibrated approach. Additionally, a significant quantum of our resources has been channeled into our Proposed Reorganisation (as defined in the corporate update announcement issued by the Company on 21 September 2021), and the rigorous evaluation of potential reverse take-over ("<b>RTO</b>") opportunities.</p> <p>While the Company has faced certain challenges, the Board recognises that this does not justify the Company's delays in holding its AGMs nor the deviations from Rule 707(1) of the Catalist Rules. The Board is committed to uphold corporate governance and has, with the CEO, been making every effort to expedite processes required to convene the Company's AGM and to comply with Rule 707(1) of the Catalist Rules for future AGMs. The Company had also previously provided updates on 7 June 2023 and 13 September 2023 on its continuous efforts in working toward holding its AGM for FY2021 and FY2022.</p>



## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
711A, and 711B	Sustainability Reporting	<p>The Company had on 12 September 2022 announced the non-issuance of the sustainability report under Catalist Rule 711A for FY2020 and FY2021.</p> <p>The key rationale for sustainability reporting, as required under Catalist Rule 711A is to provide stakeholders with a comprehensive picture of the sustainability of the Group's business and operations, in the aspects of environment, social and governance factors. In view of the Company's cash company status, and pending the acquisition of a new business which is able to satisfy the SGX-ST's requirements for a new listing, a sustainability report for FY2020 and FY2021, and similarly, for FY2022 and any other financial year(s) prior to the acquisition of a new business which would be able to satisfy the SGX-ST's requirements for a new listing would not be relevant, meaningful or indicative of the sustainability of the Group's business and operations, in the aspects of environment, social and governance factors.</p>
712, 715 or 716	Appointment of auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of EA. For the avoidance of doubt, the EA for the significant subsidiaries of the Company is FKT.
720(6)	Directors' training on sustainability matters	All existing Directors of the Company have attended training on sustainability matters.
1017(1)	Escrow account requirement and quarterly reporting	<p>Further to the Company's status as a cash company, it had, on 5 August 2022, applied for a waiver from the SGX-ST in respect of, amongst others, compliance with the escrow accounts requirements under Catalist Rule 1017(1)(a). The waiver was granted based on the reasons and representations set out in the Company's announcement dated 26 August 2022.</p> <p>In relation to Catalist Rule 1017(1)(b), the Company has been making announcements on (i) its monthly valuation and utilisation of cash; and (ii) its quarterly milestones in obtaining a new business, since 12 September 2022.</p> <p>Please refer to the Company's announcements on SGXNet for further information on the waiver and the subsequent announcements in relation to items (i) and (ii) above.</p>

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
1017(2)	Obligation to meet requirements for a new listing within 12 months from the time it becomes a cash company	The Company is aware of its obligations under Catalist Rule 1017(2) and has been evaluating targets for the Potential RTO. As updated in the Company's announcements dated 6 March 2023 and 13 September 2023, the Company had disclosed the parameters and characteristics which the targets under the Potential RTO should preferably exhibit. The professional investor has further emphasised that there should be a reasonable certainty that the target could, financially and operationally, meet the new listing criteria required under the Potential RTO, before the Company signs any definitive agreements with a target. Despite its limited resources, the Company has, under the strategic guidance of the professional investor, initiated discussions and negotiations with certain specific targets on the commercial proposals and business structures in relation to the Potential RTO. The aforementioned discussions between the Company and the specific targets include presentations by the targets of their historical financial statements, operating models, business strategies, projects pipeline and industry outlook to the Company, and explanations by the Company of its background and financials to the management of the targets. As the professional investor and the Company have been extremely cautious in assessing the suitability of the target for the Potential RTO, the discussions with the Potential RTO targets have inevitably taken a significant amount of time. The Company will continue to negotiate with these targets and shall allocate resources for preliminary due diligence if these discussions could lead to tentative agreement on certain key commercial terms. The Company will be submitting an application to the SGX-ST for an extension of time pursuant to Catalist Rules 1017(2) and 1304 once the above efforts and discussions lead to execution of definitive agreements in relation to the Potential RTO.
1204(8)	Material contracts	Save as disclosed below in respect of Rule 1204(17), there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling Shareholder, either still subsisting at the end of FY2021 and/or FY2022 respectively or if not then subsisting, which were entered into since the end of FY2020 and FY2021 respectively.
1204(10)	Confirmation of adequacy of internal controls	Please refer to disclosure under Provisions 9.2 and 10.4 as set out in pages 41 to 42 and page 47 of this annual report.
1204(10C)	ARC's comment on Internal Audit Function	Please refer to disclosure under Provision 10.4 as set out in page 47 of this annual report.
1204(16)	Information in respect of any employee share option (or share incentive) Scheme	The information required by Catalist Rules 1204(16) and 851 are set out in pages 36, 68 and 128 of this annual report below.

## CORPORATE GOVERNANCE REPORT

Provisions/ Principles/ Rules	Code Description	Company's Compliance or Explanation
1204(17)	Interested persons transaction ("IPT")	<p>During FY2021 and FY2022, the Group does not have a general mandate for IPTs.</p> <p>There were no IPTs, as defined in Chapter 9 of the Catalist Rules, with value of more than SGD100,000 that was entered into by the Company or any of its subsidiaries during FY2021.</p> <p>During FY2022,</p> <p>(i) the Company entered into a deed with Magnigrow Capital Pte. Ltd. and the CEO to fully and finally settle all amounts outstanding under the bond which was previously issued by the Company to Magnigrow Capital Pte. Ltd. Pursuant to the aforementioned deed, the CEO paid SGD0.6 million (equivalent to RMB3.1 million) on behalf of the Company to Magnigrow Capital Pte. Ltd. on 15 December 2022, following the completion of the Internal Debt Restructuring (as defined in the announcement issued by the Company on 15 December 2022) all amounts outstanding under the Bond had been deemed as fully settled. With the foregoing settlement, the Bond was cancelled and terminated in its entirety. The amount of SGD0.6 million paid by the CEO thereafter constitutes amounts owing and payable by the Company to the CEO (the "<b>Advances</b>"), the Advances are on interest-free basis and thus, the value at risk to the Group pursuant to Catalist Rule 909(3) was Nil as at 31 December 2022; and</p> <p>(ii) the CEO waived a portion of debt of SGD50,978.49 (equivalent to RMB0.3 million), such that the total sums owing to him remains less than SGD300,000, in accordance with the terms and conditions as outlined in the binding heads of agreement entered into by the Company with a professional investor as announced on 12 August 2022. As there is no interest paid to the CEO on the outstanding loan owing to him, the value at risk to the Group pursuant to Catalist Rule 909(3) was Nil as at 31 December 2022.</p>
1204(19)	Dealing in securities	<p>The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers, are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's interim and full-year financial statements, respectively, and ending on the date of the announcement of the relevant results.</p> <p>The shares in the Company have been suspended from trading since 4 May 2021.</p>
1204(21)	Non-sponsor fees	There were no non-sponsor fees paid to the Company's Sponsor, Stamford Corporate Services Pte. Ltd., for FY2021 and FY2022.
1204(22)	Use of proceeds	There were no unutilised proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Tuesday, 12 December 2023 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual Section B: Rules of Catalist of the SGX-ST:

	MR TAY BOON ZHUAN, MAX	MR LEE FANG WEN
Date of Appointment	22 March 2021	16 September 2022
Date of last re-appointment	12 January 2023	12 January 2023
Age	43	62
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board, having considered the recommendation of the Nominating Committee and assessed Mr Tay Boon Zhuan Max’s (“<b>Mr Tay</b>”) qualifications, expertise, past experiences and overall contribution, is satisfied that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company, Chairman of the Audit and Risk Committee, a member of the Remuneration Committee, and a member of the Nominating Committee.</p> <p>The Board considers Mr Tay to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist.</p>	<p>The Board, having considered the recommendation of the Nominating Committee and assessed Mr Lee Fang Wen’s (“<b>Mr Lee</b>”) qualifications, expertise, past experiences and overall contribution, is satisfied that Mr Lee has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit and Risk Committee and Remuneration Committee.</p> <p>The Board considers Mr Lee to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit and Risk Committee and a Member of the Remuneration Committee and Nominating Committee	Independent Director, Chairman of the Nominating Committee and Member of the Audit and Risk Committee and Remuneration Committee

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>MR TAY BOON ZHUAN, MAX</b>	<b>MR LEE FANG WEN</b>
Professional qualifications	<p>Chartered Accountant, Institute of Singapore Chartered Accountants</p> <p>ASEAN Chartered Professional Accountant, ASEAN Chartered Professional Accountant Coordinating Committee</p> <p>Bachelor of Accountancy Degree from the Nanyang Technological University</p>	Bachelor Degree in Engineering (Chemical) from National University of Singapore
Working experience and occupation(s) during the past 10 years	<p>2020 – Current Geniebook Pte. Ltd. (Senior Director, Finance)</p> <p>2018 – 2020 Intraco Limited (Chief Financial Officer)</p> <p>2017 – 2018 Heatec Jietong Holdings Ltd. (Chief Financial Officer)</p> <p>2015 – 2017 China Yuchai International Limited (Head of Internal Audit)</p> <p>2014 – 2015 SBA Stone Forest Shanghai (Director, Business Advisory)</p> <p>2013 – 2014 Nexia TS Public Accounting Corporation (Associate Director, China Assurance and Technical)</p> <p>2004 – 2013 Pricewaterhouse Coopers LLP Singapore (Audit Manager in Financial Services Industry Practice (FSIP))</p>	<p>2013 – 2014 Creative Master Bermuda Limited (Executive Director)</p> <p>2002 – 2005 &amp; 2007 – 2009 MFS Technology (S) Pte Ltd (Business Development Director)</p> <p>1999 – 2002 MFS Technology Malaysia Sdn Bhd (Deputy General Manager)</p>
Shareholding interest in the listed issuer and its subsidiaries	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAY BOON ZHUAN, MAX	MR LEE FANG WEN
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.	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	<ul style="list-style-type: none"> <li>• K.A. Vermiculite Spray Sdn Bhd</li> <li>• Tat Hong Intraco Heavy Equipment Co Ltd</li> <li>• Intraco International (Shanghai) Co Ltd</li> <li>• K.A. Fabric Shutters Pte Ltd</li> <li>• K.A. Firelite Pte. Ltd.</li> <li>• K.A. Group Holdings Pte Ltd</li> <li>• K.A. Fireproofing Pte Ltd</li> <li>• Intraco International Pte Ltd</li> <li>• K.A. Building Construction Pte Ltd</li> <li>• Intraco Foods Pte Ltd</li> <li>• Tat Hong Intraco Pte Ltd</li> <li>• SBA Stone Forest (China) Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Asiatic Group (Holdings) Limited</li> </ul>
Present	Sen Yue Holdings Limited	Tai Sin Electric Limited
a) Whether at any time during the last 10 years, an application or 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 any time within 2 years from the date, he ceased to be a partner?	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR TAY BOON ZHUAN, MAX	MR LEE FANG WEN
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 whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No
c)	Whether there is any unsatisfied judgement against him?	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR TAY BOON ZHUAN, MAX	MR LEE FANG WEN
f)	Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of 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 of dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAY BOON ZHUAN, MAX	MR LEE FANG WEN
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>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?</p>	No	No

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For the financial year ended 31 December 2021

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## DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

We are pleased to submit this statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity 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 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"); and
- (b) at the date of this statement, after considering the measures taken by the Group and the Company as described in Note 2(B)(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors (the "**Board**") has, on the date of this statement, authorised these financial statements for issue.

### Directors

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

Chu Ming Kin  
 Tay Boon Zhuan, Max (Appointed on 22 March 2021)  
 Lee Fang Wen (Appointed on 16 September 2022)

### Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

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

### Directors' interest in shares or debentures

The directors of the Company, holding office at the end of the financial year, had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	<b>Holdings in which a director is deemed to have interest</b>	
	<b>As at 1.1.2021</b>	<b>As at 31.12.2021</b>
The Company – <u>Sincap Group Limited</u> Chu Ming Kin	Number of ordinary shares 35,394,200	<b>35,394,200</b>

There were no changes to any of the above-mentioned directors' interests between the end of the financial year and 21 January 2022.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

## Share options

The Company's employee share option scheme is administrated by the RC, the members of which are Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen. However, the scheme was terminated on 13 January 2023, following the end of the financial year.

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

## Audit and Risk Committee

The members of the ARC during the year and at the date of this report are as follows:

Tay Boon Zhuan, Max (Chairman)	(Appointed on 22 March 2021)
Lee Fang Wen	(Appointed on 16 September 2022)
Teng Wai Leung Wilson	(Resigned on 16 September 2022)
Lee Chong Yang	(Resigned on 25 March 2021)

The ARC carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Corporate Governance Report. In performing its functions, the ARC met with the Company's independent and internal auditor (as applicable) to discuss the scope of their work, the result of their examination and evaluation of the Company's internal accounting system. The ARC also reviewed the following:

- (a) assistance provided by the Company's management to the internal and independent auditor;
- (b) half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (c) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer, and the internal and external auditors, to attend its meetings.

The ARC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that, Foo Kon Tan LLP, is to be nominated for re-appointment as independent auditor of the Company at the forthcoming annual general meeting.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

## Independent auditor

At the extraordinary general meeting of the Company held on 30 June 2023, Foo Kon Tan LLP was appointed as the independent auditor of the Company.

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

.....  
CHU MING KIN

.....  
TAY BOON ZHUAN, MAX

Dated: 23 November 2023

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements

### Disclaimer of Opinion

We were engaged to audit the financial statements of Sincap Group 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 2021, 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 and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

#### Use of going concern assumption

We draw attention to Note 2(B)(a) to the financial statements which indicates that the current liabilities of the Group and the Company exceeded their current assets by RMB4,180,000 and RMB32,786,000, and a deficit in equity of the Group and the Company of RMB5,839,000 and RMB33,685,000 respectively as at 31 December 2021. The Group also incurred a net loss of RMB192,520,000; and net cash used in operating activities of RMB378,000 for the financial year ended 31 December 2021. These conditions together with other substantial challenges faced by the Group as disclosed in Note 2(B)(a) to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As disclosed and defined in Note 2(B)(a) to the financial statements, the management has prepared the Group's and the Company's financial statements on the basis that the Group and the Company will be able to meet its obligations as and when they fall due, taking into consideration various measures undertaken by the Company as well as completion of (i) the internal debts restructuring exercise on 15 December 2022, reducing the Group's total liabilities by SGD646,000 (RMB3,248,000); (ii) other reorganisation exercise, principally streamlining the Group's corporate structures to reduce operating costs; and (iii) identifying the target companies for the purpose of initiating the Proposed Reorganisation as planned with the Professional Investor.

We however noted that as at the date of this report, the Company has not fulfilled certain key conditions precedent to the Proposed Investment with the Professional Investor; and the ability of the Company to (i) pay its debts as and when they fall due; and (ii) undertake and complete the Proposed Reorganisation depends heavily on the willingness of the Professional Investor to provide continuous support to the Company. We are thus unable to obtain sufficient appropriate evidence that the use of going concern assumption in preparation of the financial statements is appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

#### Opening balances and comparative information

The financial statements of the Company for the financial year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on 16 December 2022. Our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### Basis for Disclaimer of Opinion (Cont'd)

#### Opening balances and comparative information (Cont'd)

- (i) Completeness, existence and accuracy of trade receivables and impairment of trade receivables

As disclosed in Note 6 to the financial statements, trade receivables amounted to USD29,872,000 (RMB190,389,000) as at 31 December 2021, the amount of which was brought forward from 1 January 2021. There were no movements in trade receivables for the financial year ended 31 December 2021 as the Group did not have any revenue-generating activities during the financial year. Management of the Group had assessed the impairment of trade receivables and appointed an independent valuer to conduct an Expected Credit Loss ("ECL") assessment on the trade receivables as at 31 December 2021, the amount of which was brought forward from 31 December 2020. Consequently, management of the Group provided full allowance for ECL of USD29,872,000 (RMB192,468,000) on trade receivables during the financial year ended 31 December 2021, which brought the net carrying amount of the trade receivables to be RMB Nil as at 31 December 2021.

We were unable to obtain sufficient appropriate audit evidence to ascertain the completeness, existence and accuracy of the opening balance of trade receivables as at 1 January 2021, as a result of lack of supporting documents arising from the significant changes in the Group's directors and management prior to the date of this auditor's report. Since the opening balance as at 1 January 2021 entered into the determination of the Group's results and cash flows for the financial year ended 31 December 2021, we were unable to determine whether any adjustments to the Group's results and cash flows in relation to the appropriateness of the allowance for ECL recognised in accordance with SFRS(I) 9 *Financial Instruments* for the financial year ended 31 December 2021 and opening accumulated losses as at 1 January 2021 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 6 and 21 to the financial statements.

There is no impact on the closing balances of trade receivables as at 31 December 2021 as the trade receivables had been fully impaired as at 31 December 2021.

- (ii) Impairment of investments in subsidiaries and amounts due from a subsidiary

As disclosed in Notes 5 and 6 to the financial statements, the gross carrying amount of the Company's investments in subsidiaries and amounts due from a subsidiary amounted to RMB164,381,000 and RMB56,424,000 as at 31 December 2021. Management of the Company had assessed the impairment of investments in subsidiaries and amounts due from a subsidiary. Consequently, management of the Company provided full impairment loss and allowance for ECL of RMB127,898,000 and RMB57,042,000 respectively on investments in subsidiaries and amounts due from a subsidiary during the financial year ended 31 December 2021, which brought the net carrying amount of the investments in subsidiaries and amounts due from a subsidiary to be RMB Nil and RMB Nil, respectively as at 31 December 2021.

