



# CORPORATE PROFILE

## 2020:

### A YEAR OF STRATEGIC TRANSFORMATION

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HealthBank Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was admitted to the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in 2014. The Group is headquartered in Singapore with principal activity in the property related investment and management business targeting the People’s Republic of China (“**China**”), Singapore and the region.

On 11 December 2019, the Group completed the acquisition of 90% equity interest in Libre Hospitality Limited, a strategic transformation for the Group as the acquisition presents a good opportunity to invest in Atlantis Garden Project, a residential development project in Haikou, Hainan Province, China (“**Hainan**”) and tap into the growth potential in Hainan, which is slated by the Chinese Government for development into an international tourism destination and the largest Free Trade Zone in China.

In year 2020, the Group saw more opportunities in Hainan as on 1 June 2020, the Chinese Government announced the master plan for Hainan International Free Trade Island, aiming to build the island into a globally-influential high-level free trade port, in that a free trade port system focusing on trade and investment liberalization and facilitation will be “basically established” by 2025 and become “more mature” by 2035.<sup>(1)</sup> Following which, the Group has on 18 September 2020 entered into a joint venture agreement to establish a company in Hainan to conduct the business of properties investment and management in China. The new company was incorporated on 9 January 2021 and has recently been awarded a facilities and landscaping management service contract for the Atlantis Garden Project.

2020 was a year filled with economic uncertainties and volatile market conditions. The Group expects

financial performance for the next 12 months to be challenging due to the COVID-19 pandemic and slow economy recovery, while geo-political tensions continue to pose risks and offer no visibility certainty.

The Group will continue its efforts in structural financial planning and cost efficiency, as well as focusing on growth through strategic restructuring and collaborations in new business segments with resilient and high growth potential in China, Singapore and the region, with the goal of expanding and enhancing the performance and net asset value of the Group. Meanwhile, the Group is following closely on the new normal development and demands emerging from the pandemic and keep an open mind for business opportunities arising from it.

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<sup>(1)</sup> Extracted from an article entitled “Xinhua Headlines: Hainan free trade port reaffirms China’s commitment to opening up” published on 2 June 2020 on XINHUANET.COM: [http://www.xinhuanet.com/english/2020-06/02/c\\_139105980.htm](http://www.xinhuanet.com/english/2020-06/02/c_139105980.htm)



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This annual report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").

This annual report has not been examined or approved by 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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

# CHAIRMAN'S STATEMENT

## DEAR VALUED SHAREHOLDERS

On behalf of the Board, I am pleased to present to you the annual report of HealthBank Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December 2020 (“**FY2020**”).

### FY2020 IN REVIEW

FY2020 was a year of strategic transformation for the Group. We see potential opportunities in Hainan Province, China (“**Hainan**”) despite the challenging macroeconomic environment. On 18 September 2020, the Group entered into joint venture agreement to establish a 51% owned company in Hainan. The objective is to provide property investment and management services in the Hainan International Free Trade Zone.

With hotel business in China severely affected by the COVID-19 pandemic since early 2020, the global economic outlook and hotel business outlook remain unclear. As a result of the above, the Group's hospitality management consultancy business under Zhuoyue Tiancheng Business Management Co., Ltd (“**ZYTC**”) continued to record losses in FY2020. The Group has been providing financial support to ZYTC to carry on its business activities and having considered resources available, the Group determined that it would be in the best interests of the Company and its shareholders to divest a loss-making business. It is prudent to refocus the Group's resources towards its ventures in Hainan. The Group had since on 30 October 2020 disposed of its hospitality management consultancy business under ZYTC.

The Group reported a loss attributable to equity holders of the Company of RMB4.91 million for FY2020, an improvement compared to loss of RMB15.57 million for FY2019 mainly because of the divestment of loss-making ZYTC. The Group remains comfortable with its financial position with net assets attributable to equity holders of the Company of RMB64.86 million and working capital of RMB9.39 million as at 31 December 2020.

With the economic uncertainties and the volatile market conditions, the management has implemented various cost cutting measures to improve the profitability of the Group.

Looking ahead, the Group will continue to focus on growth through strategic restructuring and collaborations in new business segments with resilient and high growth potential in China, Singapore and the region.

### CHANGES TO THE BOARD OF DIRECTORS

Mr Ng Wee Cheng Steven has left the Board during the year to focus on his other work commitment. We are grateful for his services to the Group and wish him well in all his future endeavours. We would like to welcome Ms Oh Pei Si, who was appointed on 18 January 2021 as an Independent Non-Executive Director, to the Board.

### APPRECIATION

On behalf of the Board, I want to thank our stakeholders especially customers, business partners, management and employees as well as professional advisors for their support, commitment and hard work over the past year.

To the shareholders, we would like to thank you, for your loyalty and continued support. I look forward to speaking with all of you at the upcoming Annual General Meeting.

### Ng Fook Ai Victor

*Independent Non-Executive Chairman*

## CEO MESSAGE: OPERATIONAL AND FINANCIAL REVIEW

### DEAR VALUED SHAREHOLDERS

I am pleased to present to you the annual report of HealthBank Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December (“**FY**”) 2020.

### INDUSTRY OVERVIEW

The hospitality industry in China has been severely affected by the COVID-19 pandemic since early 2020, the global economic outlook and hotel business outlook remain no visibility certainty. The cross-border travel easing measures continue to be cautious as it is mainly for approved essential business travel while leisure travel is almost non-existent for most of international travellers, which significantly affect hospitality industry and hotel occupancy rates that lead to lower revenue recorded.

As a result of the above, the Group’s hospitality management consultancy business in China undertaken by its wholly-owned subsidiary Zhuoyue Tiancheng Business Management Co., Ltd (“**ZYTC**”) had not been able to generate the expected amount of sales and cashflow to sustain the business. The Group has been providing financial support to ZYTC to carry on its business activities and having considered resources available, the Group determined that it would be in the best interests of the Company and its shareholders to divest a loss-making business that is draining the Group’s cash resources. The Group had since on 30 October 2020 disposed of its hospitality management consultancy business under ZYTC (the “**Disposal**”).

### OPERATIONAL AND FINANCIAL REVIEW

#### REVIEW OF FINANCIAL PERFORMANCE

As a result of the Disposal, the Group’s statement of comprehensive income have been classified into continuing operations and discontinued operations.

#### Continuing operations

##### **Other income**

The Group’s other income of RMB0.83 million in FY2020 includes interest receivable of RMB0.68 million from loans to a related party for Atlantis Garden Project and RMB0.15 million received from the Job Support Scheme (“**JSS**”), a financial support scheme by the Singapore Government to provide wage supports to employers, helping enterprises retain their local employees during this period of economic uncertainty due to COVID-19 pandemic.

##### **Other gains**

The Group’s net other gains of RMB19.85 million in FY2020 relates to the gain on disposal of ZYTC and its subsidiaries of RMB19.33 million and net currency exchange gains of RMB0.51 million. In FY2019, the Group’s net other gains of RMB11.23 million was mainly contributed by net gain on bargain purchase in relation to the acquisition of Libre Hospitality Limited.

##### **Bad debts written off**

The Group recorded bad debts written off of RMB14.39 million for amount due from ZYTC as its payment ability are impacted by its customers’ liquidity and credit access continue to deteriorate because of the impact arising from the COVID-19 outbreak, the slowing Chinese economy as well as the legacy of previous deleveraging policy introduced by the Chinese Government.

##### **Employee compensation**

The employee compensation decreased by RMB0.19 million or 14%, from RMB1.33 million in FY2019 to RMB1.14 million in FY2020, due to cost management measures taken to improve the profitability of the Group.

##### **Other expenses**

The decrease in other expenses of RMB0.17 million was mainly due to reduction in travelling expenses and professional fees.

##### **Income tax expense**

The Group recorded total loss for the year before tax of RMB10.40 million, and hence, income tax is not provided for the reporting year.

##### **Discontinued operations**

The Group achieved revenue of RMB0.90 million in FY2020 compared to RMB4.04 million in FY2019, all of which are pertaining to hotel management fees. The Group’s hospitality business in China have been adversely impacted by the COVID-19 pandemic. This has resulted in lower revenue due to severe restrictive business operations and movement control for local and international travellers since January 2020. Furthermore, the Group had on 30 October 2020 disposed its hospitality management consultancy business held under ZYTC comprising five hotels under long-term management contracts in China. Three of these hotels were in operation during FY2020, but the operations were suspended during the COVID-19 breakout period between end January 2020 and April/May 2020.



## CEO MESSAGE: OPERATIONAL AND FINANCIAL REVIEW

Overall, discontinued operations loss of RMB14.09 million was due mainly to:

- (i) Credit loss allowance for trade receivables of RMB3.47 million due to slow collection of trade receivables as customers' liquidity and credit access continue to deteriorate because of the impact arising from the COVID-19 outbreak, the slowing Chinese economy as well as the legacy of previous deleveraging policy introduced by the Chinese Government;
- (ii) Impairment loss on intangible assets of RMB10.10 million due to weak forward-looking outlook and uncertainties arising from the COVID-19 pandemic and continuing US-China trade tensions; and
- (iii) Amortisation of intangible assets of RMB0.74 million.

### Loss for the financial year

In view of the above, the Group recorded a loss after tax of RMB10.40 million in FY2020 as compared to a loss after tax of RMB21.53 million in FY2019 mainly due to loss from discontinued operations of RMB14.09 million, partially offset by profit from continuing operations of RMB3.70 million.

### Non-controlling interests

The loss attributable to non-controlling interests amounted to RMB5.49 million for FY2020 as compared to a loss of RMB5.96 million in FY2019.

## REVIEW OF FINANCIAL POSITION

### Current assets

Cash and bank balances decreased by RMB8.49 million, from RMB9.72 million as at 31 December 2019 to RMB1.23 million as at 31 December 2020. Please refer to the "Review of Cash Position" section below for further details on the material cash movements.

As at 31 December 2020, the Group does not have trade receivables due to derecognition of a disposed subsidiary, ZYTC.

As at 31 December 2020, the Group has other receivables of RMB8.97 million, an increase of RMB5.22 million from RMB3.75 million as at 31 December 2019 comprising of loan to a related party for Atlantis Garden Project, prepayments and rental deposits.

### Non-current assets

Intangible assets comprising of management contracts and naming rights from the acquisition of Beijing Shengting Commercial Management Co.,Ltd of RMB10.10 million as at 31 December 2020 was fully impaired in accordance with SFRS (I)1-36 – Impairment of Assets as the recoverable amount is lower than the carrying amount.