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### Basis for Disclaimer of Opinion (Cont'd)

#### Opening balances and comparative information (Cont'd)

(ii) Impairment of investments in subsidiaries and amounts due from a subsidiary (Cont'd)

We were unable to obtain sufficient appropriate audit evidence recoverable amount of investments in subsidiaries and the recoverability of amounts due from a subsidiary in accordance with SFRS(I) 1-36 *Impairment of Assets* and SFRS(I) 9 *Financial Instruments*, respectively as at 1 January 2021. Since the opening balance as at 1 January 2021 entered into the determination of the Company's results and cash flows for the financial year ended 31 December 2021, we were unable to determine whether any adjustments to the Company's results and cash flows in relation to the appropriateness of the impairment loss and the allowance for ECL recognised in accordance with SFRS(I) 1-36 *Impairment of Assets* and SFRS(I) 9 *Financial Instruments*, respectively for the financial year ended 31 December 2021 and opening accumulated losses as at 1 January 2021 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 5, 6 and 21 to the financial statements.

There is no impact on the closing balances of investment in subsidiaries and amounts due from a subsidiary as at 31 December 2021 as the investment in subsidiaries and amounts due from a subsidiary had been fully impaired as at 31 December 2021.

(iii) Valuation of bond

As disclosed in Note 10 to the financial statements, the carrying value of the bond ("**Bond**") amounted to SGD1,206,000 (RMB5,956,000) as at 31 December 2020, the amount of which was carried forward to 1 January 2021. The Bond was redeemable at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company (the "**Option**") based on the terms of the Bond agreement. At initial recognition, the Group and the Company had measured the Bond based on its issue amount of SGD 12,000,000 (RMB60,483,000). Having considered the Company's option with respect to the redemption of the Bond, we were unable to obtain sufficient appropriate audit evidence on the valuation and carrying value of the Bond in accordance with SFRS(I) 9 *Financial Instruments* as at 1 January 2021. Since the opening balance as at 1 January 2021 entered into the determination of the Group's and the Company's results and cash flows for the financial year ended 31 December 2021, we were unable to determine whether any adjustments to the Group's and the Company's results and cash flows for the financial year ended 31 December 2021 and opening accumulated losses as at 1 January 2021 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 10 and 21 to the financial statements.

There is no impact on the closing balance of the Bond as at 31 December 2021 as the Option had lapsed following the expiration of the Bond agreement on 19 December 2021.



# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### Basis for Disclaimer of Opinion (Cont'd)

#### Opening balances and comparative information (Cont'd)

(iv) Adequacy of other payables and accrued operating expenses

As disclosed in Note 11 to the financial statements, the other payables and accrued operating expenses of the Group and the Company amounted to RMB3,698,000 and RMB2,689,000, respectively as at 1 January 2021. Included in these balances of the Group and the Company were amounts of RMB900,000 and RMB771,000, respectively, which comprised mainly long outstanding amounts brought forward from past years. Management of the Group has assessed the adequacy of these balances and derecognised these outstanding amounts accordingly in the current financial year.

We were unable to obtain sufficient appropriate audit evidence to ascertain the adequacy of other payables and accrued operating expenses of the Group and the Company as at 1 January 2021 amounting to RMB900,000 and RMB771,000, respectively as a result of lack of supporting documents arising from the significant changes in the Group's directors and management prior to the date of this auditor's report. Since the opening balance as at 1 January 2021 entered into the determination of the Group's and the Company's results and cash flows for the financial year ended 31 December 2021, we were unable to determine whether any adjustments to the Group's and the Company's results and cash flows for the financial year ended 31 December 2021 and opening accumulated losses as at 1 January 2021 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 11 and 21 to the financial statements.

There is no impact on the closing balances of these other payables and accrued expenses as at 31 December 2021 as these other payables and accrued expenses had been fully derecognised as at 31 December 2021.

#### Impairment of other receivables

As disclosed in Note 6(b) to the financial statements, other receivables comprised mainly an unsecured loan of AUD2,304,000 (RMB10,650,000) extended by the Group to Richardson 1 Pty Ltd (the "**Richardson Loan**"). The Group had previously provided an allowance of ECL on the Richardson Loan of AUD1,867,000 (RMB9,389,000) as at 1 January 2021. Management of the Group had reassessed the impairment of the Richardson Loan taking into consideration a final settlement agreement was executed on 19 January 2022 with a final settlement amount of AUD1,000,000. Consequently, Management of the Group provided reversal of allowance for ECL of AUD563,000 (RMB2,719,000) on the Richardson Loan during the financial year ended 31 December 2021, which brought the net carrying amount of the Richardson Loan to be AUD1,000,000 (RMB4,622,000) as at 31 December 2021.

We were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of management's accounting application in relation to the timing of the reversal of allowance for ECL in accordance with SFRS(I) 9 *Financial Instruments* and correspondingly, the net carrying amount of the Richardson Loan as at 31 December 2021. Accordingly, we were unable to determine whether any adjustments to the Group's results and cash flows in relation to the appropriateness of the reversal of allowance for ECL in accordance with SFRS(I) 9 *Financial Instruments* for the financial year ended 31 December 2021 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 6 and 21 to the financial statements.

### Other Matter

The financial statements of the Company for the financial year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on 16 December 2022 as described in Note 25 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### 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 Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing ("**SSAs**") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

### Report on Other Legal and Regulatory Requirements

In our opinion, except for the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, 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 Mr Chin Bo Wui.

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 23 November 2023

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	The Group		The Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Plant and equipment	3	-	259	-	259
Goodwill	4	-	-	-	-
Investments in subsidiaries	5	-	-	-	129,664
		-	259	-	129,923
<b>Current Assets</b>					
Trade and other receivables	6	4,651	204,632	-	58,704
Cash and cash equivalents	7	526	930	8	279
		5,177	205,562	8	58,983
<b>Total assets</b>		<b>5,177</b>	<b>205,821</b>	<b>8</b>	<b>188,906</b>
<b>EQUITY</b>					
<b>Capital and Reserves</b>					
Share capital	8	203,930	203,930	203,930	203,930
Accumulated losses		(196,180)	(3,721)	(232,661)	(47,016)
Currency translation reserve	9	(13,569)	(10,017)	(4,954)	(3,228)
<b>Equity attributable to owners of the Company</b>		<b>(5,819)</b>	190,192	<b>(33,685)</b>	153,686
Non-controlling interests		(20)	42	-	-
<b>Total equity</b>		<b>(5,839)</b>	190,234	<b>(33,685)</b>	153,686
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Borrowings	10	1,659	1,793	899	1,014
		1,659	1,793	899	1,014
<b>Current Liabilities</b>					
Trade and other payables	11	3,482	7,160	26,919	27,631
Contract liabilities		-	51	-	-
Borrowings	10	5,875	6,506	5,875	6,506
Income tax payable		-	77	-	69
		9,357	13,794	32,794	34,206
<b>Total liabilities</b>		<b>11,016</b>	15,587	<b>33,693</b>	35,220
<b>Total equity and liabilities</b>		<b>5,177</b>	<b>205,821</b>	<b>8</b>	<b>188,906</b>

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 2021

	Note	The Group	
		2021 RMB'000	2020 RMB'000
Revenue	12	–	24,553
Cost of sales		–	(23,279)
Gross profit		–	1,274
Other income	13	<b>2,019</b>	–
Interest income		–	1,086
Impairment loss in relation to allowance for expected credit loss	6	<b>(192,468)</b>	(1,086)
Reversal of allowance for expected credit loss	6	<b>2,719</b>	–
Administrative expenses		<b>(960)</b>	(19,262)
Finance costs	14	<b>(193)</b>	(229)
Other expenses	13	<b>(3,703)</b>	(844)
Loss before tax	15	<b>(192,586)</b>	(19,061)
Tax credit	16	<b>66</b>	960
<b>Loss for the year</b>		<b>(192,520)</b>	(18,101)
<b>Other comprehensive loss:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation, representing other comprehensive loss for the financial year, net of tax		<b>(3,553)</b>	(12,583)
<b>Total comprehensive loss for the financial year</b>		<b>(196,073)</b>	(30,684)
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(192,459)</b>	(18,101)
Non-controlling interests		<b>(61)</b>	*
		<b>(192,520)</b>	(18,101)
<b>Total comprehensive loss for the financial year attributable to:</b>			
Equity holders of the Company		<b>(196,011)</b>	(30,681)
Non-controlling interests		<b>(62)</b>	(3)
		<b>(196,073)</b>	(30,684)
<b>Loss per share (cents)</b>			
Basic and diluted	17	<b>(11.31)</b>	(1.06)

\* Amount less than RMB1,000

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

<b>The Group</b>	<b>Share capital RMB'000</b>	<b>Retained profits/ (accumulated losses) RMB'000</b>	<b>Currency translation reserve RMB'000</b>	<b>Total equity attributable to owners of the Company RMB'000</b>	<b>Non-controlling interests RMB'000</b>	<b>Total equity RMB'000</b>
Balance at 1 January 2020	203,930	14,380	2,563	220,873	45	220,918
Loss for the financial year	–	(18,101)	–	(18,101)	*	(18,101)
<b>Other comprehensive loss</b>						
Currency translation differences arising on consolidation	–	–	(12,580)	(12,580)	(3)	(12,583)
Total comprehensive loss for the financial year	–	(18,101)	(12,580)	(30,681)	(3)	(30,684)
Balance at 31 December 2020	<u>203,930</u>	<u>(3,721)</u>	<u>(10,017)</u>	<u>190,192</u>	<u>42</u>	<u>190,234</u>
Balance at 1 January 2021	<b>203,930</b>	<b>(3,721)</b>	<b>(10,017)</b>	<b>190,192</b>	<b>42</b>	<b>190,234</b>
Loss for the financial year	–	(192,459)	–	(192,459)	(61)	(192,520)
<b>Other comprehensive loss</b>						
Currency translation differences arising on consolidation	–	–	(3,552)	(3,552)	(1)	(3,553)
Total comprehensive loss for the financial year	–	(192,459)	(3,552)	(196,011)	(62)	(196,073)
<b>Balance at 31 December 2021</b>	<b><u>203,930</u></b>	<b><u>(196,180)</u></b>	<b><u>(13,569)</u></b>	<b><u>(5,819)</u></b>	<b><u>(20)</u></b>	<b><u>(5,839)</u></b>

\* Amount less than RMB1,000

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

<b>The Company</b>	<b>Share capital RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Currency translation reserve RMB'000</b>	<b>Total equity RMB'000</b>
Balance at 1 January 2020	203,930	(42,129)	7,291	169,092
Loss for the financial year <b>Other comprehensive loss</b>	–	(4,887)	–	(4,887)
Currency translation differences arising from translation into presentation currency	–	–	(10,519)	(10,519)
Total comprehensive loss for the financial year	–	(4,887)	(10,519)	(15,406)
Balance at 31 December 2020	<u>203,930</u>	<u>(47,016)</u>	<u>(3,228)</u>	<u>153,686</u>
Balance at 1 January 2021	<b>203,930</b>	<b>(47,016)</b>	<b>(3,228)</b>	<b>153,686</b>
Loss for the financial year <b>Other comprehensive loss</b>	–	<b>(185,645)</b>	–	<b>(185,645)</b>
Currency translation differences arising from translation into presentation currency	–	–	<b>(1,726)</b>	<b>(1,726)</b>
Total comprehensive loss for the financial year	–	<b>(185,645)</b>	<b>(1,726)</b>	<b>(187,371)</b>
<b>Balance at 31 December 2021</b>	<b><u>203,930</u></b>	<b><u>(232,661)</u></b>	<b><u>(4,954)</u></b>	<b><u>(33,685)</u></b>

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 2021

	Note	The Group	
		2021 RMB'000	2020 RMB'000
<b>Cash Flows from Operating Activities</b>			
Loss before tax		(192,586)	(19,061)
Adjustments for:			
Impairment loss in relation to allowance for expected credit loss	6	192,468	1,086
Depreciation of plant and equipment	3	–	209
Unrealised foreign exchange (gain)/loss, net	13	(978)	844
Interest expense	14	193	229
Interest income		–	(1,086)
Impairment loss on goodwill	4	–	13,787
Reversal of allowance for expected credit loss	6	(2,719)	–
Receivables written off	13	3,703	–
Payables written off	13	(1,001)	–
Others	13	(40)	–
<b>Operating loss before working capital changes</b>		<b>(960)</b>	<b>(3,992)</b>
Changes in receivables		–	32,287
Changes in payables		1,388	(31,056)
Changes in currency translation adjustments		(806)	1,489
<b>Cash used in operations</b>		<b>(378)</b>	<b>(1,272)</b>
Income tax paid		–	(800)
<b>Net cash used in operating activities</b>		<b>(378)</b>	<b>(2,072)</b>
<b>Cash Flows from Investing Activity</b>			
Purchase of plant and equipment		–	(18)
<b>Net cash used in investing activity</b>		<b>–</b>	<b>(18)</b>
<b>Cash Flows from Financing Activities</b>			
Interest paid	A	–	(229)
Repayment of lease liabilities	A	–	(186)
Repayment of bonds	A	–	(6,651)
Loans from a director	A	–	1,802
<b>Net cash used in financing activities</b>		<b>–</b>	<b>(5,264)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(378)</b>	<b>(7,354)</b>
Cash and cash equivalents at beginning of year		930	8,426
Effects of exchange rate changes on cash and cash equivalents		(26)	(142)
<b>Cash and cash equivalents at end of year</b>	7	<b>526</b>	<b>930</b>

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 2021

**Note A:**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Note	----- Cash flows -----				----- Non-cash changes -----				At 31 December RMB'000
		At 1 January RMB'000	Proceeds RMB'000	Repayments RMB'000	Interest paid RMB'000	Interest expenses RMB'000	Write-off RMB'000	Foreign exchange loss/(gain) RMB'000	Currency translation differences RMB'000	
<b>The Group</b>										
<b>2021</b>										
<i>Borrowings</i>										
Term Loan	10	322	-	-	-	-	(318)	-	(4)	-
Lease liabilities	10	300	-	-	-	-	(295)	-	(5)	-
Bond	10	5,956	-	-	-	193	-	(129)	(145)	5,875
Loans from a director	10	1,721	-	-	-	-	-	(20)	(42)	1,659
<b>2020</b>										
<i>Borrowings</i>										
Term Loan	10	338	-	-	-	-	-	-	(16)	322
Lease liabilities	10	507	-	(186)	(16)	16	-	1	(22)	300
Bond	10	12,928	-	(6,651)	(213)	213	-	(171)	(150)	5,956
Loans from a director	10	-	1,802	-	-	-	-	15	(96)	1,721

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1 GENERAL INFORMATION

The financial statements of the Sincap Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The registered office is located at 112 Robinson Road, #04-02, Singapore 068902.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5.

## 2(A) BASIS OF PREPARATION

The financial statements are presented in Chinese Renminbi (“**RMB**”) and all financial information presented in RMB are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of 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, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately 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 a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(B).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### *Critical judgements in applying the entity's accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2(E), management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

(a) *Going concern assumption*

As at 31 December 2021, the current liabilities of the Group and the Company exceeded their current assets by RMB4,180,000 and RMB32,786,000, and a deficit in equity of the Group and the Company of RMB5,839,000 and RMB33,685,000 respectively. The Group also incurred a net loss of RMB192,520,000; and net cash used in operating activities of RMB378,000 for the financial year ended 31 December 2021.

The coal trading business, as conducted under the Group's principal subsidiary, Orion Energy Resources Pte Ltd ("**Orion**"), faced substantial challenges, including high freight costs and supply chain disruptions due to the COVID-19 pandemic, coupled with certain non-performing receivables which have thus affected both operating cash flows and financial performance of the Group.

The Group does not have any revenue-generating activities since 4 May 2021, despite continuing efforts from the Board and management. The Group had, on 22 May 2022, announced that it has been deemed a cash company since May 2021. On 26 August 2022, the Group announced that the bank balances held by the Company are insufficient to repay all the estimated outstanding liabilities, comprising costs incurred and accrued for its professional service providers.

The Company has been working with an investor, who possesses significant professional corporate experience (the "**Professional Investor**"), to assess and evaluate corporate turnaround plans which may involve certain commercial structures which could lead to de-consolidation of certain key assets from the Group and streamlining of existing corporate structure (the "**Proposed Reorganisation**"), for the Group to proceed with preparation for the potential reverse takeover (the "**Potential RTO**") so as to inject new business and cash funding to the Group.

On 12 August 2022, the Company announced that it entered into a binding heads of agreement ("**HOA**") with the Professional Investor for a proposed investment of up to SGD2,000,000 into the Company (the "**Proposed Investment**"), which comprise the following:

- (a) The Professional Investor will subscribe new ordinary shares of SGD750,000 in the share capital of the Company, which is subject to approval from SGX-ST;
- (b) The Professional Investor will provide short-term loans up to SGD750,000 at an interest rate of 10% per annum, which is at the sole discretion of the Professional Investor; and
- (c) The Professional Investor will provide investor guarantees up to SGD500,000, which is at the sole discretion of the Professional Investor.

Pursuant to the HOA, the Company's executive chairman and chief executive officer, Mr Chu Ming Kin (the "**CEO**"), has agreed to waive any and all rights to receive repayment of any amounts owing to him in excess of SGD300,000, and he shall not receive any repayment, on any outstanding debts owing by the Company until the shares of the Company have resumed trading on the Catalist of the SGX-ST that shall be repaid through an issuance of new shares at the same issue price as the issue price for new shares pursuant to the Potential RTO if there is a completion of the Potential RTO. As at the date of this Report, the Company has not fulfilled certain key conditions precedent to the Proposed Investment with the Professional Investor.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### *Critical judgements in applying the entity's accounting policies (Cont'd)*

#### (a) *Going concern assumption (Cont'd)*

On 15 December 2022, the Company entered into a settlement agreement with the Bond holder to fully settle the Bond at a cash consideration of SGD600,000 with a waiver of SGD646,000 granted by the Bond holder (the "**Bond Settlement**"). The Bond Settlement was paid on behalf by the CEO via an interest-free loan (the "**Director's Loan**") and the Company repaid SGD60,000 (being 10% of the Director's Loan) to the CEO in January 2023. Furthermore, the Company's obligation to repay the remaining SGD540,000 (being 90% of the Director's Loan) shall be subject to the fulfilment of certain repayment conditions, which include (a) upon receipt of SGX-ST's approval for the Company to undertake the Potential RTO; (b) the repayment will not affect the ability of the Group and the Company to continue as a going concern; and (c) the repayment will not adversely affect the completion of Potential RTO.