Other receivables decreased by RMB2.73 million, from RMB8.50 million as at 31 December 2019 to RMB5.77 million as at 31 December 2020, due to reclassification of loan to a related party for Atlantis Garden Project of RMB8.50 million to current portion, partially offset by additional RMB5.50 million loan to a related party for Atlantis Garden Project.

### Current liabilities

As at 31 December 2020, the Group's trade and other payables of RMB0.82 million comprise of accrued expenses and other payables. The decrease in trade and other payables of RMB3.05 million, from RMB3.87 million as at 31 December 2019 to RMB0.82 million as at 31 December 2020, was mainly due to derecognition of a disposed subsidiary, ZYTC.

### Non-current liabilities

The Group's does not have non-current liabilities as at 31 December 2020 due to derecognition of a disposed subsidiary, ZYTC.

### Net current assets

Net current assets of the Group decreased by RMB0.17 million, from RMB9.55 million as at 31 December 2019 to RMB9.39 million as at 31 December 2020, due mainly to derecognition of a disposed subsidiary, ZYTC.

### Shareholders' equity

The Group's equity attributable to equity holders of the Company increased by RMB2.53 million to RMB64.86 million as at 31 December 2020, from RMB62.33 million as at 31 December 2019. The increase is due mainly to derecognition of a loss-making subsidiary, ZYTC upon disposal.

## REVIEW OF CASH POSITION

Net cash used in operating activities of the Group amounted to RMB2.99 million for FY2020 was mainly due to operating cash outflows before movements in working capital of RMB19.42 million, partially offset by an increase in trade and other payables of RMB14.82 million and a decrease in trade and other receivables of RMB1.62 million.

## CEO MESSAGE: OPERATIONAL AND FINANCIAL REVIEW

Net cash used in investing activities of the Group amounted to RMB5.50 million for FY2020 was due to loan to a related party.

Overall, the Group recorded a net cash decrease of RMB8.49 million in FY2020.

The Group has cash balance of RMB1.23 million as at 31 December 2020.

### OUTLOOK

The operating environment is expected to stay challenging as most of the world's major economies continue to be mired in significant uncertainty due to the persistent COVID-19 pandemic. Notwithstanding the administration of COVID-19 vaccinations around the world, the resurgence of new infections and variants will continue to cloud the economic outlook and pose a concern on the recovery of business activities to pre-pandemic level.

The Group continues its efforts to streamline the Group's business for better utilization of available resources on growth opportunities while managing its properties investment and management business in China that include (i) its 90%-owned subsidiary, Libre Hospitality Limited, which invests in the Atlantis Garden Project, a residential development project in Hainan Province, China; and (ii) the 51%-owned newly incorporated entity, Hainan Zhongyuan Cultural Tourism Co., Ltd (the "HZCT").

Barring unforeseen circumstances, the Atlantis Garden Project, which includes the construction of 4 residential and 1 commercial buildings, is expected to be completed by end of 2021. Meanwhile, the new company has also been awarded a facility and landscaping management service contract for the Atlantis Garden Project. The contract awarded has a positive impact to the Group and is a milestone achieved for the Group to foray into the facility management business.

The Group will continue its efforts in structural financial planning and cost efficiency, as well as focus on growth through strategic restructuring and collaborations in new business segments with resilient and high growth potential in China, Singapore and the region. The Group is following closely on the new normal development and demands emerging from the pandemic and keep an open mind for business opportunities arising from it with the goal of expanding and enhancing the performance and net asset value of the Group.

### APPRECIATION

On behalf of the management team, I thank our customers, business partners and employees for your commitments and hard work over the past year. I would like to convey our appreciation to our Board of Directors for their leadership and insight throughout the year. To our shareholders, we would like to thank you, for your loyalty and support. I look forward to charting new milestones with you in the year ahead.

### Peng Fei George

*Chief Executive Officer and Executive Director*

## BOARD OF DIRECTORS

### NG FOOK AI VICTOR

**Mr Ng Fook Ai Victor** was appointed as the Independent Non-Executive Director and Chairman of our Group on 4 May 2018. Mr Ng is currently the Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.

Mr Ng has over 36 years of experience in investment management including private equity fund management and seed funding, and has established several ventures and start-ups with exits including initial public offerings (“**IPO**”), trade sales and merger and acquisition (“**M&A**”).

Mr Ng has more than 30 years of experience as a director on various companies, including directorship held in companies listed in Singapore and Hong Kong. Mr Ng is currently an independent director of SGX-Mainboard listed The Place Holdings Limited, SB REIT Management Pte. Ltd., a manager of the SGX-Mainboard listed Soilbuild Business Space REIT, HKEX-Main Board listed Sunshine 100 China Holdings Ltd and non-executive chairman of 1Rockstead GIP Fund Ltd which is an approved fund under the Global Investor Program (“**GIP**”) that invest in Singapore-based companies.

Mr Ng holds BSc (Econs) (Hons), MSc (Econs) major in Econometrics, from Birkbeck College, University of London. He was awarded The University of London Convocation Book Prize (First) and the Lord Hailsham Scholarship, among other awards. In 1992, he was awarded the PBM (Community Services) by the President of the Republic of Singapore.

### PENG FEI GEORGE

**Mr Peng Fei George** is the Executive Director and Chief Executive Officer (“**CEO**”) of our Group. He was appointed to the Board on 3 October 2016.

Mr Peng’s role as CEO of the Group is to formulate and set strategic directions for the Group, as well as manage the Group’s corporate finance investments and the daily operation management, development and growth of the Group.

Mr Peng has over 21 years of experience in investment management, corporate and financial restructuring advisory and strategic planning, with strong knowledge relating to capital markets in China, Hong Kong, Singapore and the United Kingdom. He is currently a non-executive director in Forise International Limited, a SGX-Mainboard listed company (“**Forise**”). Mr Peng’s previous experience include being president of Reignwood International Investment Ltd, where he was responsible for managing the group’s overall investment portfolio activities.

Mr Peng holds an MSc in Finance and Investment with Distinction from Durham University, United Kingdom.



## BOARD OF DIRECTORS

### PENG WEILE LEO

**Mr Peng Weile Leo** is the Executive Director of our Group. He was appointed to our Board on 3 October 2016 and is responsible for the Group's corporate finance, investor relations, and property related investment.

Mr Peng has over 19 years of experience in investment banking, direct investment, asset management, corporate advisory, financial restructuring advisory and strategic planning. He has strong knowledge relating to the capital markets in China, Hong Kong, Singapore and Australia. He has been appointed by several companies as their external financial advisor, to provide strategic planning, financial structuring, listing and fundraising services during the past few years. He has been involved in a number of successful listings, pursuant to which he has successfully assisted various Chinese companies in their listing on the stock exchanges in Singapore, Hong Kong and Australia, and has a very good network and in-depth knowledge of capital markets, both on-shore and off-shore.

He is currently an executive director of Forise. He was previously with Deutsche Morgan Grenfell Securities Ltd and HL Bank Singapore, in which he assisted companies in their fund raising from the equity capital markets in Singapore.

Mr Peng holds a Master's degree in Finance from the National University of Ireland, Dublin and a Diploma in Wealth Management from Wealth Management Institute of Singapore.

### LO FUI CHU

**Ms Lo Fui Chu** is the Independent Director of our Group. She was appointed to our Board on 1 November 2019. Ms Lo is currently the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.

Ms Lo has over 21 years of experience in listing exercises, including IPO audit, restructuring, compliance and pre-IPO fundraising. Ms Lo began her career as an auditor with KPMG Singapore before joining the commercial sector, including companies listed on the SGX-ST, Sinotel Technologies Ltd. as finance director cum chief financial officer and Asia Silk Holdings Limited as chief financial officer, where she has accumulated extensive experience in financial and cost management, compliance of regulations and execution of financial strategies in relation to business expansion and fundraising exercises. Ms Lo is currently a director of Irasaba Sdn Bhd which operates and manages oil palm plantation.

Ms Lo is a member of the Association of Chartered Certified Accountants since 1998.

## BOARD OF DIRECTORS

### OH PEI SI

**Ms Oh Pei Si** is the Independent Director of our Group. She was appointed to our Board on 18 January 2021. She is currently a member of the Audit Committee, Remuneration Committee and Nominating Committee.

Ms Oh has over 20 years of experience and a proven track record in management and business development in the healthcare industry. She has held various key management positions in renowned healthcare companies such as Johnson & Johnson Medical, Philips Respironics, Zimmer Biomet and Medtronic. Having managed markets and businesses in geographical regions including Japan, Greater China, Australasia, Southeast Asia and the Indian subcontinent, she brings to the Board her comprehensive knowledge in the global healthcare arena, and in-depth experiences in various regions. Ms Oh is currently a director of Tiangong Engineering and Consultancy Pte Ltd which provides management consultancy services.

Ms Oh holds a Master of Business Administration and Master of Education from the University of Illinois at Urbana-Champaign, USA, a Bachelor of Science in Nursing from the University of Texas Medical Branch at Galveston, USA and a registered nurse license from the Board of Nursing from Texas, USA.

## KEY MANAGEMENT

### LEW FAN JONG

**Mr Lew Fan Jong** is the Financial Controller of our Group. He joined our Group as Finance Manager in May 2019 and was appointed as Financial Controller on 1 November 2019. Mr Lew is responsible for the overall financial reporting, internal controls, treasury function, corporate secretarial and taxation matters of the Group and ensures our Group's compliance with the SGX-ST rules and regulations. He has more than 20 years of experience in the accounting and finance fields. His past employers include Wilmar International Ltd and Agropcorp International Pte Ltd. Mr Lew is an Association of Chartered Certified Accountants ("**ACCA**") graduate.

## FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS	FY2020	FY2019	Change	
	RMB'000	RMB'000 Re-presented	RMB'000	%
<b>Continuing operations</b>				
Other income	830	–	830	NM
Other gains	19,846	11,227	8,619	77%
Total expenses	(16,981)	(2,956)	(14,025)	NM
Profit before income tax	3,695	8,271	(4,576)	-55%
Profit from continuing operations	3,695	8,271	(4,576)	-55%
<b>Discontinuing operations</b>				
Net loss from discontinued operations	(14,092)	(29,799)	15,707	-53%
<b>Total Loss</b>	<b>(10,397)</b>	<b>(21,528)</b>	<b>11,131</b>	<b>-52%</b>

FINANCIAL POSITION	31 Dec 2020	31 Dec 2019	Change	
	RMB'000	RMB'000	RMB'000	%
Current assets	10,200	13,469	(3,269)	-24%
Non-current assets	60,999	74,718	(13,719)	-18%
<b>Total Assets</b>	<b>71,199</b>	<b>88,187</b>	<b>(16,988)</b>	<b>-19%</b>
Current liabilities	815	3,920	(3,105)	-79%
Non-current liabilities	–	3,918	(3,918)	NM
<b>Total Liabilities</b>	<b>815</b>	<b>7,838</b>	<b>(7,023)</b>	<b>-90%</b>
<b>Net Assets</b>	<b>70,384</b>	<b>80,349</b>	<b>(9,965)</b>	<b>-12%</b>
Share capital	29,194	29,194	–	–
Currency translation reserves	4,683	1,743	2,940	>100%
Retained profits	30,985	31,397	(412)	-1%
	<b>64,862</b>	<b>62,334</b>	<b>2,528</b>	<b>4%</b>
Non-controlling interests	5,522	18,015	(12,493)	-69%
<b>Total Equity</b>	<b>70,384</b>	<b>80,349</b>	<b>(9,965)</b>	<b>-12%</b>

CASH FLOW SUMMARY	FY2020	FY2019	Change	
	RMB'000	RMB'000	RMB'000	%
Net cash (used in)/provided by operating activities	(2,988)	8,270	(11,258)	NM
Net cash used in investing activities	(5,501)	(535)	(4,966)	>100%
Net (decrease)/increase in cash and bank balances	(8,489)	7,735	(16,224)	NM
Cash and bank balances at the end of year	1,226	9,715	(8,489)	-87%

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**NG FOOK AI VICTOR**  
Independent Non-Executive  
Chairman

### PENG FEI GEORGE

Executive Director and  
Chief Executive Officer

### PENG WEILE LEO

Executive Director

### LO FUI CHU

Independent Non-Executive Director

### OH PEI SI

Independent Non-Executive Director

### AUDIT COMMITTEE

**LO FUI CHU** Chairman  
**NG FOOK AI VICTOR**  
**OH PEI SI**

### REMUNERATION COMMITTEE

**LO FUI CHU** Chairman  
**NG FOOK AI VICTOR**  
**OH PEI SI**

### NOMINATING COMMITTEE

**NG FOOK AI VICTOR** Chairman  
**LO FUI CHU**  
**OH PEI SI**

### COMPANY SECRETARY

**ONG WEI JIN**, LL.B. (Hons)

### SHARE REGISTRAR

**IN.CORP CORPORATE SERVICES  
PTE. LTD. (FORMERLY KNOWN  
AS RHT CORPORATE ADVISORY  
PTE. LTD.)**  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

### SPONSOR

**SAC CAPITAL PRIVATE LIMITED**  
1 Robinson Road  
#21-00 AIA Tower  
Singapore 048542

### INDEPENDENT AUDITOR

**NEXIA TS PUBLIC ACCOUNTING  
CORPORATION**

80 Robinson Road  
#25-00

Singapore 068898

Director-in-charge: Lee Look Ling

(Appointed since the financial year  
ended 31 December 2019)

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

3 Temasek Avenue

#34-17 Centennial Tower

Singapore 039190

Email: [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com)

Tel: (65) 6549 7052

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or “**Directors**”) of HealthBank Holdings Limited (the “**Company**”) is committed to ensuring a high standard of corporate governance within the Company and its subsidiary corporations (the “**Group**”), as a fundamental part of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This report outlines the Company’s corporate governance framework and practices with specific reference to the Code of Corporate Governance 2018 (the “**Code**”) for the financial year ended 31 December 2020 (“**FY2020**”). Pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the Company is pleased to report that for FY2020, the Group has adhered closely with the core principles of corporate governance laid down by the Code. Where there are any deviations from the provisions of the Code, the Company has explained in this report on how its practices are consistent with the intent of the relevant principles.

This report is divided into four main sections as described below:

- A) Board Matters
- B) Remuneration Matters
- C) Accountability and Audit
- D) Shareholder Rights and Engagement

The Company will continue to enhance its 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 Catalist Rules.

## (A) BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

***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’s primary role is to protect and enhance shareholders’ value. The responsibilities of the Board include:

- Providing entrepreneurial leadership, setting strategic direction, determining the Group’s values and standards (including ethical standards) and ensuring the overall corporate policies of the Group and necessary resources are in place for the Group to meet its objectives;
- Overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management frameworks;
- Monitoring the Board composition, processes and performance;
- Setting financial objectives and monitoring the Group’s financial performance and Management’s performance;
- Balancing the demands of the business with those of the Company’s stakeholders and ensuring obligations to material stakeholder groups (including shareholders) are met; and
- Considering sustainability issues as part of its strategic formulation.



## CORPORATE GOVERNANCE REPORT

All Directors exercise due care in discharging their duties and responsibilities and are obliged to act in good faith and consider at all times the interests of the Company. Prior to its disposal on 30 October 2020, the Company's main business operations in China was managed by its Chinese subsidiary, Beijing Shengting Commercial Management Co., Ltd, with the Company as a holding company, making decisions at the Board level for the strategic development of the Company. Accordingly, the Company has established terms of reference for the conduct of Board matters, and Beijing Shengting Commercial Management Co., Ltd has established a code of business ethics that sets the principles of business ethics and covers areas such as business conduct, protection of Company's assets, confidentiality of information and conflicts of interest. All staff are expected to uphold high standards of integrity that are in compliance with the Company's internal code as well as laws and regulations of the countries in which they operate.

On 18 September 2020, the Group through its wholly-owned subsidiary, Elite Management (Singapore) Pte. Ltd., entered into an agreement with Ms. Tian Li and subsequently on 9 January 2021, established a company known as Hainan Zhongyuan Cultural Tourism Co., Ltd ("**HZCT**") in China to conduct the business of properties investment and management. As HZCT is still in the pre-operating stage, a code of business ethics that sets the principles of business ethics and covers areas such as business conduct, protection of HZCT's assets, confidentiality of information and conflicts of interest shall be established once HZCT is fully operational.

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict, with the interest of the Group. Each Director is required to promptly disclose any actual, potential and perceived conflict of interest in relation to any matter as soon as is practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself/herself from discussions and decisions involving the matter, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting on resolutions regarding the matter.

Directors are involved in the supervision of the management of the Group's operations. The Company has internal guidelines and approval limits for operational, financial and capital expenditure requirements. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving, *inter alia*, the following:

- Corporate strategy and business plans;
- Investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of directors for appointment to the Board and appointment of key management personnel;
- Announcement of half-year and full-year results, the Annual Reports and financial statements;
- Material acquisitions and disposal of assets;
- Corporate or financial restructuring;
- Share issuance;

## CORPORATE GOVERNANCE REPORT

- Dividends and other returns to shareholders;
- Directors' and key management personnel's remuneration; and
- All matters of strategic importance.

The Executive Directors are appointed by way of service agreements while the Independent Directors are appointed by way of letters of appointment. The duties and responsibilities of Directors are clearly set out in these service agreements and letters of appointment. Newly appointed Directors to the Board will undergo a comprehensive and tailored orientation programme and will be provided with materials to help them familiarise themselves with the duties as Director, how to discharge those duties and business and governance practices of the Company.

For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, the Company will, pursuant to Rule 406(3)(a) of the Catalist Rules, within one year from their dates of appointment, arrange for the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company ("**Mandatory Training Courses**"), or other training institutions in areas such as management, accounting, legal, compliance and industry-specific knowledge, where appropriate, in connection with their duties.

Ms Oh Pei Si was appointed as an Independent Non-Executive Director of the Company on 18 January 2021. She has no prior experience as a director in a listed company in Singapore. She will be attending the Mandatory Training Courses and was briefed by the management staff ("**Management**") on the business operations of the Group and governance practices of the Company.

To enable the Directors to gain a better understanding of the Group's business, the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the Management. Directors are also given opportunity to visit the Group's operational facilities and meet with Management.

As part of their continuing education, the Directors may attend relevant training seminars or informative talks, to apprise themselves of legal, financial and other regulatory developments, at the Company's expenses. The Directors are updated on amendments/requirements of the SGX-ST and other statutory and regulatory requirements from time to time, to enable them to make well-informed decisions and to ensure that they are competent in carrying out their expected roles and responsibilities.

The Company is responsible for arranging and funding the training of Directors. The Company will arrange for Directors to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company also works closely with professionals to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.

During FY2020, the Directors were provided with updates on changes in laws and regulations, including the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and the Catalist Rules which are relevant to the Group. The independent auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

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The Board meets regularly on a half-yearly basis and ad-hoc meetings may be convened whenever deemed necessary to address any specific issue of significance that may arise. The Board approves resolutions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed matter. The Company's Constitution allows a Board meeting to be conducted by means of telephone conference or other methods of simultaneous communication by electronic or other means.

The Board is assisted by various Board committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC"), in carrying out and discharging its duties and responsibilities efficiently and effectively. Each Board committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board committees ultimately lies with the entire Board.

The attendance of the Directors at meetings of the Board and Board committees during FY2020, as well as the frequency of such meetings, are disclosed below:

Name of Director	Board	AC	RC	NC	Annual General Meeting
Number of meetings held in FY2020	2	2	1	1	1
<b>Attendance</b>					
Mr Ng Fook Ai Victor	2 <sup>#</sup>	2	1	1 <sup>#</sup>	1
Mr Peng Fei George	2	2*	1*	1*	1
Mr Peng Weile Leo	2	2*	1*	1*	1
Ms Lo Fui Chu	2	2 <sup>#</sup>	1 <sup>#</sup>	1	1
Mr Ng Wee Cheng Steven <sup>(1)</sup>	2	2	1	1	1
Ms Oh Pei Si <sup>(2)</sup>	–	–	–	–	–

### Notes:

\* Attendance as invitee

# Attendance as chairman

(1) Mr Ng Wee Cheng Steven ceased to be the Non-Executive Director of the Company, member of the AC, RC and NC with effect from 1 January 2021. He has attended all meetings in FY2020 before his cessation.

(2) Ms Oh Pei Si was appointed as an Independent Non-Executive Director of the Company, member of the AC, RC and NC with effect from 18 January 2021.

When a Director has multiple board representation and other principal commitments, the NC considers whether the Director is able to and has adequately carried out his/her duties as a Director of the Company. Having regard to the effectiveness of the Board, Directors' attendance and deliberations at meetings of the Board and Board committees and the time spent on the Company's affairs, the NC considers that the multiple board representations and other principal commitments held presently by some Directors do not impede their respective performance in carrying out his/her duties towards the Company. Therefore, the NC and the Board do not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

## CORPORATE GOVERNANCE REPORT

The Management recognises the importance of timely information for the Board to discharge its duties effectively. The Management regularly furnishes the Board and where appropriate, each Director, with information about the Group as well as the relevant background information or explanatory information relating to the business to be discussed at Board meetings for the Board to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Prior to the release of half-yearly and full year results to the public, the Executive Directors will present the Group's performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

Any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and answer any queries that the Directors may have.