The above matters represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business. However, taking into the above measures undertaken by the Company in connection with (a) entering into a binding heads of agreement with the Professional Investor for a proposed investment of up to SGD2,000,000; (b) obtaining the Director's Loan of SGD600,000; and (c) full settlement of the Bond as well as the current progress and milestone in identifying the target companies for the purpose of completing the Proposed Reorganisation as planned with the Professional Investor, the Board reasonably believes that the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the financial statements on a going concern basis remains appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

#### (b) *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.

#### (c) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining 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 affect the income tax and deferred tax provisions in the period in which such determination is made. The Group's income taxes for the year are disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### *Critical judgements in applying the entity's accounting policies (Cont'd)*

#### (d) *Interest income*

On 2 December 2020, Artwell Minerals Resources Co., Ltd ("**Artwell**"), a company solely owned by the brother of the CEO, agreed to pay an interest of 7.5% per annum on the outstanding amount owed to the Group. As the principal amount owing by Artwell remains long overdue, it is not probable that the Group will be able to collect interest income from Artwell. Consequently, the Group decided to (i) impair the previously recognised interest income of USD157,000 (RMB1,086,000) in 2020; and (ii) refrain from recognising additional interest income.

### *Key sources of estimation uncertainty*

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

#### (e) *Allowance for expected credit loss of trade and other receivables*

Allowance for expected credit loss ("**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 rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Note 6. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### Key sources of estimation uncertainty (Cont'd)

#### (f) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when there are any indicators of impairment. An impairment exists when the carrying value of the cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use ("VIU").

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate and growth rate in order to calculate the present value of those cash flows.

The carrying amount of the goodwill at the end of the reporting period and details of impairment assessment are disclosed in Note 4. In 2021 and 2020, a decrease of 10% in the growth rate or an increase of 100 basis points in the discount rate, as applied in the VIU calculations, will not lead to further impairment loss recognised on goodwill.

#### (g) Impairment of investments in subsidiaries

Management assesses impairment of investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable or indicate that the recoverable amount of the investments may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment. The recoverable amount of investment in subsidiaries was determined based on fair value less costs of disposal.

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period and impairment loss for the financial year are disclosed in Note 5. In 2021, sensitivity analysis is not prepared as these subsidiaries are dormant and do not generate any revenue.

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

On 1 January 2021, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INTs") 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)
Amendments to SFRS(I) 16	COVID-19-Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(D) NEW AND REVISED SFRS(I) ISSUED 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)s, SFRS(I) INTs 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) 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to SFRS(I) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
<i>Annual Improvements to SFRS(I)s 2018-2020:</i>		
– Amendments to SFRS(I) 1	<i>Subsidiary as a First-time Adopter</i>	1 January 2022
– Amendments to SFRS(I) 9	<i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>	1 January 2022
– Amendments to SFRS(I) 16	<i>Lease Incentives</i>	1 January 2022
– Amendments to SFRS(I) 1-41	<i>Taxation in Fair Value Measurements</i>	1 January 2022
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 4	<i>Extension of the Temporary Exemption from Applying SFRS(I) 9</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>International Tax reform - Pillar Two Model Rules</i>	1 January 2023
Amendment to SFRS(I) 17	<i>Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information</i>	1 January 2023
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less liabilities of the subsidiary and any non-controlling interests. 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 required/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

### Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income and expenses".

Depreciation is calculated on a straight-line basis to write off the depreciable value of plant and equipment, less any estimated residual value over their estimated useful lives. The estimated useful lives are as follows:

Office equipment	3 years
Motor vehicle	9 years



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Plant and equipment (Cont'd)

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

### Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Goodwill (Cont'd)

Goodwill is not amortised but is reviewed for impairment annually, or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

### Financial assets

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets (Cont'd)

#### Classification

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

- amortised cost;
- fair value through other comprehensive income ("**FVOCI**"); and
- fair value through profit or loss ("**FVTPL**").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

#### *Investments in debt instruments*

Investments in debt instruments mainly comprise trade and other receivables and cash and cash equivalents. The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of the asset, are subsequently measured at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component. Other receivables generally arise from transactions outside the normal operating activities of the Group. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for 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 amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables that do not have a significant financing component, the Group applies a debtor-specific assessment to recognise a loss allowance based on lifetime ECL at each reporting date. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Impairment of financial assets ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future economic and industry outlook, that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets (Cont'd)

#### Significant increase in credit risk (Cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the receivables which meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets (Cont'd)

#### 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; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

#### 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.

#### Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial liabilities

#### Financial liabilities at amortised cost

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Bond issued by the Company includes an option by the Company to settle the bond by cash or by delivering the Company's shares at a fixed issued price per share. The bond is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The bond is extinguished on conversion or redemption.

#### Trade and other payables

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

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Borrowings

Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

### Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Share capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise deposits with financial institutions which are subject to an insignificant risk of change in value.

### Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### Employee benefits

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Income taxes

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 liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Leases

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

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### (a) *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented within "borrowings" in the statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (b) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Leases (Cont'd)

#### (b) *Right-of-use assets (Cont'd)*

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within “plant and equipment” in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

### Foreign 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 that entity operates (“functional currency”).

The Company’s functional currency is United States Dollar (“**USD**”).

The consolidated financial statements of the Group and statement of financial position of the Company are presented in Chinese Renminbi (“**RMB**”) because the Group had been involved in developing business operations in the People’s Republic of China (“**PRC**”).

#### Transactions and balances

Transactions in a currency other than the functional currency (“**foreign currency**”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations, borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Foreign currencies (Cont'd)

#### Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### Revenue

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. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue from the following major source:

#### Sale of coal

Revenue is recognised when control over a product is transferred to the customer at the port of departure. Revenue is recognised based on the price satisfied in the contract. The credit term of 30 days is consistent with market practice and therefore, no element of financing is deemed present. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract liability is recognised when the Group has not yet performed under the contract but has received advance payment from the customer. Contract liabilities are recognised as revenue when the Group has completed its performance obligations under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Interest income

Interest income is recognised using the effective interest method.

### Contract liabilities

Where the amounts received or receivable from customers exceed the revenues recognised for contracts, contract liabilities are recognised in the statement of financial position. Contract liabilities within the Group represent deposit received from customers.

### 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.

### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### 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 the 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 an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Related parties (Cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies: (Cont'd)
- (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 the 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 Company or to the parent of the Company.

### 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. Executive 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 2021

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Current and non-current classification (Cont'd)

The Group classifies all other liabilities as non-current.

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

## 3 PLANT AND EQUIPMENT

<b>The Group and The Company</b>	<b>Office equipment RMB'000</b>	<b>Motor vehicles RMB'000</b>	<b>Total RMB'000</b>
<u>Cost</u>			
At 1 January 2020	201	1,685	1,886
Additions	18	–	18
Currency translation differences	(13)	(106)	(119)
At 31 December 2020	206	1,579	1,785
Write-off	(204)	(1,556)	(1,760)
Currency translation differences	(2)	(23)	(25)
<b>At 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>–</b>
<u>Accumulated depreciation and impairment</u>			
At 1 January 2020	153	1,264	1,417
Depreciation	25	184	209
Currency translation differences	(10)	(90)	(100)
At 31 December 2020	168	1,358	1,526
Impairment loss	38	217	255
Write-off	(204)	(1,556)	(1,760)
Currency translation differences	(2)	(19)	(21)
<b>At 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>–</b>
<u>Carrying amount</u>			
<b>At 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>–</b>
At 31 December 2020	38	221	259

Motor vehicles of the Group and the Company represent right-of-use assets of RMB Nil (2020: RMB221,000) (Note 19).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 4 GOODWILL

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
<u>Cost</u>		
At 1 January	<b>13,787</b>	14,725
Write-off	<b>(13,452)</b>	-
Currency translation differences	<b>(335)</b>	(938)
At 31 December	<b>-</b>	13,787
<u>Accumulated impairment</u>		
At 1 January	<b>13,787</b>	-
Impairment loss	-	13,787
Write-off	<b>(13,452)</b>	-
Currency translation differences	<b>(335)</b>	-
At 31 December	<b>-</b>	13,787
<u>Carrying amount</u>		
At 1 January	<b>-</b>	14,725
At 31 December	<b>-</b>	-

#### Impairment testing of goodwill

Goodwill acquired through a business combination is allocated to the cash-generating unit (“CGU”) that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following CGU:

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Coal trading	<b>13,452</b>	13,787
Accumulated impairment	<b>(13,452)</b>	(13,787)
	<b>-</b>	-

In 2020, the recoverable amount for the above CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a 5-year period using a pre-tax discount rate of 13%. An impairment loss of RMB Nil (2020: RMB13,787,000) was included within “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income. The full impairment loss recognised in the previous year was attributable to high freight costs, supply chain disruptions caused by sporadic and intermittent lockdowns by different countries and demand-supply mismatch resulting from coal export ban from the government of the Republic of Indonesia. The coal trading CGU no longer had any revenue-generating activities.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 5 INVESTMENTS IN SUBSIDIARIES

### The Company

	2021 RMB'000	2020 RMB'000
<u>Unquoted equity shares at cost</u>		
At 1 January	168,471	179,939
Currency translation differences	(4,090)	(11,468)
At 31 December	<b>164,381</b>	168,471
<u>Accumulated impairment</u>		
At 1 January	38,807	41,396
Impairment loss	127,898	49
Currency translation differences	(2,324)	(2,638)
At 31 December	<b>164,381</b>	38,807
<u>Carrying amount</u>		
At 1 January	<b>129,664</b>	138,543
At 31 December	–	129,664

Details of the Group's subsidiaries at the reporting date are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Principal activities
		2021 %	2020 %	
<u>Held by the Company</u>				
Sincap Australia Pte. Ltd. ("Sincap AU") <sup>1 &amp; 4</sup>	Singapore	100.0	100.0	Dormant
Sincap Properties Pte. Ltd. <sup>1 &amp; 4</sup>	Singapore	100.0	100.0	Dormant
Orion Energy Resources Pte. Ltd. ("Orion") <sup>1</sup>	Singapore	99.97	99.97	Dormant
<u>Held by Sincap AU</u>				
Sincap Land (Aus) Pty Ltd <sup>2 &amp; 4</sup>	Australia	100.0	100.0	Dormant
<u>Held by Sincap Land (Aus) Pty Ltd</u>				
SCL Murray Pty Ltd <sup>2 &amp; 4</sup>	Australia	100.0	100.0	Dormant
<u>Held by Sincap Properties Pte. Ltd.</u>				
Chengdu Weili Technology Co., Ltd (formerly known as Chengdu Weili Assets Management Co., Ltd.) <sup>2 &amp; 3</sup>	People's Republic of China	100.0	100.0	Dormant

<sup>1</sup> Audited by Foo Kon Tan LLP (2020: Baker Tilly TFW LLP)

<sup>2</sup> Not required to be audited under the law of incorporation. Audited by Foo Kon Tan LLP (2020: Baker Tilly TFW LLP) for the purpose of preparation of the consolidated financial statements

<sup>3</sup> Deregistered on 27 February 2023

<sup>4</sup> Disposed to the executive chairman and chief executive officer of the Company; disposals were completed on 30 June 2023

The summarised financial information of the non-controlling interests in respect of Orion is not disclosed because it is not considered significant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 5 INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Orion

In 2021, the Company assessed the carrying amount of its investment in Orion for indicators of impairment. Based on this assessment, the Company recognised an impairment loss of RMB109,400,000 (2020: RMB Nil). The recoverable amount of the investment in Orion was determined fair value less costs of disposal ("FVLCD") approach. As Orion had ceased its operations during the financial year under review, it did not generate any revenue for 2021 and it is also not expected to generate any revenue and profit in the foreseeable future. Consequently, the Company recognised a full impairment in relation to its investment in Orion. On such basis, the recoverable amount for Orion was expected to be RMB Nil as at 31 December 2021.

### Sincap AU

In 2021, the Company assessed the carrying amount of its investment in Sincap AU for indicators of impairment. Based on this assessment, the Company recognised an impairment loss of RMB18,498,000 (2020: RMB Nil). The recoverable amount of the investment in Sincap AU was determined based on a FVLCD approach. Sincap AU had been dormant for the past few financial years and the Company had further assessed that it is not expected to generate any revenue and profit in the foreseeable future. Consequently, the Company recognised a full impairment in relation to its investment in Sincap AU. On such basis, the recoverable amount for Sincap AU was expected to be RMB Nil as at 31 December 2021.

## 6 TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Trade receivable – third party		<b>27,159</b>	27,835	–	–
Trade receivable – related party	(a)	<b>163,230</b>	167,292	–	–
		<b>190,389</b>	195,127	–	–
Other receivables – third party	(b)	<b>10,679</b>	11,678	–	–
Other receivables – related party	(a)	<b>1,003</b>	1,028	–	–
Amounts due from a subsidiary	(c)	–	–	<b>56,424</b>	58,637
Advance to suppliers		–	7,149	–	–
Deposits		–	67	–	67
Total trade and other receivables		<b>202,071</b>	215,049	<b>56,424</b>	58,704
Less: Allowance for expected credit loss		<b>(197,420)</b>	(10,417)	<b>(56,424)</b>	–
		<b>4,651</b>	204,632	–	58,704

Movements in allowance for expected credit loss during the financial year are as follows:

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
At 1 January	<b>10,417</b>	9,122	–	–
Impairment loss	<b>192,468</b>	1,086	<b>57,042</b>	–
Reversal	<b>(2,719)</b>	–	–	–
Currency translation differences	<b>(2,746)</b>	209	<b>(618)</b>	–
At 31 December	<b>197,420</b>	10,417	<b>56,424</b>	–

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 6 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Australian Dollar (AUD)	4,651	2,248	-	-
Singapore Dollar (SGD)	-	67	-	36,864
United States Dollar (USD)	-	202,317	-	21,840
	<b>4,651</b>	<b>204,632</b>	<b>-</b>	<b>58,704</b>

- (a) Trade receivables due from a related party comprised USD25,611,000 (RMB163,230,000) (2020: USD25,611,000 (RMB167,292,000)) due from Artwell, a company solely owned by the brother of the CEO.

Other receivables due from a related party comprised USD157,000 (RMB1,003,000) (2020: USD157,000 (RMB1,028,000)) interest receivable from Artwell which was previously charged by Orion based on the total outstanding amount owing by Artwell. As the principal amount owing by Artwell remains long overdue, it is not probable that the Group will be able to collect interest income from Artwell. Consequently, the Group decided to (i) impair the previously recognised interest income in 2020; and (ii) refrain from recognising any additional interest income.

- (b) Other receivables comprised mainly an unsecured loan of AUD2,304,000 (RMB10,650,000) (2020: AUD2,304,000 (RMB11,587,000)) extended by a subsidiary, SCL Murray Pty Ltd, to Richardson 1 Pty Ltd (the "**Richardson Loan**") with an interest of 7% per annum. The net carrying value of the Richardson Loan was AUD1,000,000 (RMB4,622,000) (2020: AUD437,000 (RMB2,198,000)) as at 31 December 2021, net of allowance for expected credit loss of AUD1,304,000 (RMB6,028,000) (2020: AUD1,867,000 (RMB9,389,000)).

An amount of AUD1,000,000 was collected by a collecting agent on behalf of the Group in April 2022 as a final settlement for the Richardson Loan. The Group received net proceeds of approximately AUD445,000, after deducting agent fees and service fees for the debt collection. As a result, the Group recognised a reversal of allowance for expected credit loss of AUD563,000 (RMB2,719,000) in 2021.

- (c) Amounts due from a subsidiary are non-trade, unsecured, interest-free and repayable on demand, except for an amount of SGD7,448,000 (RMB35,114,000) (2020: SGD7,448,000 (RMB36,797,000)), which bears interest at 7% (2020: 7%) per annum. The Company has waived the interest income from the subsidiary since 2020. Consequently, no interest income was recognised in 2021.

Further details on credit risks are described in Note 21 under "Credit risk" section.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 7 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	<b>526</b>	930	<b>8</b>	279

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Australian Dollar (AUD)	<b>62</b>	69	–	–
Singapore Dollar (SGD)	<b>299</b>	554	<b>8</b>	279
United States Dollar (USD)	<b>165</b>	307	–	–
	<b>526</b>	930	<b>8</b>	279

## 8 SHARE CAPITAL

The Group and the Company	2021	2020	2021	2020
	No. of ordinary shares '000	'000	Issued share capital RMB'000	RMB'000
<b>Issued and paid up:</b>				
At 1 January and at 31 December	<b>1,701,000</b>	1,701,000	<b>203,930</b>	203,930

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

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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 9 CURRENCY TRANSLATION RESERVE

Currency translation reserve arises from the translation of the financial statements of entities within the Group whose functional currencies are different from the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 10 BORROWINGS

	Note	The Group		The Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Non-current</b>					
Lease liabilities		-	72	-	72
Loan from a director	(a)	<b>1,659</b>	1,721	<b>899</b>	942
		<b>1,659</b>	1,793	<b>899</b>	1,014
<b>Current</b>					
Term loan from a third party		-	322	-	322
Bond	(b)	<b>5,875</b>	5,956	<b>5,875</b>	5,956
Lease liabilities		-	228	-	228
		<b>5,875</b>	6,506	<b>5,875</b>	6,506
		<b>7,534</b>	8,299	<b>6,774</b>	7,520

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Singapore Dollar (SGD)	<b>6,774</b>	7,520	<b>6,774</b>	7,520
United States Dollar (USD)	<b>760</b>	779	-	-
	<b>7,534</b>	8,299	<b>6,774</b>	7,520

- (a) The loan from a director is unsecured, interest-free and has no fixed repayment period and is not repayable within 12 months after the reporting period.