The Board has separate and independent access to the Management, the Company Secretary and external professionals, including the continuing sponsor, legal counsels and auditors. Each Director has the right to seek independent legal and other professional advice, at the Company's expenses, concerning any aspect of the Group's operations or undertakings in order to fulfil his/her duties and responsibilities as a Director.

The Company Secretary and/or his representatives attend all Board and Board committee meetings. The Company Secretary, together with the Management, are responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act and the Catalist Rules are complied with. The Company Secretary also assists on governance matters from time to time. Under the direction of the Chairman, the Company Secretary facilitates information flow within the Board and its Board committees and between the Management and Non-Executive Directors. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

### Principle 2: Board Composition and Guidance

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

The Board currently consists of five (5) members, including two (2) Executive Directors, and three (3) Independent Non-Executive Directors. As the Chairman of the Board is an Independent Director, this Board composition complies with the Code's provision that the Non-Executive Directors (including Independent Directors) make up a majority of the Board. As at the date of this Annual Report, the Directors are:

#### Executive Directors

Mr Peng Fei George	Executive Director and CEO
Mr Peng Weile Leo	Executive Director

#### Non-Executive Directors

Mr Ng Fook Ai Victor	Independent Non-Executive Chairman and Chairman of the NC
Ms Lo Fui Chu	Independent Non-Executive Director and Chairman of the AC and the RC
Ms Oh Pei Si	Independent Non-Executive Director

The NC determines the independence of each Director annually. Each Independent Director is required annually to complete a checklist to confirm his/her independence. The checklist is drawn up based on the Code's provision and its Practice Guidance as well as the Catalist Rules.

## CORPORATE GOVERNANCE REPORT

The NC and the Board consider an “independent” Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent judgement with a view to the best interests of Group in the conduct of the Group’s affairs.

In relation to the assessment of the independence of the Directors, specific tests of Directors’ independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, it stipulates that a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the current or any of the past three (3) financial years, and whose remuneration is or was determined by the remuneration committee of the issuer.

The NC and the Board have conducted an annual review of the independence of the Independent Directors, namely Mr Ng Fook Ai Victor, Ms Lo Fui Chu, and Ms Oh Pei Si, based on the Code and its Practice Guidance as well as the Catalist Rules, and have ascertained that they are independent.

In line with Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022, all Independent Directors who have served for more than nine (9) years since date of appointment will be required to undergo the mandatory two-tier voting process at a shareholders’ general meeting prior to 1 January 2022 or otherwise will be deemed to be non-independent. The independence of such Directors should continue to be subject to rigorous review by the NC and the Board. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment.

The Board, through the NC, taking into consideration the scope and nature of the Group’s operations, is of the view that the current size and structure of the Board and Board committees are appropriate for effective decision making and given that the Chairman of the Board is an Independent Director and at least one-third of the Board is made up of Independent Directors, there exists a strong independent element to ensure that objective judgement is exercised on corporate affairs.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Accordingly, notwithstanding that the Company does not have in place a formal policy on board diversity, the Board including the NC’s annual review adequately performs this function of ensuring that the Board’s collective expertise and experience meets the needs of the Company. The Board as a group provides an appropriate balance of diversity of skills, experience, gender and knowledge of the Company, with core competencies in accounting and finance, business and management experience, industry knowledge and strategic planning experience and knowledge. As each of the Director brings valuable insights from different perspectives vital to the strategic interest of the Group, the NC considers that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Group effectively.

The Non-Executive Directors (including Independent Directors) will constructively challenge and assist in the development of proposals on strategy and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and in monitoring the reporting of performance. When necessary, the Non-Executive Directors will have discussions/meetings amongst themselves without the presence of the Management. The feedback and views expressed by the Non-Executive Directors was communicated to the Board after the meeting, as appropriate.



## CORPORATE GOVERNANCE REPORT

### Principle 3: Chairman and Chief Executive Officer (“CEO”)

***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 Company adopts a dual leadership structure whereby the positions of Chairman of the Board and CEO are separate and distinct, each having their own areas of responsibilities.

The Independent Non-Executive Chairman of the Board, Mr Ng Fook Ai Victor, is assisted by the Board committees and the Company Secretary in ensuring compliance with the Group’s guidelines on corporate governance. The Chairman is responsible to, among others:

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the Directors receive complete, adequate and timely information;
- (e) ensure effective communication with shareholders and other stakeholders;
- (f) encourage constructive relations within the Board and between the Board and the Management;
- (g) facilitate the effective contribution of Non-Executive Directors in particular; and
- (h) promote high standards of corporate governance.

The CEO, Mr Peng Fei George, is responsible for formulating and setting strategic directions for the Group, as well as managing the Group’s corporate finance investments and the daily operation management, development and growth of the Group.

The Company believes that a distinctive separation of responsibilities between the Chairman of the Board and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making.

The Independent Directors provide unbiased and independent views, advice and judgment to safeguard the interests of not only the Group but also the stakeholders, employees, customers and suppliers. Furthermore, the Board is of the view that with the functions of the Board committees, there are adequate safeguards in place to prevent an unbalanced concentration of power, authority and decision making in a single individual.



## CORPORATE GOVERNANCE REPORT

### Principle 4: Board Membership

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

The NC comprises three (3) Non-Executive Directors, all of whom are independent. As at the date of this Annual Report, the NC members are:

Mr Ng Fook Ai Victor	(Chairman)
Ms Lo Fui Chu	(Member)
Ms Oh Pei Si	(Member)

The NC is guided by written terms of reference that describe the responsibilities of its members.

The NC's responsibilities, as set out in its terms of reference, include the following:

- (a) reviewing and making recommendations to the Board on all candidates nominated, including alternative directors (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, gender, qualification, experience, capabilities and other relevant factors;
- (b) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance (such as their attendance, preparedness, participation and candour), including, if applicable, as Independent Directors;
- (c) determining annually whether a Director is independent, bearing in mind the circumstances set out in Provision 2.1 of the Code and other salient factors;
- (d) deciding, in relation to a Director who has multiple board representations, whether such Director is able to and has been adequately carrying out his duties as Director of the Company. If the NC considers it necessary, it shall make recommendations to the Board on the guidelines to be implemented to address the competing time commitments faced by Directors serving on multiple boards;
- (e) ensuring that, in connection with the re-election of Directors at annual general meetings of the Company, sufficient information is provided to the shareholders so as to enable them to make an informed decision;
- (f) identifying and nominating candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (g) reviewing training and professional development programmes for the Board and its Directors and ensuring that all Board appointees undergo appropriate induction programme;
- (h) reviewing all candidates nominated for appointment as the Company's chairman, the chief executive officer, chief financial officer, chief operating officer, general officer or other executive officer by whatever name called who has responsibilities and functions similar to any of the said officers;

## CORPORATE GOVERNANCE REPORT

- (i) reviewing any new employment and promotion of a relative of a director or CEO or substantial shareholder of the Company to a managerial position (as defined under Catalist Rules) in the Company or its principal subsidiaries and the proposed terms of their employment;
- (j) putting in place plans for succession, in particular, of the chairman of the Board, the chief executive officer of the Company and key management personnel;
- (k) at least once every financial year, reviewing (and thereafter, making recommendations to the Board regarding) the Board structure, size, composition and core competencies, taking into account the balance between executive and non-executive Directors and between independent and non-independent Directors, and having regard at all times to the principles of corporate governance, the Code and the Catalist Rules;
- (l) procuring that at least one-third (1/3) of the Board shall comprise of Independent Directors (or such other minimum proportion and criteria as may be specified in the Code and the Catalist Rules from time to time);
- (m) proposing, for approval by the Board, objective performance criteria (that allows comparison with the Company's industry peers) to evaluate the effectiveness of the Board as a whole, the effectiveness of the respective Board committees, and the contribution by each Director to the effectiveness of the Board. Once approved by the Board, the performance criteria shall not be changed without proper justification from the Board; and
- (n) undertaking such other function and duties as may be required by the Board, the Code and the Catalist Rules.

The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. The Chairman of the Board should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC. Further details on the performance evaluation procedures are set out in Principle 5 below.

Generally, the NC does not appoint new Directors, but as indicated above, nominates them to the Board which retains the final discretion in appointing such new Directors. In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Director should have, based on the mix of the attributes of the existing Board and the requirements of the Group. Thereafter, the NC taps on the resources of the existing Directors' personal contacts and other professionals' recommendations of potential candidates for the shortlisting process. If candidates shortlisted are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached.

The NC, in considering the re-election of an incumbent Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director.

## CORPORATE GOVERNANCE REPORT

Under the Company's Constitution, all Directors, including Executive Directors, are required to submit themselves for re-nomination and re-election every three (3) years. Regulation 107 of the Company's Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every Annual General Meeting ("AGM") of the Company. In addition, Regulation 117 of the Company's Constitution also provides that new Directors appointed during the year either to fill a casual vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM of the Company. The following Directors are retiring at the forthcoming AGM in accordance with Regulations 107 and 117:

- (a) Mr Peng Fei George (per Regulation 107)
- (b) Mr Ng Fook Ai Victor (per Regulation 107)
- (c) Ms Oh Pei Si (per Regulation 117)

Mr Peng Fei George, Mr Ng Fook Ai Victor and Ms Oh Pei Si, being eligible, have offered themselves for re-election and after assessing their past and present contributions and performance as well as qualifications and working experience, the NC has recommended their re-election to the Board and the Board has approved the same. Mr Ng Fook Ai Victor and Ms Oh Pei Si have abstained from the NC's recommendation pertaining to their re-election and all of them have abstained from voting on the Board's resolutions pertaining to their individual's re-election. The details of the Directors seeking for re-election as required under Rule 720(5) of the Catalist Rules are set out in the "**Additional Information on Directors Seeking Re-election**" section of this Annual Report.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his/her independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. Having made its review, the NC noted no relationship or circumstance which puts the independence of the Independent Directors in question and is of the view that all Independent Directors have satisfied the criteria for independence.

In respect of FY2020, notwithstanding that some of the Directors have multiple board representations, the NC was satisfied that where Directors had other listed company board representations and/or other principal commitments, all Directors were able to carry out and had been adequately carrying out their duties as Directors of the Company. The NC took into account attendance and contribution at Board and Board committees meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors. Please refer to the "**Board of Directors**" section of this Annual Report for the listed company directorships and other principal commitments of the Directors.

The Board does not have any alternate Directors.

### **Principle 5: Board Performance**

***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 implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees and for assessing the contribution from each Director to the effectiveness of the Board.

## CORPORATE GOVERNANCE REPORT

The NC assesses the overall effectiveness of the Board by having all members of the Board completing an Assessment Checklist, which takes into consideration factors such as understanding of the Group, understanding of the Board's roles and responsibilities, the Board's structure and composition, conduct of Board meetings, strategic leadership and monitoring of the Management's performance.

The NC assesses the effectiveness of the Board committees by having all members of the respective Board committees completing an Assessment Checklist for each Board committee, which takes into consideration factors such as committee composition, conduct of Board committee meetings, understanding and fulfilment of the respective Board committee's roles and responsibilities.

The NC assesses the individual Directors' performance by having each Director to complete an Individual Director Self-Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings, leadership, the industry knowledge of the Directors and sharing of other technical knowledge in specific areas such as strategic planning, finance/accounting, risk management etc. The evaluation of individual Directors aims to assess whether each Director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties.

The Board reviews the assessment conducted by the NC and where necessary makes changes to further improve the effectiveness of the Board. The performance criteria shall not be changed from year to year without justification. Each member of the NC and the Board shall abstain from the assessment of his/her performance. Following the review, the Board is of the view that the Board and its Board committees operate effectively and has met its performance objectives and each Director is contributing to the Board's effectiveness for FY2020.

No external facilitator had been engaged by the Board for this purpose. The NC has full authority to obtain any external facilitator service as and when the need arises.

### (B) REMUNERATION MATTERS

#### Principle 6: Procedures for Developing Remuneration Policies

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

The RC comprises three (3) Non-Executive Directors, all of whom are independent. As at the date of this Annual Report, the RC members are:

Ms Lo Fui Chu	(Chairman)
Mr Ng Fook Ai Victor	(Member)
Ms Oh Pei Si	(Member)

The RC is guided by written terms of reference that describe the responsibilities of its members.

The RC is responsible for:

- (a) recommending to the Board a framework of remuneration for the Board and determine the specific remuneration package for each Executive Director and the key management personnel of the Company. The RC's recommendations should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms (if applicable);



## CORPORATE GOVERNANCE REPORT

- (b) reviewing and approving the remuneration of the Management's remuneration and any adjustment proposals;
- (c) reviewing, on an annual basis, the remuneration and any adjustments to the remuneration of employees who are substantial shareholders of the Company, or are related to a Director, CEO or substantial shareholder of the Company, to ensure that their remuneration packages are in line with the Group's employee remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the RC;
- (d) reviewing the terms of employment of any proposed new employment of related employees who are substantial shareholders of the Company, or are related to a Director, CEO or substantial shareholder of the Company;
- (e) reviewing the remuneration of the Executive Directors and of key management personnel (who are not also Directors or the CEO) of the Company prior to the meeting of the RC for that financial year ("**FY RC Meeting**"), to be confirmed for recommendation to the Board at the FY RC Meeting, which shall take place before the Board's approval of the audited financial statements for the immediately preceding financial year;
- (f) reviewing the service contract (for executive)/appointment letter (for non-executive) of each Director when he/she is first appointed and before approval for renewal of such contract;
- (g) determining performance-related elements of remuneration to align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance. Performance assessment measures should be appropriate and meaningful;
- (h) implementing other forms of long-term incentive schemes where necessary;
- (i) considering whether Directors or Management should be eligible for benefits under long-term incentive schemes;
- (j) administering the Company's share option scheme, including without limitation to:
  - (i) identifying those eligible Directors and employees of the Company and its subsidiary companies to whom options should be granted;
  - (ii) the timing for grant of options;
  - (iii) the number of shares over which options are to be granted; and
  - (iv) the exercise price at which options are to be granted;
- (k) considering and making recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the Directors and top five (5) key management personnel of the Company, in addition (if appropriate) to those required by law or by the Code; and
- (l) undertaking such other functions and duties as may be required by the Board, the Code and the Catalist Rules.

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The recommendations of the RC are submitted for endorsement by the entire Board. As indicated above, all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments (if any) shall be covered by the RC. The remuneration of employees who are substantial shareholders of the Company or are related to the Directors or substantial shareholders of the Company will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Each member of the RC shall abstain from voting on any resolutions in respect of his/her remuneration package.

The RC has not engaged external professional remuneration consultant in considering the remuneration matters of the Directors or key management personnel for FY2020. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. The RC will ensure that any relationship between the appointed consultant and any of its Director or the Company will not affect the independence and objectivity of the remuneration consultant.

### **Principle 7: Level and Mix of Remuneration**

***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 Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. In setting remuneration packages, the RC ensures that the Executive Directors and key management personnel are adequately but not excessively remunerated as compared to the industry and comparable companies.

The Company has a remuneration policy for its Executive Directors and key management personnel (who are not Directors or the CEO) which consists of a fixed component and a variable component. The fixed component is in the form of a base salary and/or fixed bonus, and the variable component is in the form of a variable bonus. The variable bonus takes into account the performance of the Group and the performance of the individual Executive Directors and key management personnel (who are not Directors or the CEO), as well as the Singapore employment market rates.

The Company does not have any employee share scheme or other long-term employee incentive scheme. The RC may consider other forms of long-term incentive schemes for the Management when necessary.

The Non-Executive Directors do not have service agreements with the Company and do not receive any remuneration from the Company. The Non-Executive Directors are paid fixed Directors' fees, which are determined by the Board as appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities. The Directors' fees are subject to approval by shareholders of the Company at each AGM. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

### Service agreements

The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely Mr Peng Fei George on 1 January 2018 and Mr Peng Weile Leo on 12 September 2017 respectively. Upon the expiry of the initial period of three (3) years, the employment of the Executive Directors shall be automatically renewed for a period of two (2) years (and thereafter automatically renewed every two (2) years) on such terms and conditions as the parties may agree.

## CORPORATE GOVERNANCE REPORT

Under the Service Agreements, the current Executive Directors, Mr Peng Fei George and Mr Peng Weile Leo, are entitled to an annual fixed bonus of one (1) month of their respective last drawn salary. They are also entitled to receive an annual performance bonus, the amount of which is to be determined in the absolute discretion of the RC. The Group will pay all reasonable travelling, hotel and other expenses incurred by the Executive Directors in connection with its business. In addition, the Group shall reimburse all reasonable medical expenses of the Executive Directors in accordance with its personnel policy. The salary of each Executive Director is subject to review by the RC after the financial statements of the Group for the immediately preceding financial year have been audited. The Executive Directors shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of their Service Agreements.

Save as disclosed, there are no existing or proposed service agreements between the Company and any of its Directors. There are no existing or proposed service agreements entered or to be entered into by the Directors with the Group which provide for benefits upon termination of employment.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors and the key management personnel owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Directors and key management personnel in the event of such breach of fiduciary duties. The RC will review such contractual provision as and when necessary.

### Principle 8: Disclosure of Remuneration

***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.***

A breakdown, showing the level and mix of each Director's remuneration for FY2020 is as follows:

Remuneration band and name of Director	Director's fee <sup>(1)</sup> (%)	Salary, CPF and allowance (%)	Performance related bonus (%)	Total (%)
<b>Up to S\$250,000</b>				
Mr Ng Fook Ai Victor	100	–	–	100
Mr Peng Fei George	–	100	–	100
Mr Peng Weile Leo	–	100	–	100
Ms Lo Fui Chu	100	–	–	100
Mr Ng Wee Cheng Steven <sup>(2)</sup>	100	–	–	100
Ms Oh Pei Si <sup>(3)</sup>	–	–	–	–

#### Notes:

- (1) The Directors' fees were approved at the Company's AGM held on 12 June 2020.
- (2) Mr Ng Wee Cheng Steven ceased to be the Non-Executive Director of the Company, and member of the AC, RC and NC with effect from 1 January 2021.
- (3) Ms Oh Pei Si was appointed as Independent Non-Executive Director of the Company, and member of the AC, RC and NC on 18 January 2021.

## CORPORATE GOVERNANCE REPORT

Currently, the Company only has one (1) key management personnel (who is not a Director or CEO of the Company), being the Financial Controller. A breakdown showing the remuneration amount and mix of the Financial Controller is as follows:

Remuneration band and name of key management personnel (who are not Directors or the CEO)	Salary, CPF and allowance (%)	Performance related bonus (%)	Total (%)
<b>Up to S\$250,000</b>			
Lew Fan Jong	100	–	100

Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing the remuneration of each Director and key management personnel (who are not Directors or the CEO) or the aggregate remuneration of the key management personnel. The Board is of the view that full disclosure in aggregate of the total remuneration paid to each of the above key management personnel would not be in the interest of the Company as such information may be exploited by competitors and the importance of maintaining the cohesion and spirit of team work prevailing among senior management executives of the Group. However, the Company adopts the disclosure of remuneration in bands of S\$250,000 for Directors and key management personnel (who are not Directors or the CEO) which would provide a good overview and is informative of the remuneration of each Director and key management personnel (who are not Directors or the CEO).

There is no employee of the Group who is a substantial shareholder of the Company, or is an immediate family member of any Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2020.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

### (C) ACCOUNTABILITY AND AUDIT

#### Principle 9: Risk Management and Internal Controls

***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 collectively oversees the risk management and is responsible for the governance of risk. The Board is responsible for the overall risk management and internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interest and the Group's assets. 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.

## CORPORATE GOVERNANCE REPORT

The Board does not have a separate risk management committee after assessing the current size of business operations of the Group. Notwithstanding, the Board, with the assistance of the AC, oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually. The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. In addition, the Management regularly reviews significant risk management and internal control policies and procedures and highlights the significant matters to the Board and the AC. Appropriate measures are put in place to control and mitigate these risks when identified.

The Board and the AC noted that all internal controls contain inherent limitations and no systems 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. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control system.

The Board and the AC, with the assistance of the internal and independent auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Board, under the AC's recommendation, selected and appointed Wensen Consulting Asia (S) Pte Ltd ("**Wensen Consulting**") as the internal auditor of the Group to review, recommend and carry out subsequent follow-up review of the Group's internal control system. The independent auditor, Nexia TS Public Accounting Corporation, has also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and independent auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes. No material internal control weakness had been raised by the internal and independent auditors in the course of their audits for FY2020.

The Board has received assurance from the CEO and the Financial Controller that the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances.

In addition, the Board has received assurance from Executive Directors and the Financial Controller that the Group has put in place and will continue to maintain adequate and effective systems of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor and the independent auditor and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the risk management system and internal controls in place are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 31 December 2020.

# CORPORATE GOVERNANCE REPORT

## Principle 10: Audit Committee

### ***The Board has an Audit Committee which discharges its duties objectively.***

The AC comprises three (3) Non-Executive Directors, all of whom are independent. As at the date of this Annual Report, the AC members are:

Ms Lo Fui Chu	(Chairman)
Mr Ng Fook Ai Victor	(Member)
Ms Oh Pei Si	(Member)

All members of the AC are appropriately qualified and have relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company's auditing firm.