On 12 August 2022, the director has agreed to:

- (i) waive any and all rights to receive repayment of any amounts owing to him in excess of SGD300,000;
- (ii) shall not receive any repayment, on any outstanding debts owing by the Company until the shares of the Company have resumed trading on the Catalist of the SGX-ST; and
- (iii) any and all outstanding debts owing by the Company shall be repaid through an issuance of shares at the same issue price as the issue price for new shares pursuant to the Potential RTO if there is a completion of the Potential RTO.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 10 BORROWINGS (CONT'D)

- (b) On 19 December 2018, the Company issued a bond with a principal amount of SGD12,000,000, as consideration for the acquisition of additional interest in Orion (the “**Bond**”). The Bond bears interest at 5% per annum and has a maturity date on 19 December 2021, which may be redeemed before maturity at the Company’s option through cash payment and/or issuance of new fully paid ordinary shares of the Company at an issue price of SGD0.012 per share (the “**Option**”). The Option had lapsed following the expiration of the Bond agreement. The amounts outstanding in relation to the Bond was approximately SGD1,246,000 (RMB5,875,000) as at 31 December 2021 (2020: SGD1,206,000 (RMB5,956,000)), including interest payable.

The Bond was subsequently terminated at a final settlement amount of SGD600,000, which had been paid on behalf by Mr. Chu Ming Kin, the CEO and director of the Company via a loan, on 15 December 2022. The Company made an announcement in respect of this matter on 15 December 2022.

### 11 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Trade payables	-	3,462	-	-
Other payables	2,174	1,290	1,869	1,227
Accrued operating expenses	1,308	2,408	1,195	1,462
Amounts due to subsidiaries	-	-	23,855	24,942
	<b>3,482</b>	<b>7,160</b>	<b>26,919</b>	<b>27,631</b>

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Australian Dollar (AUD)	94	158	-	-
Singapore Dollar (SGD)	3,388	3,540	24,524	25,177
United States Dollar (USD)	-	3,462	2,395	2,454
	<b>3,482</b>	<b>7,160</b>	<b>26,919</b>	<b>27,631</b>

### 12 REVENUE

All sales are recognised at a point in time.

The Group	2021 RMB'000	2020 RMB'000
Sale of coal	-	24,553
The Group	2021 RMB'000	2020 RMB'000
Trade receivables	-	195,127
Contract liabilities	-	51

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 13 OTHER INCOME/(EXPENSES)

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Other income		
Foreign exchange gain	978	-
Payables written off	1,001	-
Others	40	-
	<b>2,019</b>	<b>-</b>
Other expenses		
Foreign exchange loss	-	(844)
Receivables written off	(3,703)	-
	<b>(3,703)</b>	<b>(844)</b>

### 14 FINANCE COSTS

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Interest expense – lease liabilities	-	16
Interest expense – borrowings (bond)	193	213
	<b>193</b>	<b>229</b>

### 15 LOSS BEFORE TAX

Other than disclosed elsewhere in these financial statements, loss before tax has been arrived after charging/(crediting):

<b>The Group</b>	<b>Note</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Audit fees paid/payable to:			
– auditor of the Company		355	390
Non-audit fees paid/payable to:			
– auditor of the Company		-	34
– other auditors		-	12
Depreciation of plant and equipment	3	-	209
Directors' fees		283	620
Foreign exchange (gain)/loss, net		(978)	844
Staff costs	18	186	1,641
Interest income		-	(1,086)
Reversal of allowance for expected credit loss		(2,719)	-
Payables written off		(1,001)	-
Impairment loss in relation to allowance for expected credit loss		192,468	1,086
Impairment loss on goodwill		-	13,787
Receivables written off		3,703	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 16 TAX CREDIT

<b>The Group</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current tax (credit)/expense</b>		
– Current year	–	3
– Overprovision in respect of prior years	<b>(66)</b>	(963)
	<b>(66)</b>	(960)

### **Reconciliation of effective tax rate**

<b>The Group</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Loss before tax	<b>(192,586)</b>	(19,061)
Tax using the Singapore tax rate of 17% (2020 – 17%)	<b>(32,740)</b>	(3,240)
Effect of tax rates in foreign jurisdictions	<b>388</b>	(63)
Non-deductible tax expenses	<b>668</b>	3,373
Income not subject to tax	<b>(1,130)</b>	(69)
Effect of tax incentive	–	(108)
Overprovision of income tax in respect of prior years	<b>(66)</b>	(963)
Deferred tax assets not recognised	<b>32,814</b>	110
	<b>(66)</b>	(960)

The non-deductible expenses comprised mainly receivables written off (2020: impairment loss on goodwill) and the income not subject to tax comprised mainly reversal of allowance for expected credit loss and payables written off.

At the end of the reporting period, the statutory income tax rate applicable for companies incorporated in the following countries are as follows:

<b>Country of incorporation</b>	<b>Statutory income tax rate</b>	
	<b>2021</b>	<b>2020</b>
Singapore	<b>17%</b>	17%
Australia	<b>30%</b>	30%

### **Unrecognised deferred tax assets**

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

<b>The Group</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Unutilised tax losses	<b>8,783</b>	8,438
Trade and other receivables	<b>191,393</b>	1,028
	<b>200,176</b>	9,466

The unutilised tax losses are available for carry-forward to offset against future taxable income, subject to agreement of the tax authority and compliance with the certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax assets in respect of tax losses carried forward and other deductible temporary differences have not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the unutilised tax losses to be realised in the foreseeable future.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 17 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

<b>The Group</b>	<b>2021</b>	<b>2020</b>
Net loss attributable to equity holders of the Company (RMB'000)	<b>(192,459)</b>	(18,101)
Weighted average number of ordinary shares outstanding ('000)	<b>1,701,000</b>	1,701,000
Basic and diluted loss per share (RMB cents)	<b>(11.31)</b>	(1.06)

Basic and diluted loss per share are the same for financial years ended 31 December 2021 and 2020 respectively as the Bond is anti-dilutive.

### 18 STAFF COSTS

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Salaries and related costs	<b>186</b>	1,453
Defined contribution plans	-	188
	<b>186</b>	1,641

Government grant income under the Jobs Support Scheme (the "JSS") of RMB224,000 (equivalent to SGD44,850) was received and offset against salaries and related costs during the financial year ended 31 December 2020. Under the JSS, the Singapore Government would co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty.

### 19 LEASE

Where the Group is the lessee,

The Group leases motor vehicle from non-related parties. The lease has a tenure of nine years.

The maturity analysis of the lease liabilities is disclosed in Note 21.

Information about the lease for which the Group is a lessee is presented below:

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
<b><u>Carrying amount of right-of-use assets</u></b>		
Classified within plant and equipment (Note 3)	-	221
<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
<b><u>Amounts recognised in profit or loss</u></b>		
Depreciation recognised in profit or loss	-	184
Lease expenses not included in the measurement of lease liabilities – short-term leases	-	22
Interest expense on lease liabilities	-	16
	-	222

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 20 SIGNIFICANT RELATED PARTY TRANSACTION

- (a) Other than disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned.

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Interest income charged to a related party on trade receivables balance	-	1,086

- (b) Key management personnel compensation is analysed as follows:

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Directors of the Company:		
– Remuneration of executive directors	279	661
	<b>279</b>	<b>661</b>
Other key management personnel:		
– Short-term employee benefits	100	235
– Defined contribution benefits	-	31
	<b>100</b>	<b>266</b>
	<b>379</b>	<b>927</b>

- (c) Directors' fees for the year are analysed as follows:

<b>The Group</b>	<b>2021</b> <b>RMB'000</b>	<b>2020</b> <b>RMB'000</b>
Independent directors of the Company	283	620

### 21 FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's and the Company's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree on the policies and procedures for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the Group and the Company manage and measure financial risk.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Accounting classification of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category at the reporting date are as follows:

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Financial assets at amortised cost</b>				
Trade and other receivables*	4,651	197,416	–	58,637
Cash and cash equivalents	526	930	8	279
	<b>5,177</b>	<b>198,346</b>	<b>8</b>	<b>58,916</b>

\* Exclude advances to suppliers and deposits

	The Group		The Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	3,482	7,160	26,919	27,631
Borrowings	7,534	8,299	6,774	7,520
	<b>11,016</b>	<b>15,459</b>	<b>33,693</b>	<b>35,151</b>

### Foreign currency risk

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 dominated in foreign currencies.

The Group and the Company have currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than respective functional currencies of entities in the Group and the Company. The foreign currencies in which the Group's and the Company's currency risk arises are mainly Australian Dollar ("AUD"), Singapore Dollar ("SGD") and United States Dollar ("USD").

At the end of the reporting period, the Group and the Company have the following financial assets and liabilities denominated in foreign currencies based on information provided to key management.

<i>Denominated in:</i>	2021	2021	2021
	AUD RMB'000	SGD RMB'000	USD RMB'000
<b>The Group</b>			
Cash and cash equivalents	62	299	165
Trade and other receivables	4,651	–	–
Borrowings	–	(6,774)	(760)
Trade and other payables	(94)	(3,388)	–
Net financial assets/(liabilities) denominated in foreign currencies	<b>4,619</b>	<b>(9,863)</b>	<b>(595)</b>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	<b>(4,564)</b>	<b>(115)</b>	<b>708</b>
Net exposure	<b>55</b>	<b>(9,978)</b>	<b>113</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Foreign currency risk (Cont'd)

<i>Denominated in:</i>	<b>2020 AUD RMB'000</b>	<b>2020 SGD RMB'000</b>	<b>2020 USD RMB'000</b>
<b>The Group</b>			
Cash and cash equivalents	69	554	307
Trade and other receivables	2,248	67	202,317
Borrowings	–	(7,520)	(779)
Trade and other payables	(158)	(3,540)	(3,462)
Net financial assets/(liabilities) denominated in foreign currencies	2,159	(10,439)	198,383
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(2,097)	(121)	(198,263)
Net exposure	<u>62</u>	<u>(10,560)</u>	<u>120</u>
<i>Denominated in:</i>		<b>2021 SGD RMB'000</b>	<b>2021 USD RMB'000</b>
<b>The Company</b>			
Cash and cash equivalents		8	–
Borrowings		(6,774)	–
Trade and other payables		(24,524)	(2,395)
Net financial liabilities denominated in foreign currencies		(31,290)	(2,395)
Less: Net financial liabilities denominated in the Company's functional currency		–	2,395
Net exposure		<u>(31,290)</u>	<u>–</u>
<i>Denominated in:</i>		<b>2020 SGD RMB'000</b>	<b>2020 USD RMB'000</b>
<b>The Company</b>			
Cash and cash equivalents		279	–
Trade and other receivables		36,864	21,840
Borrowings		(7,520)	–
Trade and other payables		(25,177)	(2,454)
Net financial assets denominated in foreign currencies		4,446	19,386
Less: Net financial assets denominated in the Company's functional currency		–	(19,386)
Net exposure		<u>4,446</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group and the Company's loss after tax:

	The Group Increase/(decrease) in loss after tax		The Company Increase/(decrease) in loss after tax	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Strengthened 10% (2020 – 10%)</b>				
– AUD	(5)	(5)	–	–
– SGD	828	876	2,597	369
– USD	(9)	(10)	–	–
<b>Weakened 10% (2020 – 10%)</b>				
– AUD	5	5	–	–
– SGD	(828)	(876)	(2,597)	(369)
– USD	9	10	–	–

### Interest rate risk

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

The Group's and the Company's business are not exposed to significant interest rate risk because the Group and the Company do not have any variable rate financial instruments as at the reporting date. The Group and the Company have no significant interest-bearing assets and liabilities.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For customers trading on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer.

The Group's gross trade receivables comprise 1 (2020 – 1) debtor that individually represented 86% (2020 – 86%) of the gross trade receivables. In addition, the Richardson Loan as disclosed in Note 6 is a significant portion of other receivables of the Group.

The Company has significant concentration of credit risk exposure arising on amounts due from a subsidiary (Note 6).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit loss ("ECL"):

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

### Trade receivables

The Group has two customers and applied debtor-specific assessment to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year other than as disclosed below:

### **2020**

The Group assesses the concentration of risk with respect to trade receivables as high, as there are only two customers at the end of the reporting period. As at 31 December 2020 the Group assesses the expected credit loss to be insignificant and concluded that no credit loss allowance is required to be recognised.

### **2021**

During the financial year, the Group recognised full allowance for expected credit loss on trade receivables, amounting to RMB192,468,000, in relation to the following counterparties:

- Artwell: On 2 August 2021 and 26 October 2022, the Group issued letters of demand to Artwell, claiming the full outstanding amount of USD25,611,000. Despite the issuance of letters of demand, Artwell has not provided revised payment proposals or constructive responses. The Group, after seeking legal advice, has been considering potential escalated legal actions, contingent upon available financial resources and without prejudice.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

Trade receivables (Cont'd)

#### 2021 (Cont'd)

- Supreme Luck Enterprise Limited (“**Supreme Luck**”), a third-party customer: On 26 October 2022, the Company issued a letter of demand to Supreme Luck for the full outstanding amount of USD4,361,000. The Group had attempted to engage with Supreme Luck for payment proposals but was informed that Supreme Luck had ceased operations over the past two years due to disruptions caused by COVID-19 in the trading industry. Efforts to obtain their latest financial information have also been unsuccessful. The Group had also contemplated engaging a local debt collection agent and evaluated the feasibility of initiating a winding-up petition against Supreme Luck, contingent upon available financial resources and without prejudice.

The Group engaged an independent valuer, Win Bailey Valuation and Advisory Limited (“**WBVA**”), to perform an ECL assessment. Considering WBVA’s assessment and the significantly increased credit risks associated with the two counterparties, the Group recognised full allowance for expected credit loss of RMB165,013,000 and RMB27,455,000 in relation to the outstanding amounts owed by Artwell and Supreme Luck, respectively.

The recognition of full allowance for expected credit loss in relation to Artwell and Supreme Luck does not constitute a waiver of these two counterparties’ contractual obligations to repay. Neither has the Group relinquished its right to pursue further legal actions to claim these outstanding amounts. The Group intends to continue discussions with its legal advisors and assess the feasibility of potential actions to recover the outstanding amounts from these counterparties.

Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from a subsidiary, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group’s and the Company’s financial assets:

<b>At 31 December 2021</b>	<b>12-month/ Lifetime ECL</b>	<b>Gross carrying amount RMB'000</b>	<b>Loss allowance RMB'000</b>	<b>Net carrying amount RMB'000</b>
<b>The Group</b>				
Trade receivables	Lifetime ECL	<b>190,389</b>	<b>(190,389)</b>	<b>-</b>
Other receivables	Lifetime ECL	<b>11,653</b>	<b>(7,031)</b>	<b>4,622</b>
Other receivables (Others)	12-month ECL	<b>29</b>	<b>-</b>	<b>29</b>
Cash and cash equivalents	N.A. – Limited exposure	<b>526</b>	<b>-</b>	<b>526</b>
<b>The Company</b>				
Amounts due from a subsidiary	Lifetime ECL	<b>56,424</b>	<b>(56,424)</b>	<b>-</b>
Cash and cash equivalents	N.A. – Limited exposure	<b>8</b>	<b>-</b>	<b>8</b>
<b>At 31 December 2020</b>				
<b>The Group</b>				
Trade receivables	Lifetime ECL	195,127	-	195,127
Deposits	N.A. – Limited exposure	67	-	67
Other receivables	Lifetime ECL	12,657	(10,417)	2,240
Other receivables (Others)	12-month ECL	49	-	49
Cash and cash equivalents	N.A. – Limited exposure	930	-	930
<b>The Company</b>				
Deposits	N.A. – Limited exposure	67	-	67
Amounts due from a subsidiary	Lifetime ECL	58,637	-	58,637
Cash and cash equivalents	N.A. – Limited exposure	279	-	279

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

#### Other receivables

The Group had interest receivables due from a related party and a loan receivable due from Richardson 1 Pty Ltd as disclosed in Notes 6(a) and 6(b) respectively. The assessment of the impairment loss allowance for this loan was conducted by applying the lifetime ECL model. This assessment took into account various factors, including the probability of default and loss given default, which were determined based on a combination of historical data and forward-looking information available to the Group. The Group evaluated and determined that it was appropriate to measure the impairment loss allowance using the lifetime ECL model. Consequently, an accumulated impairment loss of RMB7,031,000 (2020: RMB10,417,000) was recognised as at 31 December 2021.

The credit loss for the remaining other receivables is immaterial as at 31 December 2021 and 2020.

#### Amounts due from a subsidiary

The assessment of the impairment loss allowance for these amounts due from a subsidiary was conducted by applying the lifetime ECL model. The Company evaluated and determined that it was appropriate to measure the impairment loss allowance using the lifetime ECL model. Consequently, an accumulated impairment loss of RMB56,424,000 (2020: RMB Nil) was recognised as at 31 December 2021.

#### Cash and cash equivalents

The credit loss for cash and cash equivalents is immaterial as at 31 December 2021 and 2020.

### Liquidity risk

As at 31 December 2021, the current liabilities of the Group and the Company exceeded their current assets by RMB4,180,000 and RMB32,786,000, and a deficit in equity of the Group and the Company of RMB5,839,000 and RMB33,685,000 respectively. The Group also incurred a net loss of RMB192,520,000; and net cash used in operating activities of RMB378,000 for the financial year ended 31 December 2021.