The AC will assist the Board in discharging its responsibility to safeguard the assets of the Group, maintain adequate accounting records and develop and maintain effective system of internal controls, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the independent auditor on matters relating to audit.

The AC has written terms of reference clearly setting out its authority and duties. The AC is authorized to investigate any matter falling within its written terms of reference and has full access to and co-operation of the Management. The AC has full discretion to invite any Director or key management personnel to attend its meeting, as well as reasonable resources to enable it to discharge its functions properly. Further, the AC has authority to obtain independent professional advice.

The AC shall meet half-yearly and as and when the need arises, to perform, *inter alia*, the following functions as part of its terms of reference:

- (a) review the audit plan of the internal auditor, and internal auditor's review and evaluation of the Group's system of internal controls;
- (b) review the audit plan of the independent auditor, including review the annual consolidated financial statements and the independent auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from its audits including any matters which the independent auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;
- (c) review the half-yearly consolidated financial statements comprising the statement of comprehensive income and the balance sheets and such other information required by the Catalist Rules, before submission to the Board for approval;
- (d) review and discuss with the independent and internal auditors (if any), any suspected fraud, irregularity or 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;
- (e) review the co-operation given by the Management to the independent and internal auditor;

## CORPORATE GOVERNANCE REPORT

- (f) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (g) review potential conflicts of interests (if any);
- (h) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (i) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (j) undertake generally such other functions and duties as may be required by the Board, law or the Catalist Rules, and by such amendments made thereto from time to time;
- (k) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- (l) reviewing the assurance from the CEO and the Financial Controller on the financial records and financial statements;
- (m) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of independent auditors; and (ii) the remuneration and terms of engagement of the independent auditors; and
- (n) reviewing the adequacy, effectiveness, independence, scope and results of the independent audit and the Company's internal audit function.

### Internal Audit

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The AC approves the engagement, removal, evaluation and compensation of the internal auditor and reviews the activities of the internal auditor on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Wensen Consulting, an external risk advisory consultancy firm, to undertake the functions of an internal auditor for the Group. Wensen Consulting comprises of a team of 10 headcounts, and is headed by Mr. Edward Yap who is assisted by an audit team comprising of Engagement Director, Managers and Consultants.

Mr. Edward Yap is a member of Malaysian Institute of Accountants (MIA), member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA).



## CORPORATE GOVERNANCE REPORT

The audit team (including junior executive/fresh graduates) possess at least a degree (BSc Hons) in Accounting and Finance from local or overseas universities, while some possess professional qualification certificates (i.e. ACCA).

The internal audit function is independent of the activities it audits and carries out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor reports directly to the AC and administratively to the Executive Directors. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC. In addition, the AC reviews the adequacy and effectiveness of the internal audit function on an annual basis.

During FY2020, the internal auditors completed an internal control review of the Group's Accounting and Finance Management control environment policies and procedures, as well as Corporate Governance Review and Monitoring. Summary of findings as recommendations by the internal auditors were discussed at the AC meetings. The related internal audit report, including the Management's responses and implementation status, have been reviewed and approved by the AC. No material weaknesses were identified based on the work done in FY2020.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experience professionals with the relevant experience.

### Independent Audit

It is the Company's practice for the independent auditor to present to the AC its audit plan and with updates relating to any change in accounting standards impacting the financial statements of the Group. During FY2020, the changes in accounting standards did not have any material impact on the Group's financial statements.

In line with the recommendations by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and SGX-ST, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("**KAM**"). The AC reviewed the KAM and concurred and agreed with the independent auditor and Management on their assessment, judgements and estimates on the significant matter reported by the independent auditor.

The Group is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointments of its independent auditors.

The AC is mindful of the need to maintain a balance between the independence and objectivity of the independent auditor and the work carried out by the independent auditor based on value for money consideration. During FY2020, the aggregate amount of fees paid or payable to the independent auditor of the Group for the audit services amounted to S\$60,000. There was no non-audit service provided to the Group by the independent auditor of the Group. The AC, having considered the scope and value of the audit service and the fact that there was no non-audit service provided, is satisfied that the independence and objectivity of the independent auditor is not impaired.

## CORPORATE GOVERNANCE REPORT

In the AC's opinion, the independent auditor, Nexia TS Public Accounting Corporation, is suitable for re-appointment and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The AC had met with the internal and independent auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

### Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. The Group has a whistle-blowing policy in place which encourages the reporting of mainly matters of fraud, corruption or dishonest and unethical practices. The whistle-blowing policy has been communicated to all staff.

The Group undertakes to investigate complaints or suspected fraud and unethical behaviour in an objective manner and has put in place, with the AC's endorsement, arrangement by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and allow appropriate actions to be taken. All such concerns are to be raised in confidentiality directly to the Chairman of the Board and AC. For FY2020, the Group did not receive any whistle-blowing reports.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENTS

### Principle 11: Shareholder Rights and Conduct of General Meetings

***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 Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with the legislative and statutory requirements and requirements of the Catalist Rules.

The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

In view of the COVID-19 situation, the Company's AGM for FY2019, and the forthcoming AGM to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Alternative Arrangements**"). The Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audiovisual webcast or live audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the AGM as the proxy at the AGM, will be put in place.

## CORPORATE GOVERNANCE REPORT

All shareholders of the Company will receive the Annual Report and Notice of AGM via the Company's announcement on SGXNet. The Board regards the AGM as the principal communication channel with shareholders, where shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST and shareholders via SGXNet on the same day. The Company Secretary prepares minutes of general meetings that includes a summary of comments or queries made by shareholders during that meeting, and responses from the Board. Generally, during general meetings, shareholders are invited to raise questions, and this would be recorded in the minutes.

The Constitution of the Company allows a shareholder of the Company, if he/she is unable to attend the meeting, to appoint up to two proxies to attend and vote on his/her behalf at the general meetings. Any relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings pursuant to the legislative amendment in January 2016. Pursuant to the Alternative Arrangements, the Chairman of the AGM shall be appointed as proxy to vote on behalf of shareholders.

All shareholders are entitled to attend and vote at the general meetings and are afforded the opportunity to participate effectively at the general meetings. Resolutions at general meetings are on each substantially separate issue. The Company avoids bundling resolutions unless they are interdependent and linked. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

All Directors, including the chairpersons of various Board committees, and the Executive Officer shall attend general meetings to address shareholders' queries and receive feedback from shareholders. The independent auditor shall also be invited to attend general meetings and will assist in addressing queries from the shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report. The Chairman of the meeting will facilitate constructive dialogue between shareholders and the Board, the Management, the independent auditors and other relevant professionals.

The Company adopts voting by poll for all resolutions in the AGM in accordance with the requirement of the Catalist Rules. Announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will also be made on the same day.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of shareholders' identities through the web are not compromised and is also subject to legislative amendment to recognise electronic voting.

Minutes of general meeting will be made available to shareholders upon their request. The Company does not intend to publish minutes of general meetings of shareholders via SGXNet as contemplated by the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. In addition, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equally by the Company. Notwithstanding the foregoing, pursuant to the Alternative Arrangements, minutes of the upcoming AGM shall be made available via SGXNet within one month after the AGM.

## CORPORATE GOVERNANCE REPORT

The Company does not have a fixed dividend policy. While this would mean that its practice varies from the Code which implies that companies should have a dividend policy, the Company is of the view that the following disclosure would constitute a balanced and understandable assessment of its position on a dividend policy, and that this practice is consistent with the intent of Principle 11.

The form, frequency and amount of dividend will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend has been declared or recommended in view of the losses incurred for FY2020.

### **Principle 12: Engagement with Shareholders**

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. It is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group, in accordance with the Catalyst Rules and the Companies Act. Such information is disclosed in an accurate and comprehensive manner through SGXNet.

The Company does not practise selective disclosure. Results and Annual Reports are announced or issued within the mandatory period.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be trade-sensitive or price-sensitive is disseminated without delay via announcements on SGXNet;
- (b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions;
- (c) Notices for AGM and other general meetings are issued with explanatory memoranda, where relevant; and
- (d) Operate an open policy with regard to investors' enquiries.

In view of the present scale and limited queries from the public, the Company does not have a dedicated investor relations team. However, the investor relations efforts of the Company are overseen by the Financial Controller with a dedicated email address ([ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com)) and a general line at (65) 6549 7052 where the emails and requests from the public will be attended to. The Company will assess the need to establish a dedicated investor relations team when the scale, complexity and the demand for such services deem it necessary.

# CORPORATE GOVERNANCE REPORT

## (E) MANAGING STAKEHOLDER RELATIONSHIPS

### Principle 13: Engagement with Stakeholders

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

The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Key stakeholders of the Group include customers, suppliers, employees, investors, business partners as well as governments and regulators. The Group's engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the latest Sustainability Report. Feedback from the stakeholders is welcome as it allows continual improvement in the Company's sustainability policies, processes and performance.

The Company has, after taking into consideration the size of the Group's operations, and the nature of the Group's business, and balancing the monetary and other costs involved, taken a pragmatic approach in not establishing a corporate website. Notwithstanding, the Company is committed to engaging its stakeholders, and does so through various channels, including through timely and regular announcements through the SGXNet and meeting the shareholders at general meetings, to ensure that the business interests of the Group are balanced against the needs and interest of its stakeholders. Furthermore, the Company welcomes feedback from the stakeholders to be sent (i) via mail to 3 Temasek Avenue Centennial Tower #34-17 Singapore 039190; (ii) via email at [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com); or (iii) via telephone at (65) 6549 7052.

## ADDITIONAL INFORMATION

### Dealing in Securities

The Company has devised and adopted policies in line Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term consideration or at any time when they are in possession of unpublished trade-sensitive or price-sensitive information. They are also not allowed to deal in shares of the Company during the period commencing one (1) month before the date of announcement of the Company's half year and full year financial results and ending on the date of the announcement of the relevant results.

In addition, the Directors and employees of the Group are expected to observe insider trading laws at all times when dealing in securities within the permitted trading period. Directors are required to report all dealings to the Company Secretary.

### Interested Person Transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions, if any, to be at agreed and normal commercial terms, and not prejudicial to the interests of the Company and its shareholders, and to be reviewed by the AC to ensure compliance with the requirements of the Catalist Rules on interested person transactions.

## CORPORATE GOVERNANCE REPORT

If the Group enters into an interested person transaction and a potential conflict of interest arises, the Director concerned shall abstain from any discussions and also refrain from exercising any influence over other members of the Board.

The Company did not enter into interested person transactions which are required for disclosure pursuant to Rule 1204(17) of the Catalist Rules during FY2020.

### **Non-Sponsor Fees**

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fees incurred in FY2020 paid/ payable to the Company's continuing sponsor, SAC Capital Private Limited, during FY2020.

### **Material Contracts**

There were no material contracts of the Company and its subsidiary corporations involving the interests of the CEO or any Director or controlling shareholder of the Company, either still subsisting at the end of FY2020 or if not then subsisting, which were entered into since the end of the previous financial year.

## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

- (i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 44 to 102 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and statement of cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### DIRECTORS

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

Mr. Peng Fei  
 Mr. Peng Weile  
 Mr. Ng Fook Ai Victor  
 Ms. Lo Fui Chu  
 Ms. Oh Pei Si (appointed on 18 January 2021)

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
<b>The Company</b>				
(No. of ordinary shares)				
Mr. Peng Weile	20,899,000	15,300,000	-	-

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Peng Weile is deemed to have an interest in the shares of all the Company's subsidiary corporations at the end of financial year.



## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### SHARE OPTIONS

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

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

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

### AUDIT COMMITTEE

The members of the Audit Committee ("**AC**") at the date of the statement are as follows:

Ms. Lo Fui Chu	Independent director (Chairman)
Mr. Ng Fook Ai Victor	Independent director (Member)
Ms. Oh Pei Si	Independent director (Member) (appointed on 18 January 2021)

All members of the AC were independent directors and all of them were non-executive director of the Company. The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- (a) the audit plan of the internal auditor, and internal auditor's findings on review and evaluation of the Group's system of internal controls;
- (b) the audit plan of the independent auditor, including review the annual consolidated financial statements and the independent auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from its audit including any matters which the independent auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;
- (c) the half-yearly consolidated financial statements comprising the statement of comprehensive income and the balance sheets and such other information required by the SGX-ST Catalist Rules, before submission to the Board for approval;
- (d) if there is any suspected fraud, irregularity or 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;
- (e) the co-operation given by our management to the independent auditor;
- (f) re-appointment of the independent auditor;
- (g) interested person transactions falling within the scope of Chapter 9 of the SGX-ST Catalist Rules;
- (h) potential conflicts of interests (if any);

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## AUDIT COMMITTEE (CONTINUED)

- (i) the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) any new project to review as and when requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) any other functions and duties as may be required by law or the SGX-ST Catalist Rules, and by such amendments made thereto from time to time.

The AC convened two (2) meetings during the financial year with full attendance from all members. The AC met with the independent auditor and internal auditor once without the presence of the management. These meetings enable the independent auditor and internal auditor to raise issues they had encountered in their course of work directly to the AC.

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

## INDEPENDENT AUDITOR

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

On behalf of the directors,

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Peng Fei  
Director

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Peng Weile  
Director

5 April 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of HealthBank Holdings Limited (the “**Company**”) and its subsidiary corporations (the “**Group**”), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 102.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

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

### *Key Audit Matters*

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

*Key Audit Matters (Continued)*

## **Discontinued operations and disposal of subsidiary corporations**

*[Refer to Notes 2.20 and 9 to the financial statements]*

On 30 October 2020 (“**Agreement date**”), the Group through its subsidiary corporation, Elite Management (Singapore) Pte. Ltd., signed a Sale and Purchase Agreement (“**SPA**”) with a non-related party (the “**Purchaser**”), to dispose its entire equity interests in its wholly-owned subsidiary corporation, Beijing Zhuoyue Tiancheng Business Management Co., Ltd. (“**ZYTC**”) and its subsidiary corporations (“**ZYTC Group**” or “**disposal group**”) at a nominal consideration of RMB1. In accordance with the terms and conditions of the SPA, the risks and rewards of the disposal group transfer to the Purchaser with effect from the Agreement Date. Subsequently, the disposal has been completed on 7 January 2021.

The management has assessed that the Group lost control of the disposal group on Agreement Date as the Group is neither exposed to, nor has rights to, variable returns from its involvement with the entities and has no ability to affect those returns through its power over the entities from that date. Accordingly, the management deconsolidated the related assets and liabilities of the disposal group on 30 October 2020 and recognised a gain on disposal amounting to RMB19,332,000. The related financial results up to the Agreement Date from the disposal group were reclassified and presented separately as discontinued operations.

We focused on this matter as the disposal is considered a material transaction to the Group and the significant judgement involved in determining the date of loss of control of the disposal group in accordance with the requirements of SFRS(I) 10 *Consolidated Financial Statements*.

### How our audit addressed the matter

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

- Discussed and evaluated management's assessment over the conditions that demonstrated the Group had lost control over the ZYTC Group;
- Audited the financial results of the ZYTC Group up to the date of loss of control, i.e. 30 October 2020;
- Reviewed management's calculation on the loss on disposal by tracing to supporting documents, and verified the net assets disposed to the underlying accounting records; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

*Key Audit Matters (Continued)*

### Going concern

*[Refer to Note 4 to the financial statements]*

The Group reported a net loss of RMB10,397,000 for the financial year ended 31 December 2020 and as at that date, total cash and cash equivalents decreased by RMB8,489,000 which mainly resulted from the net cash outflow in operating and investing activities. During the current financial year, the Group has also disposed ZYTC Group which was the Group's core operating business – *hospitality division*.

The Board of Directors has assessed that the preparation of the financial statements on a going concern basis remain appropriate after having considered the following assumptions:

- The Group was in net current assets and net assets position of RMB9,385,000 and RMB70,384,000, respectively as at 31 December 2020, and the Group will be able to meet operating requirements and pay its debts as and when they fall due; and
- On 22 March 2021, the Company entered into a Convertible Loan Agreement with three subscribers (non-related parties) to raise S\$3,300,000 which is equivalent to RMB16,071,000 for working capital and business expansion and investment purposes.

We focused on this matter due to significant management's judgements involved and assumptions made in the preparation of financial statements on a going concern basis and considered the evolving uncertainties caused by COVID-19 pandemic.

### How our audit addressed the matter

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

- Discussed and evaluated management's assumptions used in the preparation of the Group's financial statements on going concern basis by obtaining management's cash flows projection of the Group over the next 12 months from balance sheet date;
- Obtained and reviewed the signed Convertible Loan Agreements; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

*Key Audit Matters (Continued)*

### **Financial assets, at fair value through profit or loss (“FVPL”)**

*[Refer to Notes 2.9 and 12 to the financial statements]*

The financial assets, at FVPL amounted to RMB55,227,000 which has contributed 78% of the Group's total assets, representing one of the significant components to the financial statements. The financial assets, at FVPL pertain to the non-listed equity instruments as at 31 December 2020.

With reference to SFRS(I) 9 *Financial Instruments* and SFRS(I) 13 *Fair Value Measurement*, equity investments are subsequently measured at their fair values and any movements in the fair values would be recognised in profit or loss. Given the evolving nature of the COVID-19 pandemic and the uncertainties which have arisen, it is imperative for the Group to provide adequate and reasonable assumptions in measuring the fair value of the financial assets. The Group has appointed an independent certified valuer to assist in fair value assessment on the financial assets as at balance sheet date.

We focused on this matter due to the degree of complexity and involvement of significant judgement over the assumptions applied in the valuation process, and having considered the significance of the financial assets, at FVPL to the Group's total assets.

#### How our audit addressed the matter

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

- Reviewed management's assessment on whether subsequent measurement of these financial assets is in accordance with SFRS(I) 9;
- Reviewed credentials, independence and professionalism of the certified valuer;
- With the assistance of our internal experts, reviewed and assessed the reasonableness of the key assumptions and methodology applied in deriving the fair value of these financial assets; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

*Key Audit Matters (Continued)*

### **Expected credit loss (“ECL”) on other receivables**

*[Refer to Notes 2.9, 13 and 22(b) to the financial statements]*

As at 31 December 2020, the other receivables amounting to RMB14,746,000 mainly relates to a loan to a related party which has contributed 21% of the Group's total assets. The loan to related party is unsecured, interest bearing of 4.75% per annum and repayable by December 2021 and January 2022. The Group has the rights to recall the debts before the repayment due date, as stated in the loan agreement.

With reference to SFRS(I) 9 *Financial Instruments*, the Group has applied the general approach (12 months expected credit losses) in assessing the ECL. In determining the ECL, the Group has assessed the probability of default and estimation of the cash flows from the loans.

We focused on this matter due to significant management's judgements and assumptions involved in determining the credit risk of the other receivables.

#### How our audit addressed the matter

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

- Reviewed the loan agreement with the related party;
- Evaluated the basis and assumptions applied in ECL by understanding the purpose of the loan and assessed the financial capability of the related party to meet the repayment as and when it falls due; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

#### *Other Information*

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

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

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

#### *Responsibilities of Management and Directors for the Financial Statements*

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



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

## *Responsibilities of Management and Directors for the Financial Statements (Continued)*

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHBANK HOLDINGS LIMITED

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

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

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**

5 April 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RMB'000	2019 RMB'000 Re-presented
<b>Continuing operations</b>			
Revenue		-	-
Other income			
- Interest income – loan to a related party		676	-
- Others	5	154	-
		830	-
Other gains			
- Gain on bargain purchase	25(a)(iii)	-	11,227
- Gain on disposal of subsidiary corporations	11	19,332	-
- Currency exchange gains – net		514	*
		19,846	11,227
Expenses			
- Bad debts written off		(14,395)	-
- Depreciation of property, plant and equipment	15	(12)	(18)
- Employee compensation	6	(1,138)	(1,328)
- Other expenses	7	(1,436)	(1,610)
Total expenses		(16,981)	(2,956)
Profit before income tax		3,695	8,271
Income tax expense	8	-	-
<b>Profit from continuing operations</b>		<b>3,695</b>	<b>8,271</b>
<b>Discontinued operations</b>			
Net loss from discontinued operations	9	(14,092)	(29,799)
<b>Total loss</b>		<b>(10,397)</b>	<b>(21,528)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses		-	(24)
Reclassification on disposal of subsidiary corporations	20	2,940	-
<b>Other comprehensive income/(loss), net of tax</b>		<b>2,940</b>	<b>(24)</b>
<b>Total comprehensive loss</b>		<b>(7,457)</b>	<b>(21,552)</b>

\* Less than RMB1,000

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RMB'000	2019 RMB'000 Re-presented
<b>Loss attributable to:</b>		
Equity holders of the Company	(4,907)	(15,571)
Non-controlling interests	(5,490)	(5,957)
	<b>(10,397)</b>	<b>(21,528)</b>
<b>Profit/(loss) attributable to equity holders of the Company relates to:</b>		
Profit from continuing operations	3,695	8,271
Loss from discontinued operations	(8,602)	(23,842)
	<b>(4,907)</b>	<b>(15,571)</b>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	(1,967)	(15,595)
Non-controlling interests	(5,490)	(5,957)
	<b>(7,457)</b>	<b>(21,552)</b>
<b>Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)</b>		
<b>Basic and diluted earnings/(loss) per share</b>	10	
From continuing operations	4.74	10.60
From discontinued operations	(11.03)	(30.56)