The factors above, along with the other matters disclosed in Note 2(B)(a), represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business. However, taking into the measures undertaken by the Company as disclosed in Note 2(B)(a), the Board reasonably believes that the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the financial statements on a going concern basis remains appropriate.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

The Group	Note	Carrying amount RMB'000	<----Contractual undiscounted cash flows---->		
			Total RMB'000	Less than 1 year RMB'000	Within 1 to 5 years RMB'000
<b>At 31 December 2021</b>					
Borrowings	10	7,534	7,534	5,875	1,659
Trade and other payables	11	3,482	3,482	3,482	–
		<b>11,016</b>	<b>11,016</b>	<b>9,357</b>	<b>1,659</b>
<b>At 31 December 2020</b>					
Borrowings	10	7,999	8,297	6,576	1,721
Lease liabilities	10	300	310	237	73
Trade and other payables	11	7,160	7,160	7,160	–
		<b>15,459</b>	<b>15,767</b>	<b>13,973</b>	<b>1,794</b>

The Company	Note	Carrying amount RMB'000	<----Contractual undiscounted cash flows---->		
			Total RMB'000	Less than 1 year RMB'000	Within 1 to 5 years RMB'000
<b>At 31 December 2021</b>					
Borrowings	10	6,774	6,774	5,875	899
Trade and other payables	11	26,919	26,919	26,919	–
		<b>33,693</b>	<b>33,693</b>	<b>32,794</b>	<b>899</b>
<b>At 31 December 2020</b>					
Borrowings	10	7,220	7,518	6,576	942
Lease liabilities	10	300	310	237	73
Trade and other payables	11	27,631	27,631	27,631	–
		<b>35,151</b>	<b>35,459</b>	<b>34,444</b>	<b>1,015</b>

## 22 FAIR VALUE MEASUREMENT

The carrying amounts of financial assets and financial liabilities (except non-current borrowings) recorded in the financial statements of the Group and the Company approximate their fair values, due to their short-term nature and where the effect of discounting is immaterial.

Based on the discounted cash flow analysis using a discounted rate based upon market lending rate for similar borrowings which the management expects would be available to the Group and the Company at the end of the reporting period, the carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rates at the initial measurement date. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 22 FAIR VALUE MEASUREMENT (CONT'D)

### Fair value hierarchy

The different levels of fair value hierarchy have been defined 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

## 23 OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes, the Group is organised into the following major strategic operating segments: coal products and corporate. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the type of products and services are as follows:

- (i) Coal products segment represents the business of trading and sale of coal;
- (ii) Property segment represents property development and property investment; and
- (iii) Other segment represents investment holding companies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. The primary profitability measurement to evaluate segment's operating results comprises two major financial indicators, which are financial performance measures that are not defined by accounting standards, but management believes that these represent a better measure of the Group's underlying performance:

- (i) earnings from operation before depreciation, amortisation, interests and income taxes ("**EBITDA**"); and
- (ii) operating result before interests and income taxes and other unallocated items ("**ORBIT**").

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 23 OPERATING SEGMENTS (CONT'D)

#### Segment assets and liabilities

The amounts provided to management with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. All assets and liabilities are allocated to the reportable segments based on the operations of the segments. Assets and liabilities which cannot be reasonably allocated to the reportable segments are classified as unallocated assets and liabilities.

There is no segment reporting for 2021 following the circumstances in which the Company has been deemed as a cash company since May 2021 and has not generated any revenue for 2021. As a result, there is no segment information and geographical segment information being presented for financial year ended 31 December 2021.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities for 2020.

Profit or loss from continuing operations and reconciliations:

2020	Coal products RMB'000	Property RMB'000	Others RMB'000	Eliminations RMB'000	Group RMB'000
Revenue by Segment, representing total revenue	24,553	–	–	–	24,553
EBITDA	(54)	(514)	–	–	(568)
Depreciation and amortisation	–	–	(209)	–	(209)
<b>ORBIT</b>	(54)	(514)	(209)	–	(777)
Interest income	–	–	5,256	(5,256)	–
Finance costs	–	–	–	–	(229)
Unallocated corporate expenses	–	–	–	–	(18,055)
<b>Loss before income tax</b>	–	–	–	–	(19,061)
Tax credit	–	–	–	–	960
<b>Loss, net of tax</b>	–	–	–	–	(18,101)

#### **Liabilities and reconciliation**

2020	Coal products RMB'000	Property RMB'000	Total RMB'000
Total liabilities for reportable segment	5,099	83	5,182
Unallocated	–	–	–
Income tax payables	–	–	77
Trade and other payables	–	–	2,808
Borrowings	–	–	7,520
Total group liabilities	–	–	15,587

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 23 OPERATING SEGMENTS (CONT'D)

### Geographical information

Revenue and non-current assets (which exclude any financial instruments) information based on the entity's country of domicile are as follows:

	<b>Revenue 2020 RMB'000</b>	<b>Non-current assets 2020 RMB'000</b>
Singapore	<u>24,553</u>	<u>259</u>

## 24 CAPITAL MANAGEMENT

Ever since the Company has been deemed as a cash company since May 2021, the Company manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The Company manages its capital structure which consist of issued share capital, and accumulated losses as and make adjustments to it, in light with changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares.

The Group and the Company are not subjected to any externally imposed capital requirements during the financial years ended 31 December 2021 and 2020.

## 25 PREDECESSOR AUDITOR'S QUALIFIED OPINION IN PRIOR YEAR

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those statements on 16 December 2022 as follows:

### 1 Impairment of trade receivables

As disclosed in Note 6, trade receivables amounted to RMB195,127,000 as at 31 December 2020. Management of the Group has provided an allowance for expected credit losses ("ECL") of RMB1,086,000 on the interest charged on trade receivables during the financial year. The predecessor auditor was unable to obtain sufficient appropriate evidence to audit and conclude on the basis and appropriateness of management's ECL assessment on the trade receivables.

Accordingly, the predecessor auditor was unable to satisfy themselves as to whether any allowance for ECL is required in accordance with SFRS(I) 9 *Financial Instruments* with respect to the trade receivables as at 31 December 2020 and consequently, whether interest income on the trade receivables of RMB1,086,000 and allowance of expected credit loss of RMB1,086,000 are appropriately recognised in profit or loss during the financial year.

The independent auditor's report for the financial year ended 31 December 2019 included a similar qualification on the ECL assessment of trade receivables due from a related party amounted to RMB225,290,000 as at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 25 PREDECESSOR AUDITOR'S QUALIFIED OPINION IN PRIOR YEAR (CONT'D)

### 2 Valuation of bond

As disclosed in Note 10, the carrying value of the bond (the "**Bond**") amounted to RMB5,956,000 (2019: RMB12,928,000) as at 31 December 2020. The Bond may be redeemed at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company based on the terms of the Bond agreement. The Group and the Company had measured and recorded the Bond at initial recognition based on its issue amount of SGD12,000,000 which is the equivalent of RMB60,483,000. Having considered the Company's option with respect to the redemption of the Bond, the predecessor auditor was not able to obtain sufficient appropriate audit evidence to satisfy themselves as to the valuation and carrying value of the Bond at initial recognition, as at 31 December 2019 and 31 December 2020.

The independent auditor's report for the financial year ended 31 December 2019 included a qualified opinion for the similar matter as described above.

### 3 Impairment of investments in subsidiaries and amounts due from subsidiaries

As disclosed in Note 5, the net carrying amount of the Company's investments in subsidiaries amounted to RMB129,664,000, after deducting allowance for impairment losses of RMB38,807,000 as at 31 December 2020. As disclosed in Note 6, the net carrying amount of the Company's amount due from subsidiaries amounted to RMB58,637,000. During the financial year ended 31 December 2020, an impairment loss on investment in subsidiaries of RMB49,000 was recognised in the Company's profit or loss. Management determined that no further impairment loss is required on the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 December 2020.

The predecessor auditor was unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverable amount of the Company's investments in subsidiaries and the recoverability of amounts due from subsidiaries as at 31 December 2020. Consequently, the predecessor auditor was unable to determine whether any adjustments might be necessary in respect of the net carrying amount of the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 December 2020.

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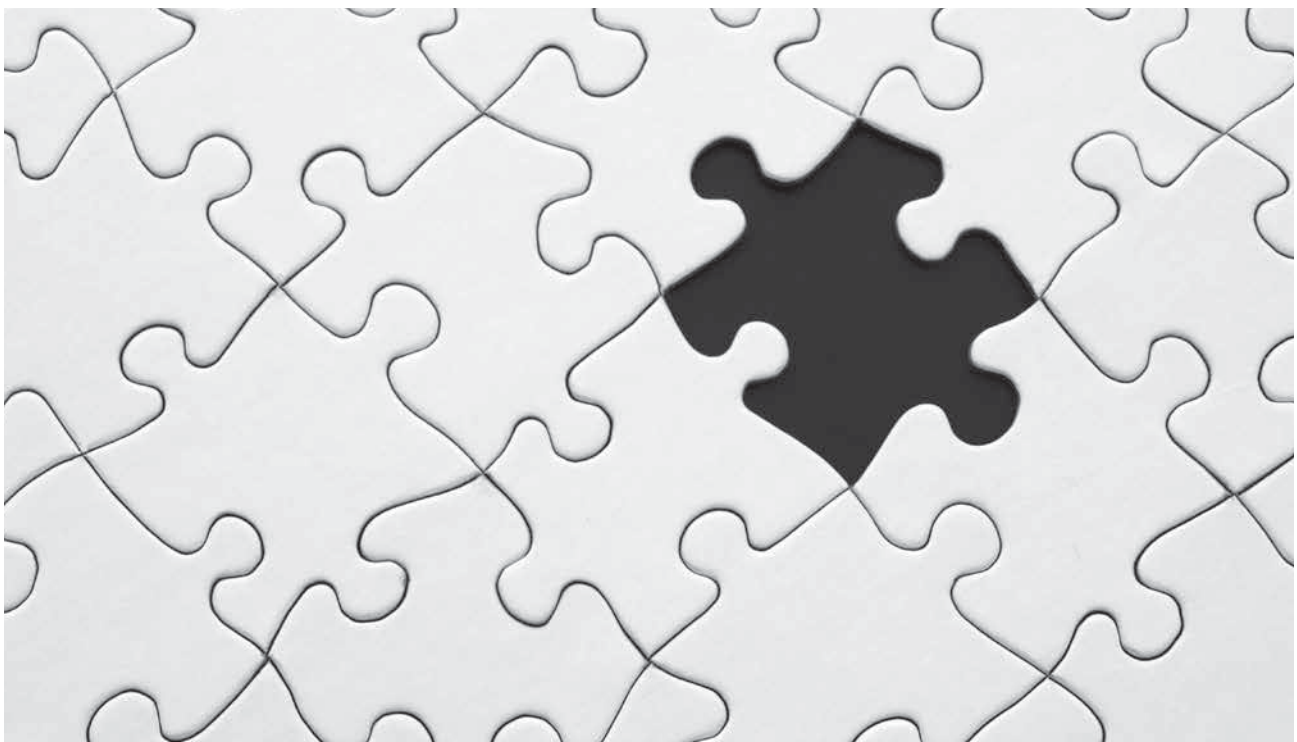
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## DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

We are pleased to submit this statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity 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 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"); and
- (b) at the date of this statement, after considering the measures taken by the Group and the Company as described in Note 2(B)(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors (the "**Board**") has, on the date of this statement, authorised these financial statements for issue.

### Directors

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

Chu Ming Kin  
 Tay Boon Zhuan, Max  
 Lee Fang Wen (Appointed on 16 September 2022)

### Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

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

### Directors' interest in shares or debentures

The directors of the Company, holding office at the end of the financial year, had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Holdings in which a director is deemed to have interest	
	As at 1.1.2022	As at 31.12.2022
The Company – Sincap Group Limited Chu Ming Kin	Number of ordinary shares 35,394,200	<b>35,394,200</b>

There were no changes to any of the above-mentioned directors' interests between the end of the financial year and 21 January 2023.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

## Share options

The Company's employee share option scheme is administrated by the RC, the members of which are Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen. However, the scheme was terminated on 13 January 2023, following the end of the financial year.

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

## Audit and Risk Committee

The members of the ARC during the year and at the date of this report are as follows:

Tay Boon Zhuan, Max (Chairman)	
Lee Fang Wen	(Appointed on 16 September 2022)
Ng Hoi-Gee, Kit	(Appointed on 16 September 2022 and ceased on 16 October 2022)
Teng Wai Leung Wilson	(Resigned on 16 September 2022)

The ARC carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Corporate Governance Report. In performing its functions, the ARC met with the Company's independent and internal auditor (as applicable) to discuss the scope of their work, the result of their examination and evaluation of the Company's internal accounting system. The ARC also reviewed the following:

- (a) assistance provided by the Company's management to the internal and independent auditor;
- (b) half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (c) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer, and the internal and external auditors, to attend its meetings.

The ARC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that, Foo Kon Tan LLP, is to be nominated for re-appointment as independent auditor of the Company at the forthcoming annual general meeting.



# DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

## 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

.....  
CHU MING KIN

.....  
TAY BOON ZHUAN, MAX

Dated: 23 November 2023

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements

### Disclaimer of Opinion

We were engaged to audit the financial statements of Sincap Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, 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 and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

#### Use of going concern assumption

We draw attention to Note 2(B)(a) to the financial statements which indicates that the current liabilities of the Group and the Company exceeded their current assets by RMB3,136,000 and RMB3,337,000, and a deficit in equity of the Group and the Company of RMB7,791,000 and RMB7,992,000 respectively as at 31 December 2022. The Group also incurred a net loss of RMB1,364,000; and net cash used in operating activities of RMB1,739,000 for the financial year ended 31 December 2022. These conditions together with other substantial challenges faced by the Group as disclosed in Note 2(B)(a) to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As disclosed and defined in Note 2(B)(a) to the financial statements, the management has prepared the Group's and the Company's financial statements on the basis that the Group and the Company will be able to meet its obligations as and when they fall due, taking into consideration various measures undertaken by the Company as well as completion of (i) the internal debts restructuring exercise on 15 December 2022, reducing the Group's total liabilities by SGD646,000 (RMB3,248,000); (ii) other reorganisation exercise, principally streamlining the Group's corporate structures to reduce operating costs; and (iii) identifying the target companies for the purpose of initiating the Proposed Reorganisation as planned with the Professional Investor.

We however noted that as at the date of this report, the Company has not fulfilled certain key conditions precedent to the Proposed Investment with the Professional Investor; and the ability of the Company to (i) pay its debts as and when they fall due; and (ii) undertake and complete the Proposed Reorganisation depends heavily on the willingness of the Professional Investor to provide continuous support to the Company. We are thus unable to obtain sufficient appropriate evidence that the use of going concern assumption in preparation of the financial statements is appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### Basis for Disclaimer of Opinion (Cont'd)

#### Opening balances and comparative information

We expressed a disclaimer of opinion in our independent auditor's report dated 23 November 2023 in respect of the financial statements for the financial year ended 31 December 2021 in respect of use of going concern assumption and impairment of other receivables. Consequently, our opinion on the current year's financial statements for the year ended 31 December 2022 is modified because of the possible effect of the comparability of the current year's figures and the corresponding figures, as well as the impact on 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 ended 31 December 2022.

(i) Impairment of other receivables

As disclosed in Note 6 to the financial statements, other receivables comprised mainly an unsecured loan of AUD2,304,000 (RMB10,650,000) extended by the Group to Richardson 1 Pty Ltd (the "**Richardson Loan**") as at 1 January 2022. The net carrying value of the Richardson Loan was AUD1,000,000 (RMB4,622,000) as at 1 January 2022, net of allowance for expected credit loss of AUD1,304,000 (RMB6,028,000).

We were unable to obtain sufficient appropriate audit evidence to ascertain the opening balance of the Richardson Loan as at 1 January 2022. Since the opening balance as at 1 January 2022 entered into the determination of the Group's results and cash flows for the financial year ended 31 December 2022, we were unable to determine whether any adjustments to the Group's results and cash flows for the financial year ended 31 December 2022 and opening accumulated losses as at 1 January 2022 might be necessary. We were thus also unable to ascertain the adequacy of the related disclosures in Notes 6 and 19 to the financial statements.

There is no impact on the closing balances of other receivables as at 31 December 2022 as the final settlement amount was settled as at 31 December 2022.

### 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 Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

# INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

## Report on the Audit of the Financial Statements (Cont'd)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing ("**SSAs**") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

### Report on Other Legal and Regulatory Requirements

In our opinion, except for the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, 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 Mr Chin Bo Wui.

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 23 November 2023

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	The Group		The Company	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Plant and equipment	3	-	-	-	-
Goodwill	4	-	-	-	-
Investments in subsidiaries	5	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current Assets</b>					
Trade and other receivables	6	32	4,651	-	-
Cash and cash equivalents	7	917	526	707	8
		<u>949</u>	<u>5,177</u>	<u>707</u>	<u>8</u>
<b>Total assets</b>		<b><u>949</u></b>	<b><u>5,177</u></b>	<b><u>707</u></b>	<b><u>8</u></b>
<b>EQUITY</b>					
<b>Capital and Reserves</b>					
Share capital	8	203,930	203,930	203,930	203,930
Accumulated losses		(197,544)	(196,180)	(204,697)	(232,661)
Currency translation reserve	9	(14,155)	(13,569)	(7,225)	(4,954)
<b>Equity attributable to owners of the Company</b>		<b>(7,769)</b>	<b>(5,819)</b>	<b>(7,992)</b>	<b>(33,685)</b>
Non-controlling interests		(22)	(20)	-	-
<b>Total equity</b>		<b><u>(7,791)</u></b>	<b><u>(5,839)</u></b>	<b><u>(7,992)</u></b>	<b><u>(33,685)</u></b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Borrowings	10	4,655	1,659	4,655	899
		<u>4,655</u>	<u>1,659</u>	<u>4,655</u>	<u>899</u>
<b>Current Liabilities</b>					
Other payables	11	4,085	3,482	4,044	26,919
Borrowings	10	-	5,875	-	5,875
		<u>4,085</u>	<u>9,357</u>	<u>4,044</u>	<u>32,794</u>
<b>Total liabilities</b>		<b><u>8,740</u></b>	<b><u>11,016</u></b>	<b><u>8,699</u></b>	<b><u>33,693</u></b>
<b>Total equity and liabilities</b>		<b><u>949</u></b>	<b><u>5,177</u></b>	<b><u>707</u></b>	<b><u>8</u></b>

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 2022

	Note	The Group	
		2022 RMB'000	2021 RMB'000
Other income	12	3,507	2,019
Impairment loss in relation to allowance for expected credit loss	6	-	(192,468)
Reversal of allowance for expected credit loss	6	-	2,719
Administrative expenses		(4,602)	(960)
Finance costs	13	(13)	(193)
Other expenses	12	(218)	(3,703)
Loss before tax	14	(1,326)	(192,586)
Tax (expenses)/credit	15	(38)	66
<b>Loss for the year</b>		<b>(1,364)</b>	<b>(192,520)</b>
<b>Other comprehensive loss:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Currency translation differences arising on consolidation, representing other comprehensive loss for the financial year, net of tax		(588)	(3,553)
<b>Total comprehensive loss for the financial year</b>		<b>(1,952)</b>	<b>(196,073)</b>
<b>Loss attributable to:</b>			
Equity holders of the Company		(1,364)	(192,459)
Non-controlling interests		*	(61)
		<b>(1,364)</b>	<b>(192,520)</b>
<b>Total comprehensive loss for the financial year attributable to:</b>			
Equity holders of the Company		(1,950)	(196,011)
Non-controlling interests		(2)	(62)
		<b>(1,952)</b>	<b>(196,073)</b>
<b>Loss per share (cents)</b>			
Basic and diluted	16	(0.08)	(11.31)

\* Amount less than RMB1,000

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

<b>The Group</b>	<b>Share capital RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Currency translation reserve RMB'000</b>	<b>Total equity attributable to owners of the Company RMB'000</b>	<b>Non-controlling interests RMB'000</b>	<b>Total equity RMB'000</b>
Balance at 1 January 2021	203,930	(3,721)	(10,017)	190,192	42	190,234
Loss for the financial year	–	(192,459)	–	(192,459)	(61)	(192,520)
<b>Other comprehensive loss</b>						
Currency translation differences arising on consolidation	–	–	(3,552)	(3,552)	(1)	(3,553)
Total comprehensive loss for the financial year	–	(192,459)	(3,552)	(196,011)	(62)	(196,073)
Balance at 31 December 2021	<u>203,930</u>	<u>(196,180)</u>	<u>(13,569)</u>	<u>(5,819)</u>	<u>(20)</u>	<u>(5,839)</u>
Balance at 1 January 2022	<b>203,930</b>	<b>(196,180)</b>	<b>(13,569)</b>	<b>(5,819)</b>	<b>(20)</b>	<b>(5,839)</b>
Loss for the financial year	–	(1,364)	–	(1,364)	*	(1,364)
<b>Other comprehensive loss</b>						
Currency translation differences arising on consolidation	–	–	(586)	(586)	(2)	(588)
Total comprehensive loss for the financial year	–	(1,364)	(586)	(1,950)	(2)	(1,952)
<b>Balance at 31 December 2022</b>	<b><u>203,930</u></b>	<b><u>(197,544)</u></b>	<b><u>(14,155)</u></b>	<b><u>(7,769)</u></b>	<b><u>(22)</u></b>	<b><u>(7,791)</u></b>

\* Amount less than RMB1,000

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital RMB'000	Retained profits/ (accumulated losses) RMB'000	Currency translation reserve RMB'000	Total equity RMB'000
<b>The Company</b>				
Balance at 1 January 2021	203,930	(47,016)	(3,228)	153,686
Loss for the financial year	–	(185,645)	–	(185,645)
<b>Other comprehensive loss</b>				
Currency translation differences arising from translation into presentation currency	–	–	(1,726)	(1,726)
Total comprehensive loss for the financial year	–	(185,645)	(1,726)	(187,371)
Balance at 31 December 2021	203,930	(232,661)	(4,954)	(33,685)
Balance at 1 January 2022	<b>203,930</b>	<b>(232,661)</b>	<b>(4,954)</b>	<b>(33,685)</b>
Profit for the financial year	–	27,964	–	27,964
<b>Other comprehensive loss</b>				
Currency translation differences arising from translation into presentation currency	–	–	(2,271)	(2,271)
Total comprehensive profit/(loss) for the financial year	–	27,964	(2,271)	25,693
Balance at 31 December 2022	<b>203,930</b>	<b>(204,697)</b>	<b>(7,225)</b>	<b>(7,992)</b>

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 2022

	Note	The Group	
		2022 RMB'000	2021 RMB'000
<b>Cash Flows from Operating Activities</b>			
Loss before tax		(1,326)	(192,586)
Adjustments for:			
Collecting agent fee	A	2,338	–
Impairment loss in relation to allowance for expected credit loss	6	–	192,468
Unrealised foreign exchange loss/(gain), net	12	218	(978)
Gain on settlement of bond	B	(3,248)	–
Interest expense	13	13	193
Reversal of allowance for expected credit loss	6	–	(2,719)
Receivables written off	12	–	3,703
Payables written off	12	–	(1,001)
Waiver of loans from a director	12	(257)	–
Others	12	–	(40)
		<b>(2,262)</b>	(960)
<b>Operating loss before working capital changes</b>		<b>(2,262)</b>	(960)
Changes in payables		316	1,388
Changes in currency translation adjustments		245	(806)
		<b>(1,701)</b>	(378)
<b>Cash used in operations</b>		<b>(1,701)</b>	(378)
Income tax paid		(38)	–
		<b>(1,739)</b>	(378)
<b>Net cash used in operating activities</b>		<b>(1,739)</b>	(378)
<b>Cash Flows from Investing Activity</b>			
Proceeds from Richardson Loan, net	A	2,080	–
		<b>2,080</b>	–
<b>Net cash generated from Investing Activity</b>		<b>2,080</b>	–
<b>Cash Flows from Financing Activities</b>			
Repayment of bonds	B	(3,103)	–
Loans from a director	B	3,103	–
		<b>–</b>	–
<b>Net cash generated from financing activities</b>		<b>–</b>	–
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>341</b>	(378)
Cash and cash equivalents at beginning of year		526	930
Effects of exchange rate changes on cash and cash equivalents		50	(26)
		<b>917</b>	526
<b>Cash and cash equivalents at end of year</b>	7	<b>917</b>	526

**Note A:**

As announced on 29 April 2022, an amount of AUD1,000,000 (RMB4,676,000) was collected by a collecting agent on behalf of the Group in April 2022 as final settlement for the Richardson Loan and the Group received net proceeds of approximately AUD445,000 (RMB2,080,000), after deducting agent fee for the debt collection of AUD500,000 (RMB2,338,000) and service fees of AUD55,000 (RMB258,000).

**Note B:**

On 19 December 2018, the Company issued bond with a principal amount of SGD12,000,000, as consideration for the acquisition of additional interest in Orion Energy Resources Pte. Ltd. ("Orion") (the "Bond"). The Bond bears interest at 5% per annum and has a maturity date on 19 December 2021 and the Bond may be redeemed before maturity at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company at an issue price of SGD0.012 per share. The amounts outstanding in relation to the Bond, including interest payable, was approximately SGD1,246,000 as at 15 December 2022.

The Bond was subsequently settled after payment of a final settlement amount of SGD600,000 (RMB3,103,000), which has first been paid on behalf of the Company to Magnigrow Capital Pte. Ltd by the executive chairman and chief executive officer (the "CEO"), on 15 December 2022. The amount of SGD600,000 paid by the CEO constitutes an amount owing and payable by the Company to the CEO, the loan of which is on an unsecured and interest-free basis. Upon payment of the sum of SGD600,000, all amounts outstanding under the Bond had been deemed fully settled and resulting in a gain on settlement of Bond of SGD646,000 (RMB3,248,000) recorded in other income during the financial year.

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 2022

**Note C:**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Note	----- Cash flows -----			----- Non-cash changes -----					At 31 December RMB'000
		At 1 January RMB'000	Proceeds RMB'000	Repayments RMB'000	Interest expenses RMB'000	Write-off RMB'000	Waiver RMB'000	Foreign exchange loss/(gain) RMB'000	Currency translation differences RMB'000	
<b>The Group</b>										
<b>2022</b>										
<i>Borrowings</i>										
Bond	10	5,875	-	(3,103)	-	(3,248)	-	33	443	-
Loans from a director	10	1,659	3,103	-	-	-	(257)	5	145	4,655
<b>2021</b>										
<i>Borrowings</i>										
Term Loan	10	322	-	-	-	(318)	-	-	(4)	-
Lease liabilities	10	300	-	-	-	(295)	-	-	(5)	-
Bond	10	5,956	-	-	193	-	-	(129)	(145)	5,875
Loans from a director	10	1,721	-	-	-	-	-	(20)	(42)	1,659

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1 GENERAL INFORMATION

The financial statements of the Sincap Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The registered office is located at 112 Robinson Road, #04-02, Singapore 068902.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5.

## 2(A) BASIS OF PREPARATION

The financial statements are presented in Chinese Renminbi (“**RMB**”) and all financial information presented in RMB are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of 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, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately 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 a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(B).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### *Critical judgements in applying the entity's accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2(E), management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

(a) *Going concern assumption*

As at 31 December 2022, the current liabilities of the Group and the Company exceeded their current assets by RMB3,136,000 and RMB3,337,000, and a deficit in equity of the Group and the Company of RMB7,791,000 and RMB7,992,000 respectively. The Group also incurred a net loss of RMB1,364,000; and net cash used in operating activities of RMB1,739,000 for the financial year ended 31 December 2022.

The coal trading business, as conducted under the Group's principal subsidiary, Orion Energy Resources Pte Ltd ("**Orion**"), faced substantial challenges, including high freight costs and supply chain disruptions due to the COVID-19 pandemic, coupled with certain non-performing receivables which have thus affected both operating cash flows and financial performance of the Group.

The Group does not have any revenue-generating activities since 4 May 2021, despite continuing efforts from the Board and management. The Group had, on 22 May 2022, announced that it has been deemed a cash company since May 2021. On 26 August 2022, the Group announced that the bank balances held by the Company are insufficient to repay all the estimated outstanding liabilities, comprising costs incurred and accrued for its professional service providers.

The Company has been working with an investor, who possesses significant professional corporate experience (the "**Professional Investor**"), to assess and evaluate corporate turnaround plans which may involve certain commercial structures which could lead to de-consolidation of certain key assets from the Group and streamlining of existing corporate structure (the "**Proposed Reorganisation**"), for the Group to proceed with preparation for the potential reverse takeover (the "**Potential RTO**") so as to inject new business and cash funding to the Group.

On 12 August 2022, the Company announced that it entered into a binding heads of agreement ("**HOA**") with the Professional Investor for a proposed investment of up to SGD2,000,000 into the Company (the "**Proposed Investment**"), which comprise the following:

- (a) The Professional Investor will subscribe new ordinary shares of SGD750,000 in the share capital of the Company, which is subject to approval from SGX-ST;
- (b) The Professional Investor will provide short-term loans up to SGD750,000 at an interest rate of 10% per annum, which is at the sole discretion of the Professional Investor; and
- (c) The Professional Investor will provide investor guarantees up to SGD500,000, which is at the sole discretion of the Professional Investor.

Pursuant to the HOA, the Company's executive chairman and chief executive officer, Mr Chu Ming Kin (the "**CEO**"), has agreed to waive any and all rights to receive repayment of any amounts owing to him in excess of SGD300,000, and he shall not receive any repayment, on any outstanding debts owing by the Company until the shares of the Company have resumed trading on the Catalist of the SGX-ST that shall be repaid through an issuance of new shares at the same issue price as the issue price for new shares pursuant to the Potential RTO if there is a completion of the Potential RTO. As at the date of this Report, the Company has not fulfilled certain key conditions precedent to the Proposed Investment with the Professional Investor.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### *Critical judgements in applying the entity's accounting policies (Cont'd)*

#### (a) *Going concern assumption (Cont'd)*

On 15 December 2022, the Company entered into a settlement agreement with the Bond holder to fully settle the Bond at a cash consideration of SGD600,000 with a waiver of SGD646,000 granted by the Bond holder (the "**Bond Settlement**"). The Bond Settlement was paid on behalf by the CEO via an interest-free loan (the "**Director's Loan**") and the Company repaid SGD60,000 (being 10% of the Director's Loan) to the CEO in January 2023. Furthermore, the Company's obligation to repay the remaining SGD540,000 (being 90% of the Director's Loan) shall be subject to the fulfilment of certain repayment conditions, which include (a) upon receipt of SGX-ST's approval for the Company to undertake the Potential RTO; (b) the repayment will not affect the ability of the Group and the Company to continue as a going concern; and (c) the repayment will not adversely affect the completion of Potential RTO.

The above matters represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business. However, taking into the above measures undertaken by the Company in connection with (a) entering into a binding heads of agreement with the Professional Investor for a proposed investment of up to SGD 2,000,000; (b) obtaining the Director's Loan of SGD600,000; and (c) full settlement of the Bond as well as the current progress and milestone in identifying the target companies for the purpose of completing the Proposed Reorganisation as planned with the Professional Investor, the Board reasonably believes that the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the financial statements on a going concern basis remains appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

#### (b) *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.

#### (c) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining 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 affect the income tax and deferred tax provisions in the period in which such determination is made. The Group's income taxes for the year are disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

#### *Key sources of estimation uncertainty*

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

(d) *Allowance for expected credit loss of trade and other receivables*

Allowance for expected credit loss ("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 rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Note 6. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

(e) *Impairment of investments in subsidiaries*

Management assesses impairment of investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable or indicate that the recoverable amount of the investments may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment. The recoverable amount of investment in subsidiaries was determined based on fair value less costs of disposal.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(B) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### Key sources of estimation uncertainty (Cont'd)

#### (e) Impairment of investments in subsidiaries (Cont'd)

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period and impairment loss for the financial year are disclosed in Note 5. Sensitivity analysis is not prepared as these subsidiaries are dormant and do not generate any revenue.

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

On 1 January 2022, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INTs") 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)
Amendments to SFRS(I) 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
– Amendments to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
– Amendments to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
– Amendments to SFRS(I) 16	Lease Incentives	1 January 2022
– Amendments to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 2(D) NEW AND REVISED SFRS(I) ISSUED 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)s, SFRS(I) INTs 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)
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 4	<i>Extension of the Temporary Exemption from Applying SFRS(I) 9</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023
Amendment to SFRS(I) 17	<i>Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information</i>	1 January 2023
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

### 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Basis of consolidation (Cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less liabilities of the subsidiary and any non-controlling interests. 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 required/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

### Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Plant and equipment (Cont'd)

Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income and expenses".

Depreciation is calculated on a straight-line basis to write off the depreciable value of plant and equipment, less any estimated residual value over their estimated useful lives. The estimated useful lives are as follows:

Office equipment	3 years
Motor vehicle	9 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment annually, or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### Classification

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

- amortised cost;
- fair value through other comprehensive income ("**FVOCI**"); and
- fair value through profit or loss ("**FVTPL**").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets (Cont'd)

#### Measurement (Cont'd)

##### *Investments in debt instruments*

Investments in debt instruments mainly comprise trade and other receivables and cash and cash equivalents. The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of the asset, are subsequently measured at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component. Other receivables generally arise from transactions outside the normal operating activities of the Group. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for 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 amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables that do not have a significant financing component, the Group applies a debtor-specific assessment to recognise a loss allowance based on lifetime ECL at each reporting date. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets (Cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Impairment of financial assets ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

#### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future economic and industry outlook, that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets (Cont'd)

#### Significant increase in credit risk (Cont'd)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the receivables which meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### 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; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets (Cont'd)

#### 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.

#### Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### Financial liabilities

#### Financial liabilities at amortised cost

Financial liabilities include other payables and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Bond issued by the Company includes an option by the Company to settle the bond by cash or by delivering the Company's shares at a fixed issued price per share. The bond is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The bond is extinguished on conversion or redemption.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial liabilities (Cont'd)

#### Other payables

Other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Borrowings

Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

### Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

### Share capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise deposits with financial institutions which are subject to an insignificant risk of change in value.

### Employee benefits

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

### Income taxes

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 liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Income taxes (Cont'd)

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.

### Foreign 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 that entity operates ("**functional currency**").

The Company's functional currency is United States Dollar ("**USD**").

The consolidated financial statements of the Group and statement of financial position of the Company are presented in Chinese Renminbi ("**RMB**") because the Group had been involved in developing business operations in the People's Republic of China ("**PRC**").

#### Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations, borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Foreign currencies (Cont'd)

#### Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### 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.

### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 the 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 an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of the 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 Company or to the parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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. Executive 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.

The Group classifies all other liabilities as non-current.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 3 PLANT AND EQUIPMENT

<b>The Group and The Company</b>	<b>Office equipment RMB'000</b>	<b>Motor vehicle RMB'000</b>	<b>Total RMB'000</b>
<u>Cost</u>			
At 1 January 2021	206	1,579	1,785
Write-off	(204)	(1,556)	(1,760)
Currency translation differences	(2)	(23)	(25)
At 31 December 2021	-	-	-
Currency translation differences	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Accumulated depreciation and impairment</u>			
At 1 January 2021	168	1,358	1,526
Impairment loss	38	217	255
Write-off	(204)	(1,556)	(1,760)
Currency translation differences	(2)	(19)	(21)
At 31 December 2021	-	-	-
Currency translation differences	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Carrying amount</u>			
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2021	-	-	-

## 4 GOODWILL

<b>The Group</b>	<b>2022 RMB'000</b>	<b>2021 RMB'000</b>
<u>Cost</u>		
At 1 January	-	13,787
Write-off	-	(13,452)
Currency translation differences	-	(335)
At 31 December	-	-
<u>Accumulated impairment</u>		
At 1 January	-	13,787
Write-off	-	(13,452)
Currency translation differences	-	(335)
At 31 December	-	-
<u>Carrying amount</u>		
At 1 January	-	-
At 31 December	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5 INVESTMENTS IN SUBSIDIARIES

### The Company

	2022 RMB'000	2021 RMB'000
<u>Unquoted equity shares at cost</u>		
At 1 January	164,381	168,471
Currency translation differences	14,974	(4,090)
At 31 December	<b>179,355</b>	164,381
<u>Accumulated impairment</u>		
At 1 January	164,381	38,807
Impairment loss	-	127,898
Currency translation differences	14,974	(2,324)
At 31 December	<b>179,355</b>	164,381
<u>Carrying amount</u>		
At 1 January	-	129,664
At 31 December	-	-

Details of the Group's subsidiaries at the reporting date are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Principal activities
		2022 %	2021 %	
<u>Held by the Company</u>				
Sincap Australia Pte. Ltd. ("Sincap AU") <sup>1 &amp; 4</sup>	Singapore	100.0	100.0	Dormant
Sincap Properties Pte. Ltd. <sup>1 &amp; 4</sup>	Singapore	100.0	100.0	Dormant
Orion Energy Resources Pte. Ltd. ("Orion") <sup>1</sup>	Singapore	99.97	99.97	Dormant
<u>Held by Sincap AU</u>				
Sincap Land (Aus) Pty Ltd <sup>2 &amp; 4</sup>	Australia	100.0	100.0	Dormant
<u>Held by Sincap Land (Aus) Pty Ltd</u>				
SCL Murray Pty Ltd <sup>2 &amp; 4</sup>	Australia	100.0	100.0	Dormant
<u>Held by Sincap Properties Pte. Ltd.</u>				
Chengdu Weili Technology Co., Ltd (formerly known as Chengdu Weili Assets Management Co., Ltd.) <sup>2 &amp; 3</sup>	People's Republic of China	100.0	100.0	Dormant

<sup>1</sup> Audited by Foo Kon Tan LLP

<sup>2</sup> Not required to be audited under the law of incorporation. Audited by Foo Kon Tan LLP for the purpose of preparation of the consolidated financial statements

<sup>3</sup> Deregistered on 27 February 2023

<sup>4</sup> Disposed to the executive chairman and chief executive officer of the Company; disposals were completed on 30 June 2023

The summarised financial information of the non-controlling interests in respect of Orion is not disclosed because it is not considered significant.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 6 TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2022	2021	2022	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivable – third party		<b>29,633</b>	27,159	-	-
Trade receivable – related party	(a)	<b>178,100</b>	163,230	-	-
		<b>207,733</b>	190,389	-	-
Other receivables – third party		<b>32</b>	10,679	-	-
Other receivables – related party	(a)	<b>1,095</b>	1,003	-	-
Amounts due from a subsidiary	(b)	-	-	<b>62,307</b>	56,424
Total trade and other receivables		<b>208,860</b>	202,071	<b>62,307</b>	56,424
Less: Allowance for expected credit loss		<b>(208,828)</b>	(197,420)	<b>(62,307)</b>	(56,424)
		<b>32</b>	4,651	-	-

Movements in allowance for expected credit loss during the financial year are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	<b>197,420</b>	10,417	<b>56,424</b>	-
Impairment loss	-	192,468	<b>499</b>	57,042
Reversal	-	(2,719)	-	-
Write-off	<b>(6,099)</b>	-	-	-
Currency translation differences	<b>17,507</b>	(2,746)	<b>5,384</b>	(618)
At 31 December	<b>208,828</b>	197,420	<b>62,307</b>	56,424

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Australian Dollar (AUD)	<b>32</b>	4,651	-	-

(a) Trade receivables due from a related party comprised USD25,611,000 (RMB178,100,000) (2021: USD25,611,000 (RMB163,230,000)) due from Artwell, a company solely owned by the brother of the CEO.

Other receivables due from a related party comprised USD157,000 (RMB1,095,000) (2021: USD157,000 (RMB1,003,000)) interest receivable from Artwell.

(b) Amounts due from a subsidiary are non-trade, unsecured, interest-free and repayable on demand, except for an amount of SGD7,489,000 (RMB38,743,000) (2021: SGD7,448,000 (RMB35,114,000)), which bears interest at 7% (2021: 7%) per annum. The Company has waived the interest income from the subsidiary since 2020. Consequently, no interest income was recognised in 2022 and 2021.

Further details on credit risks are described in Note 19 under "Credit risk" section.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 7 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	<b>917</b>	526	<b>707</b>	8

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Australian Dollar (AUD)	<b>4</b>	62	-	-
Singapore Dollar (SGD)	<b>856</b>	299	<b>707</b>	8
United States Dollar (USD)	<b>57</b>	165	-	-
	<b>917</b>	526	<b>707</b>	8

## 8 SHARE CAPITAL

The Group and the Company	2022	2021	2022	2021
	No. of ordinary shares '000	'000	Issued share capital RMB'000	RMB'000
<b>Issued and paid up:</b>				
At 1 January and at 31 December	<b>1,701,000</b>	1,701,000	<b>203,930</b>	203,930

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

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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 9 CURRENCY TRANSLATION RESERVE

Currency translation reserve arises from the translation of the financial statements of entities within the Group whose functional currencies are different from the Group's presentation currency.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 10 BORROWINGS

	Note	The Group		The Company	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>Non-current</b>					
Loan from a director	(a)	<b>4,655</b>	1,659	<b>4,655</b>	899
<b>Current</b>					
Bond	(b)	-	5,875	-	5,875
		<b>4,655</b>	7,534	<b>4,655</b>	6,774

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Singapore Dollar (SGD)	<b>4,655</b>	6,774	<b>4,655</b>	6,774
United States Dollar (USD)	-	760	-	-
	<b>4,655</b>	7,534	<b>4,655</b>	6,774

- (a) The loan from a director is unsecured, interest-free and has no fixed repayment period and is not repayable within 12 months after the reporting period.
- (b) The amounts outstanding in relation to the Bond was approximately SGD1,246,000 (RMB5,875,000) as at 31 December 2021, including interest payable.

The Bond was settled at a final settlement amount of SGD600,000, which had been paid on behalf by Mr. Chu Ming Kin, the CEO and director of the Company via a loan, on 15 December 2022. The Company made an announcement in respect of this matter on 15 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11 OTHER PAYABLES

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Other payables	1,826	2,174	1,784	1,869
Accrued operating expenses	2,259	1,308	1,947	1,195
Amounts due to subsidiaries	-	-	313	23,855
	<b>4,085</b>	<b>3,482</b>	<b>4,044</b>	<b>26,919</b>

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Other payables are denominated in the following currencies:

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Australian Dollar (AUD)	59	94	-	-
Singapore Dollar (SGD)	4,026	3,388	4,044	24,524
United States Dollar (USD)	-	-	-	2,395
	<b>4,085</b>	<b>3,482</b>	<b>4,044</b>	<b>26,919</b>

## 12 OTHER INCOME/(EXPENSES)

The Group	2022 RMB'000	2021 RMB'000
<u>Other income</u>		
Gain on settlement of bond	3,248	-
Foreign exchange gain	-	978
Payables written off	-	1,001
Waiver of loans from a director	257	-
Others	2	40
	<b>3,507</b>	<b>2,019</b>
<u>Other expenses</u>		
Foreign exchange loss	(218)	-
Receivables written off	-	(3,703)
	<b>(218)</b>	<b>(3,703)</b>

## 13 FINANCE COSTS

The Group	2022 RMB'000	2021 RMB'000
Interest expense – borrowings (bond)	-	193
Interest expense – guarantee fees	13	-
	<b>13</b>	<b>193</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 14 LOSS BEFORE TAX

Other than disclosed elsewhere in these financial statements, loss before tax has been arrived after charging/(crediting):

The Group	Note	2022 RMB'000	2021 RMB'000
Audit fees paid/payable to:			
– auditor of the Company		176	355
Collecting agent fee		2,338	–
Directors' fees		379	283
Foreign exchange loss/(gain), net		218	(978)
Staff costs	17	–	186
Reversal of allowance for expected credit loss		–	(2,719)
Payables written off		–	(1,001)
Waiver of loans from a director		(257)	–
Impairment loss in relation to allowance for expected credit loss		–	192,468
Gain on settlement of bond		(3,248)	–
Receivables written off		–	3,703

### 15 TAX EXPENSES/(CREDIT)

The Group	2022 RMB'000	2021 RMB'000
<b>Current tax expense/(credit)</b>		
– Underprovision/(Overprovision) in respect of prior years	38	(66)

#### Reconciliation of effective tax rate

The Group	2022 RMB'000	2021 RMB'000
Loss before tax	(1,326)	(192,586)
Tax using the Singapore tax rate of 17% (2021 – 17%)	(225)	(32,740)
Effect of tax rates in foreign jurisdictions	(603)	388
Non-deductible tax expenses	1,225	668
Income not subject to tax	(597)	(1,130)
Underprovision/(Overprovision) of income tax in respect of prior years	38	(66)
Deferred tax assets not recognised	200	32,814

The non-deductible expenses comprised mainly collecting agent fee (2021: receivables written off) and the income not subject to tax comprised mainly gain on bond settlement (2021: reversal of allowance for expected credit loss and payables written off).

At the end of the reporting period, the statutory income tax rate applicable for companies incorporated in the following countries are as follows:

Country of incorporation	Statutory income tax rate	
	2022	2021
Singapore	17%	17%
Australia	30%	30%

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 15 TAX EXPENSES/(CREDIT) (CONT'D)

#### Unrecognised deferred tax assets

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

<b>The Group</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
Unutilised tax losses	<b>10,801</b>	8,783
Trade and other receivables	<b>208,828</b>	191,393
	<b>219,629</b>	200,176

The unutilised tax losses are available for carry-forward to offset against future taxable income, subject to agreement of the tax authority and compliance with the certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax assets in respect of tax losses carried forward and other deductible temporary differences have not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the unutilised tax losses to be realised in the foreseeable future.

### 16 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

<b>The Group</b>	<b>2022</b>	<b>2021</b>
Net loss attributable to equity holders of the Company (RMB'000)	<b>(1,364)</b>	(192,459)
Weighted average number of ordinary shares outstanding ('000)	<b>1,701,000</b>	1,701,000
Basic and diluted loss per share (RMB cents)	<b>(0.08)</b>	(11.31)

Basic and diluted loss per share are the same for financial years ended 31 December 2022 and 2021. The Bond is anti-dilutive in 2021, and no effect in 2022 due to settlement arrangement as described in Note 10(b).

### 17 STAFF COSTS

<b>The Group</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
Salaries and related costs	-	186

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18 SIGNIFICANT RELATED PARTY TRANSACTION

- (a) Other than disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned.

<b>The Group</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
Waiver of loans from a director	257	–
Loans from a director	3,103	–

- (b) Key management personnel compensation is analysed as follows:

<b>The Group</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
Directors of the Company:		
– Remuneration of directors	–	279
Other key management personnel:		
– Short-term employee benefits	–	100
	–	379

- (c) Directors' fees for the year are analysed as follows:

<b>The Group</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
Independent directors of the Company	379	283

## 19 FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's and the Company's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree on the policies and procedures for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the Group and the Company manage and measure financial risk.

### Accounting classification of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category at the reporting date are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>	<b>2022</b> <b>RMB'000</b>	<b>2021</b> <b>RMB'000</b>
<b>Financial assets at amortised cost</b>				
Trade and other receivables	32	4,651	–	–
Cash and cash equivalents	917	526	707	8
	<b>949</b>	<b>5,177</b>	<b>707</b>	<b>8</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>Financial liabilities at amortised cost</b>				
Other payables	4,085	3,482	4,044	26,919
Borrowings	4,655	7,534	4,655	6,774
	<b>8,740</b>	<b>11,016</b>	<b>8,699</b>	<b>33,693</b>

### Foreign currency risk

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 dominated in foreign currencies.

The Group and the Company have currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than respective functional currencies of entities in the Group and the Company. The foreign currencies in which the Group's and the Company's currency risk arises are mainly Australian Dollar ("AUD"), Singapore Dollar ("SGD") and United States Dollar ("USD").

At the end of the reporting period, the Group and the Company have the following financial assets and liabilities denominated in foreign currencies based on information provided to key management.

<i>Denominated in:</i>	2022 AUD	2022 SGD	2022 USD
	RMB'000	RMB'000	RMB'000
<b>The Group</b>			
Cash and cash equivalents	4	856	57
Trade and other receivables	32	-	-
Borrowings	-	(4,655)	-
Other payables	(59)	(4,026)	-
Net financial assets/(liabilities) denominated in foreign currencies	(23)	(7,825)	57
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	23	32	(57)
Net exposure	-	(7,793)	-
<i>Denominated in:</i>			
	2021 AUD	2021 SGD	2021 USD
	RMB'000	RMB'000	RMB'000
<b>The Group</b>			
Cash and cash equivalents	62	299	165
Trade and other receivables	4,651	-	-
Borrowings	-	(6,774)	(760)
Other payables	(94)	(3,388)	-
Net financial assets/(liabilities) denominated in foreign currencies	4,619	(9,863)	(595)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(4,564)	(115)	708
Net exposure	55	(9,978)	113



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

### Foreign currency risk (Cont'd)

<i>Denominated in:</i>	<b>2022</b>	<b>2022</b>
	<b>SGD</b>	<b>USD</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>The Company</b>		
Cash and cash equivalents	707	-
Borrowings	(4,655)	-
Other payables	(4,044)	-
Net financial liabilities denominated in foreign currencies	(7,992)	-
Less: Net financial liabilities denominated in the Company's functional currency	-	-
Net exposure	<b>(7,992)</b>	<b>-</b>
<i>Denominated in:</i>	<b>2021</b>	<b>2021</b>
	<b>SGD</b>	<b>USD</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>The Company</b>		
Cash and cash equivalents	8	-
Borrowings	(6,774)	-
Other payables	(24,524)	(2,395)
Net financial liabilities denominated in foreign currencies	(31,290)	(2,395)
Less: Net financial liabilities denominated in the Company's functional currency	-	2,395
Net exposure	<b>(31,290)</b>	<b>-</b>

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group and the Company's loss after tax:

	<b>The Group</b>		<b>The Company</b>	
	<b>Increase/(decrease)</b>		<b>Increase/(decrease)</b>	
	<b>in loss after tax</b>		<b>in loss after tax</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Strengthened 10% (2021 – 10%)</b>				
– AUD	-	(5)	-	-
– SGD	<b>647</b>	828	<b>663</b>	2,597
– USD	-	(9)	-	-
<b>Weakened 10% (2021 – 10%)</b>				
– AUD	-	5	-	-
– SGD	<b>(647)</b>	(828)	<b>(663)</b>	(2,597)
– USD	-	9	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

### Interest rate risk

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

The Group's and the Company's business are not exposed to significant interest rate risk because the Group and the Company do not have any variable rate financial instruments as at the reporting date. The Group and the Company have no significant interest-bearing assets and liabilities.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For customers trading on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer.

The Group's gross trade receivables comprise 1 (2021 – 1) debtor that individually represented 86% (2021 – 86%) of the gross trade receivables. In addition, the Richardson Loan as disclosed in Note 6 was a significant portion of other receivables of the Group in 2021.

The Company has significant concentration of credit risk exposure arising on amounts due from a subsidiary (Note 6).

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit loss ("ECL"):

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

#### Trade receivables

The Group has two customers and applied debtor-specific assessment to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

#### Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from a subsidiary, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's and the Company's financial assets:

<b>At 31 December 2022</b>	<b>12-month/ Lifetime ECL</b>	<b>Gross carrying amount RMB'000</b>	<b>Loss allowance RMB'000</b>	<b>Net carrying amount RMB'000</b>
<b>The Group</b>				
Trade receivables	Lifetime ECL	<b>207,733</b>	<b>(207,733)</b>	-
Other receivables	Lifetime ECL	<b>1,095</b>	<b>(1,095)</b>	-
Other receivables (Others)	12-month ECL	<b>32</b>	-	<b>32</b>
Cash and cash equivalents	N.A. – Limited exposure	<b>917</b>	-	<b>917</b>
<b>The Company</b>				
Amounts due from a subsidiary	Lifetime ECL	<b>62,307</b>	<b>(62,307)</b>	-
Cash and cash equivalents	N.A. – Limited exposure	<b>707</b>	-	<b>707</b>
<b>At 31 December 2021</b>				
<b>The Group</b>				
Trade receivables	Lifetime ECL	190,389	(190,389)	-
Other receivables	Lifetime ECL	11,653	(7,031)	4,622
Other receivables (Others)	12-month ECL	29	-	29
Cash and cash equivalents	N.A. – Limited exposure	526	-	526
<b>The Company</b>				
Amounts due from a subsidiary	Lifetime ECL	56,424	(56,424)	-
Cash and cash equivalents	N.A. – Limited exposure	8	-	8

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

### Credit risk (Cont'd)

#### Other receivables

The credit loss for other receivables is immaterial as at 31 December 2022 and 2021.

#### Amounts due from a subsidiary

The assessment of the impairment loss allowance for these amounts due from a subsidiary was conducted by applying the lifetime ECL model. The Company evaluated and determined that it was appropriate to measure the impairment loss allowance using the lifetime ECL model. Consequently, an accumulated impairment loss of RMB62,307,000 (2021: RMB56,424,000) was recognised as at 31 December 2022.

#### Cash and cash equivalents

The credit loss for cash and cash equivalents is immaterial as at 31 December 2022 and 2021.

### Liquidity risk

As at 31 December 2022, the current liabilities of the Group and the Company exceeded their current assets by RMB3,136,000 and RMB3,337,000, and a deficit in equity of the Group and the Company of RMB7,791,000 and RMB7,992,000 respectively. The Group also incurred a net loss of RMB1,364,000; and net cash used in operating activities of RMB1,739,000 for the financial year ended 31 December 2022.

The factors above, along with the other matters disclosed in Note 2(B)(a), represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business. However, taking into the measures undertaken by the Company as disclosed in Note 2(B)(a), the Board reasonably believes that the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the financial statements on a going concern basis remains appropriate.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

The Group	Note	Carrying amount RMB'000	<-- Contractual undiscounted cash flows -->		
			Total RMB'000	Less than 1 year RMB'000	Within 1 to 5 years RMB'000
<b>At 31 December 2022</b>					
Borrowings	10	4,655	4,655	–	4,655
Other payables	11	4,085	4,085	4,085	–
		<b>8,740</b>	<b>8,740</b>	<b>4,085</b>	<b>4,655</b>
<b>At 31 December 2021</b>					
Borrowings	10	7,534	7,534	5,875	1,659
Other payables	11	3,482	3,482	3,482	–
		<b>11,016</b>	<b>11,016</b>	<b>9,357</b>	<b>1,659</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19 FINANCIAL RISK MANAGEMENT (CONT'D)

### Liquidity risk (Cont'd)

The Company	Note	Carrying amount RMB'000	<-- Contractual undiscounted cash flows -->		
			Total RMB'000	Less than 1 year RMB'000	Within 1 to 5 years RMB'000
<b>At 31 December 2022</b>					
Borrowings	10	4,655	4,655	–	4,655
Other payables	11	4,044	4,044	4,044	–
		<b>8,699</b>	<b>8,699</b>	<b>4,044</b>	<b>4,655</b>
<b>At 31 December 2021</b>					
Borrowings	10	6,774	6,774	5,875	899
Other payables	11	26,919	26,919	26,919	–
		<b>33,693</b>	<b>33,693</b>	<b>32,794</b>	<b>899</b>

## 20 FAIR VALUE MEASUREMENT

The carrying amounts of financial assets and financial liabilities (except non-current borrowings) recorded in the financial statements of the Group and the Company approximate their fair values, due to their short-term nature and where the effect of discounting is immaterial.

Based on the discounted cash flow analysis using a discounted rate based upon market lending rate for similar borrowings which the management expects would be available to the Group and the Company at the end of the reporting period, the carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rates at the initial measurement date. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

### Fair value hierarchy

The different levels of fair value hierarchy have been defined 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21 OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

There is no segment reporting for 2022 and 2021 following the circumstances in which the Company has been deemed as a cash company since May 2021 and has not generated any revenue for 2021. As a result, there is no segment information and geographical segment information being presented for both financial years ended 31 December 2022 and 2021.

## 22 CAPITAL MANAGEMENT

Ever since the Company has been deemed as a cash company since May 2021, the Company manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The Company manages its capital structure which consist of issued share capital, and accumulated losses as and make adjustments to it, in light with changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares.

The Group and the Company are not subjected to any externally imposed capital requirements during the financial years ended 31 December 2022 and 2021.

## STATISTICS OF SHAREHOLDINGS

as at 7 November 2023

### DISTRIBUTION OF SHAREHOLDINGS

<b>SIZE OF SHAREHOLDINGS</b>	<b>NO. OF SHAREHOLDERS</b>	<b>%</b>	<b>NO. OF SHARES</b>	<b>%</b>
1 – 99	0	0.00	0	0.00
100 – 1,000	48	5.57	19,935	0.00
1,001 – 10,000	40	4.65	287,100	0.02
10,001 – 1,000,000	647	75.15	191,315,200	11.25
1,000,001 AND ABOVE	126	14.63	1,509,378,175	88.73
<b>TOTAL</b>	<b>861</b>	<b>100.00</b>	<b>1,701,000,410</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

<b>NO.</b>	<b>NAME</b>	<b>NO. OF SHARES</b>	<b>%</b>
1	DBS NOMINEES (PRIVATE) LIMITED	459,625,700	27.02
2	KGI SECURITIES (SINGAPORE) PTE. LTD	420,130,500	24.70
3	UOB KAY HIAN PRIVATE LIMITED	53,818,075	3.16
4	FU HAO	28,563,900	1.68
5	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	24,030,000	1.41
6	WEE CHEW YIN	20,267,700	1.19
7	WONG SZE PONG	18,333,000	1.08
8	XU JINJI	18,333,000	1.08
9	LIM CHOU LEONG	18,000,000	1.06
10	OCBC SECURITIES PRIVATE LIMITED	17,600,000	1.03
11	IP MIU HING	17,500,000	1.03
12	JERRY TAN SIANG HUP	17,000,000	1.00
13	WEI FANGYANG	15,960,000	0.94
14	LIM ENG CHONG (LIN RONGCANG)	13,000,000	0.76
15	CHUA CHIONG BOON	12,500,000	0.73
16	CHUA EE WEE (CAI YIWEI)	12,500,000	0.73
17	TAN YEW LIANG	10,928,000	0.64
18	PHILLIP SECURITIES PTE LTD	10,924,400	0.64
19	RAFFLES NOMINEES (PTE.) LIMITED	10,720,000	0.63
20	ZHU SHIYAN	10,500,000	0.62
	<b>TOTAL</b>	<b>1,210,234,275</b>	<b>71.13</b>

## STATISTICS OF SHAREHOLDINGS

as at 7 November 2023

### SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Wang Xiaoling <sup>(1)</sup>	–	–	157,373,000	<b>9.25</b>
Sze Wai Bun Raymond <sup>(2)</sup>	–	–	87,562,500	<b>5.15</b>
Huang Qingquan <sup>(3)</sup>	–	–	87,562,500	<b>5.15</b>
Chen Jianming <sup>(4)</sup>	–	–	87,562,500	<b>5.15</b>

The percentage of shareholding above is computed based on the total issued shares of 1,701,000,410 excluding treasury shares of the Company.

#### Notes:

- (1) Wang Xiaoling has deemed interest of 157,373,000 shares held through KGI Securities (Singapore) Pte. Ltd.
- (2) Sze Wai Bun Raymond has deemed interest of 87,562,500 shares held through KGI Securities (Singapore) Pte. Ltd.
- (3) Huang Qingquan has deemed interest of 87,562,500 shares held through KGI Securities (Singapore) Pte. Ltd.
- (4) Chen Jianming has deemed interest of 87,562,500 shares held through KGI Securities (Singapore) Pte. Ltd.

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

The percentage of shareholdings of the Company (excluding preference shares, convertible equity securities and treasury shares) held in the hands of the public is approximately 75.31%. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.



# NOTICE OF ANNUAL GENERAL MEETING

## SINCAP GROUP LIMITED

(the “Company”)  
(Incorporated in the Republic of Singapore)  
Company Registration No. 201005161G

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM”) of Sincap Group Limited (the “Company”) will be held at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 on Tuesday, 12 December 2023 at 1:30 p.m. (Singapore time) to transact the following businesses:

#### AS ORDINARY BUSINESS

1. To receive and adopt the directors’ statement and the audited financial statements for the financial year ended 31 December 2021 together with the auditor’s report thereon. **[Resolution 1]**
2. To receive and adopt the directors’ statement and the audited financial statements for the financial year ended 31 December 2022 together with the auditor’s report thereon. **[Resolution 2]**
3. To re-elect Mr Tay Boon Zhuan, Max as Director who is retiring pursuant to Regulation 99 of the Company’s Constitution. **[Resolution 3]**  
[See Explanatory Note (i)]
4. To re-elect Mr Lee Fang Wen as Director who is retiring pursuant to Regulation 99 of the Company’s Constitution. **[Resolution 4]**  
[See Explanatory Note (ii)]
5. To approve the payment of directors’ fees of up to S\$60,000 for the financial year ended 31 December 2021 (FY2020: S\$66,000). **[Resolution 5]**
6. To approve the payment of directors’ fees of up to S\$75,000 for the financial year ended 31 December 2022 (FY2021: S\$60,000). **[Resolution 6]**
7. To re-appoint Foo Kon Tan LLP as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **[Resolution 7]**
8. To transact any other ordinary business which may properly be transacted at an AGM.

#### AS SPECIAL BUSINESS

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

9. **AUTHORITY TO ALLOT AND ISSUE SHARES AND CONVERTIBLE SECURITIES** **[Resolution 8]**  

“That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Section B: Rules of Catalist (the “Catalist Rules”) and Constitution of the Company, 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 (the “Shares”) whether by way of rights, bonus or otherwise; and/or

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements, or options (collectively, the “**Instruments**”) that might or would require Shares to be issued or other transferable rights to subscribe for or purchase shares, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue:
  - (i) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this resolution was in force; and
  - (ii) Shares in pursuance of any Instruments made or granted by the directors while this resolution was in force or such additional Instruments in (b)(i) above,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this resolution is passed;
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this resolution, after adjusting for:–
  - (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from the exercising of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares,

## NOTICE OF ANNUAL GENERAL MEETING

and adjustments in accordance with sub-paragraphs 2(a) and 2(b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and
- (4) (unless previously revoked or varied by the Company in general meeting) such authority conferred by this resolution 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 (iii)]

On Behalf of the Board

Chu Ming Kin  
Executive Chairman and Chief Executive Officer

24 November 2023

### Explanatory Notes:

- (i) Mr Tay Boon Zhuan, Max will upon re-election as Director of the Company, remain as an Independent Director of the Company, the Chairman of the Audit and Risk Committee, a member of the Remuneration Committee, and a member of the Nominating Committee of the Company. Detailed information on Mr Tay Boon Zhuan, Max is found under the section entitled “*Disclosure of Information on Directors Seeking Re-election*” in the Company’s Annual Report 2021/2022.
- (ii) Mr Lee Fang Wen will upon re-election as Director of the Company, remain as an Independent Director of the Company, the Chairman of the Nominating Committee, a member of the Audit and Risk Committee, and a member of the Remuneration Committee of the Company. Detailed information on Mr Lee Fang Wen is found under the section entitled “*Disclosure of Information on Directors Seeking Re-election*” in the Company’s Annual Report 2021/2022.
- (iii) **Resolution 8**, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The aggregate number of share (including shares to be made in pursuance of Instruments made or granted pursuant to this resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company, of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## Important Notes:

### Participation in the AGM

1. The members of the Company are invited to attend physically at the Annual General Meeting (“AGM”). There will not be an option for Shareholders to participate virtually.
2. Shareholders who wish to attend the physical AGM are encouraged to pre-register online at the URL <https://forms.gle/A8MuQqPJvXeseTdx8>. The pre-registration must be completed by Saturday, 9 December 2023 at 1:30 p.m. (Singapore time) for authentication and verification purposes.
3. No printed copies of the annual report for the financial year ended 31 December 2021 and 2022 (the “**Annual Report 2021/2022**”) will be sent to Shareholders. A Shareholder who wishes to request a printed copy of the Annual Report 2021/2022 may do so by completing and returning the request form to the Company by Friday, 1 December 2023 at 6:00 p.m. (Singapore time). The Annual Report 2021/2022, notice of AGM and proxy form will be published on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
4. A Shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Shareholder’s proxy form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company’s option to treat this proxy form as invalid.
5. A Shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder’s proxy form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form.
6. A “**Relevant Intermediary**” is:
  - (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

### Submission of questions prior to the AGM

7. Shareholders and duly-appointed proxy or proxies will be able to ask questions relating to the resolutions to be tabled for approval at the AGM. The Company will endeavour to respond to and address substantial and relevant questions as far as reasonably practicable during the AGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.
8. Alternatively, Shareholders may submit questions related to the resolution to be tabled for approval at the AGM, in advance of the AGM in the following manner:
  - (a) electronic mail to: [ir@sincapgroup.com](mailto:ir@sincapgroup.com); or
  - (b) questions portal at the URL: <https://forms.gle/dWCUTq7V2kFhgfcK6>.

## NOTICE OF ANNUAL GENERAL MEETING

Shareholders who submit questions in advance of the AGM should identify themselves by stating (i) his/her/its full name as it appears on his/her/its CDP/SRS share records, (ii) contact number, (iii) NRIC/Passport/UEN number and (iv) state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP or SRS) for verification purposes.

9. Shareholders are encouraged to submit their questions via one of the foregoing means as soon as possible so that they may have the benefit of the answers to their questions (where substantial and relevant to the agenda of the AGM) in advance of the AGM. To ensure that the Company will have sufficient time to address and respond to these questions at least 48 hours prior to the closing date and time for the lodgement of proxy form, it is requested that Shareholders submit their questions on or before Friday, 1 December 2023 at 1:30 p.m. (Singapore time).
10. The Company will endeavor to respond to substantial and relevant questions received from the Shareholders in advance of the AGM by Thursday, 7 December 2023 via the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

### Appointment of Proxies

11. There will be no option for Shareholders to participate virtually at the AGM. A Shareholder (whether individual or corporate) may vote in person at the AGM or appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak, and vote on his/her/its behalf at the AGM in accordance with the instructions on the proxy form if such Shareholder wishes to exercise his/her/its voting rights at the AGM. The proxy form may be accessed on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
12. Duly completed proxy forms must be submitted in the following manner:
  - (i) if submitted by post, be deposited at the registered office of the Company at 112 Robinson Road, #04-02 Robinson 112, Singapore 068902; or
  - (ii) if submitted electronically, via email to the Company at [ir@sincapgroup.com](mailto:ir@sincapgroup.com),

in each case, not less than 72 hours before the time appointed for holding the AGM, i.e. no later than Saturday, 9 December 2023 at 1:30 p.m. (Singapore time).

13. A Shareholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Shareholders are encouraged to submit a completed proxy form electronically via email.
14. Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators and should contact their respective CPF agent bank or SRS operator if they have any queries regarding their appointment as proxies. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf should approach their respective CPF agent bank or SRS operator at least seven (7) working days before the AGM (i.e. by Thursday, 30 November 2023 at 1:30 p.m. (Singapore time), in order to allow sufficient time for their respective CPF agent bank or SRS operator to submit the proxy form.
15. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
16. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

# NOTICE OF ANNUAL GENERAL MEETING

## PERSONAL DATA PRIVACY

“**Personal data**” in this Notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM, or (b) an instrument appointing the Chairman of the AGM (or any person other than the Chairman) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (c) any questions prior to the AGM in accordance with this notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the AGM (or any person other than the Chairman), processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) 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 Purposes, and (iii) 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 at 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.

# SINCAP GROUP LIMITED

(the "Company")

(Incorporated in the Republic of Singapore)

Company Registration No. 201005161G

## ANNUAL GENERAL MEETING

### PROXY FORM

#### IMPORTANT

1. The Annual General Meeting of the Company ("AGM") is being convened and will be held physically at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 on Tuesday, 12 December 2023 at 1:30 p.m. (Singapore time). Shareholders may request for a printed copy of the Annual Report 2021/2022 by submitting the request form enclosed together with the notice of AGM and this proxy form sent by post to shareholders.
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") investors. CPF and SRS Investors (i) may vote at the AGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; and (ii) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by Thursday, 30 November 2023 at 1:30 p.m. (Singapore time).

\*I/We, \_\_\_\_\_ (name), \*NRIC/Passport number/Company registration number \_\_\_\_\_ of \_\_\_\_\_ (address)

being \*a member/members of **SINCAP GROUP LIMITED** (the "Company"), hereby appoint:

Name	Email Address	NRIC/Passport No.	Proportion of Shareholdings (%)

\*and/or (delete as appropriate)

Name	Email Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing whom, the Chairman of the AGM, as my/our\* proxy to attend and vote for me/us and on my/our\* behalf, by poll, at the AGM of the Company to be held physically at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 on Tuesday, 12 December 2023 at 1:30 p.m. (Singapore time) and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for, against or to abstain from voting in respect of the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and/or at any adjournment thereof, the \*proxy/proxies may vote or abstain from voting at his/her discretion.

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you indicate an "X" within the "Abstain" box for a particular resolution, you are directing your proxy not to vote on that resolution.

No.	Resolutions Relating To:	For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of the directors' statement and the audited financial statements for the financial year ended 31 December 2021 together with the auditor's report thereon.			
2.	Adoption of the directors' statement and the audited financial statements for the financial year ended 31 December 2022 together with the auditor's report thereon.			
3.	Re-election of Mr Tay Boon Zhuan, Max as a Director of the Company			
4.	Re-election of Mr Lee Fang Wen as a Director of the Company			
5.	Approval of the payment of the directors' fees of up to SGD60,000 in respect of the financial year ended 31 December 2021			
6.	Approval of the payment of the directors' fees of up to SGD75,000 in respect of the financial year ended 31 December 2022			
7.	Re-appointment of Foo Kon Tan LLP as auditor of the Company and to authorise the Directors to fix their remuneration			
8.	Authority to issue new shares and convertible securities pursuant to Section 161 of the Companies Act 1967 of Singapore			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Total number of shares in:	Number of shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or  
Common Seal of Corporate Member

#### IMPORTANT: PLEASE READ NOTES OVERLEAF.

\* Delete whichever not applicable



## Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Persons who holds shares through Relevant Intermediaries (as defined below) and who wish to participate in the AGM by (a) observing the AGM proceedings in person, (b) submitting questions in advance of or at the AGM, and/or (c) appointing the Chairman of the AGM (or any other person other than the Chairman of the AGM) as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible to make the necessary arrangements.
3. The duly executed proxy form appointing the Chairman of the AGM (or any other person other than the Chairman of the AGM) as proxy to vote on their behalf at the AGM must be submitted in hard copy form or electronically via email:

(i) if submitted by post, to be deposited at 112 Robinson Road, #04-02 Robinson 112, Singapore 068902; or

(ii) if submitted electronically, be submitted via email in Portable Document Format (PDF) to the Company at: [ir@sincapgroup.com](mailto:ir@sincapgroup.com),

in either case, not less than seventy-two (72) hours before the time appointed for the holding of the AGM and/or any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Shareholders are encouraged to submit a completed proxy form electronically via email.

4. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. **Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.**
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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## GENERAL

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM (or any other person other than the Chairman of the AGM) as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.





**SINCAP GROUP LIMITED**

112 Robinson Road | #04-02 | Singapore 068902