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

**BALANCE SHEET**

AS AT 31 DECEMBER 2020

	Note	The Group	
		2020 RMB'000	2019 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	11	1,226	9,715
Trade and other receivables	13	8,974	3,754
		<b>10,200</b>	13,469
<b>Non-current assets</b>			
Financial assets, at FVPL	12	55,227	55,227
Other receivables	13	5,772	8,500
Property, plant and equipment	15	–	147
Intangible assets	16	–	10,844
		<b>60,999</b>	74,718
<b>Total assets</b>		<b>71,199</b>	88,187
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	815	3,865
Current income tax liabilities		–	55
		<b>815</b>	3,920
<b>Non-current liability</b>			
Deferred income tax liabilities	18	–	3,918
<b>Total liabilities</b>		<b>815</b>	7,838
<b>NET ASSETS</b>		<b>70,384</b>	80,349
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	19	29,194	29,194
Currency translation reserves	20	4,683	1,743
Retained profits		30,985	31,397
		<b>64,862</b>	62,334
Non-controlling interests	14	5,522	18,015
<b>Total equity</b>		<b>70,384</b>	80,349

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

**BALANCE SHEET**

AS AT 31 DECEMBER 2020

	Note	The Company	
		2020 RMB'000	2019 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	11	55	4
Other receivables	13	10,644	33,319
		<b>10,699</b>	<b>33,323</b>
<b>Non-current assets</b>			
Other receivables	13	5,772	–
Investments in subsidiary corporations	14	39,600	39,600
Property, plant and equipment	15	–	134
		<b>45,372</b>	<b>39,734</b>
<b>Total assets</b>		<b>56,071</b>	<b>73,057</b>
<b>LIABILITIES</b>			
<b>Current liability</b>			
Other payables	17	667	625
<b>NET ASSETS</b>		<b>55,404</b>	<b>72,432</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	19	29,194	29,194
Currency translation reserve	20	4,693	5,979
Retained profits	21	21,517	37,259
<b>Total equity</b>		<b>55,404</b>	<b>72,432</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		← Attributable to equity holders of the Company →					
Note	Share	Currency	Retained	Total	Non-	Total	
	capital	translation	profits		controlling	equity	
	RMB'000	RMB'000	RMB'000	RMB'000	interests	RMB'000	
					RMB'000	RMB'000	
<b>The Group</b>							
<b>2020</b>							
<b>Beginning of financial year</b>							
	29,194	1,743	31,397	62,334	18,015	80,349	
Loss for the year	-	-	(4,907)	(4,907)	(5,490)	(10,397)	
Other comprehensive income for the financial year	-	2,940	-	2,940	-	2,940	
	-	2,940	(4,907)	(1,967)	(5,490)	(7,457)	
Disposal of subsidiary corporations	-	-	4,495	4,495	(7,003)	(2,508)	
<b>End of financial year</b>	<b>29,194</b>	<b>4,683</b>	<b>30,985</b>	<b>64,862</b>	<b>5,522</b>	<b>70,384</b>	
<b>2019</b>							
<b>Beginning of financial year</b>							
	29,194	1,767	46,968	77,929	19,572	97,501	
Loss for the year	-	-	(15,571)	(15,571)	(5,957)	(21,528)	
Other comprehensive loss for the financial year	-	(24)	-	(24)	-	(24)	
	-	(24)	(15,571)	(15,595)	(5,957)	(21,552)	
Acquisition of subsidiary corporations	25(a)(iii)	-	-	-	4,400	4,400	
<b>End of financial year</b>	<b>29,194</b>	<b>1,743</b>	<b>31,397</b>	<b>62,334</b>	<b>18,015</b>	<b>80,349</b>	

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



**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Cash flows from operating activities</b>			
Total loss for the financial year		(10,397)	(21,528)
Adjustments for:			
– Amortisation of intangible assets	16(b)	739	1,037
– Depreciation of property, plant and equipment	15	19	32
– Gain on bargain purchase	25(a)(iii)	–	(11,227)
– Gain on disposal of subsidiary corporations	11	(19,332)	(1,964)
– Impairment loss on goodwill	16(a)	–	12,156
– Impairment loss on intangible assets	16(b)	10,105	2,153
– Income tax expense	8	–	407
– Interest income		(676)	(24)
– Property, plant and equipment written-off	7	122	–
– Unrealised currency translation differences		–	(24)
		<b>(19,420)</b>	<b>(18,982)</b>
Change in working capital, net of effects from acquisition of subsidiary corporations and disposal of subsidiary corporations:			
– Trade and other receivables		1,616	(1,789)
– Financial assets, at FVPL		–	11,430
– Trade and other payables		14,816	17,864
Cash (used in)/provided by operations		(2,988)	8,523
Income tax paid		–	(277)
Interest received		–	24
<b>Net cash (used in)/provided by operating activities</b>		<b>(2,988)</b>	<b>8,270</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	15	–	(28)
Disposal of subsidiary corporations, net of cash disposed of	11	(1)	(507)
Loan to a related party		(5,500)	–
<b>Net cash used in investing activities</b>		<b>(5,501)</b>	<b>(535)</b>
<b>Net (decrease)/increase in cash and bank balances</b>		<b>(8,489)</b>	<b>7,735</b>
<b>Cash and bank balances</b>			
Beginning of financial year		9,715	1,980
<b>End of financial year</b>		<b>1,226</b>	<b>9,715</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

## 1 GENERAL INFORMATION

HealthBank Holdings Limited (“the Company”) is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is 3 Temasek Avenue, Centennial Tower, #34-17, Singapore 039190.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations are described in Note 14 to the financial statements.

### Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation announced the COVID-19 outbreak as a global health emergency.

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. Hotel businesses in China were severely affected due to the restrictions imposed on cross-border movement. The cross-border travelling measures remain restricted as it is mainly for approved essential business travel while leisure travel is almost non-existent for most of international travellers. As a result, the Group’s financial performance has been affected significantly.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies which the Group operates in. There is significant uncertainty as to the duration of the pandemic, hence is expected to affect the Group’s financial performance in the following financial years.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial year ended 31 December 2020:

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate as disclosed in Note 4 to the financial statements.
- In 2020, the restrictions on cross-border movement and travelling have severely affected the Group’s operations. These negative impacts from COVID-19 have caused the main subsidiary corporations of the Group, ZYTC Group which manage the hospitality division to record a loss and they were not able to generate the expected amount of sales and cash inflow to sustain the business. Accordingly, the Group impaired the related intangible assets amounting to RMB10,105,000, followed by the decision to disposed ZYTC Group on 30 October 2020, to minimise further losses.
- The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on valuation of financial assets, at FVPL, expected credit loss allowance for other receivables and impairment of goodwill and intangible assets are as disclosed in Note 3 to the financial statements.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) under the historical cost convention, except as disclosed in the accounting policies below.

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

#### *Interpretations and amendments to published standards effective in 2020*

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

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

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation (“PO”) by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. The performance obligation is satisfied at overtime.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (Continued)

The Group recognises revenue from the following sources:

(a) *Consultancy services*

The provision of consultancy services is recognised over time when the Group satisfies a performance obligation by transferring control of a promised service to the customer. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The output method is used to recognise revenue by reference to the Group's progress towards completing the services rendered. The measure of progress is determined based on surveys of work performed.

(b) *Hotel management fees*

Hotel management fees involve planning, assessing, supervising and quality control on hotel and resort development. The hotel management fees are charged based on a percentage of the total revenue of the hotels under the Group's management. Total hotels' revenue includes but is not limited to room revenue, food and beverage revenue, revenue from conference, banquet and spa service. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue from the hotel management is recognised over time when the management services is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the services rendered.

(c) *Interest income*

Interest income is recognised using the effective interest method.

### 2.3 Government grant

Grants from the government are recognised as receivables at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. 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 of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations* (Continued)

##### (ii) *Acquisitions* (Continued)

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

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

When the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquire is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference – often referred to as "**bargain purchase**" – is recognised in profit or loss.

Before recognising a gain on bargain purchase, management shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in the review. The objective is to ensure that measurements appropriately reflect consideration of all available information as of the acquisition date.

##### (iii) *Disposals*

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Group accounting (Continued)

##### (b) Transactions with non-controlling interests

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

#### 2.5 Property, plant and equipment

##### (a) Measurement

##### (i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, 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.

##### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fittings	10 years
Office equipment	3 – 10 years

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (Continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, 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.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains – net".

### 2.6 Intangible assets

(a) *Goodwill*

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

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to entity sold.

(b) *Management contracts and naming rights*

Management contracts and naming rights acquired in business combination are initially recognised at costs which represent fair values at the date of acquisition and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss on a straight-line method over their estimated useful lives as follows:

	<b>Useful lives</b>
Management contracts	15 years
Naming rights	12 years

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Investments in subsidiary corporations

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

#### 2.8 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

(b) *Property, plant and equipment*

*Intangible assets*

*Investments in subsidiary corporations*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Impairment of non-financial assets (Continued)

- (b) *Property, plant and equipment*  
*Intangible assets*  
*Investments in subsidiary corporations (Continued)*

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

### 2.9 Financial assets

- (a) *Classification and measurement*

The Group classifies and measures its financial assets at amortised cost and fair value through profit or loss ("FVPL"). The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

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

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

#### At initial recognition

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Financial assets (Continued)

(a) *Classification and measurement (Continued)*

At subsequent measurement

(i) *Debt instruments*

Debt instruments of the Group mainly comprise cash and bank balances and trade and other receivables.

The subsequent measurement categories depend on the Group's business model for managing the assets and the cash flow characteristic of the assets. The Group manages these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition. Interest income from these financial assets is included as interest income using the effective interest rate method.

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

(ii) *Equity investments*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (Continued)

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 22 details how the Group determines whether there has been a significant increase in credit risk.

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

For other receivables, the Group use the general 3 stage approach is applied. The loss allowance is measured at an amount equal to 12-month credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

#### (c) Recognition and derecognition

Regular way purchase 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 financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

Trade receivables that factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

### 2.10 Offsetting of financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Trade and other payables

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

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

### 2.12 Leases

*When the Group is the lessee:*

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

#### Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

#### Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. Lease liability is measured at amortised cost using the effective interest method.

#### Short term and low value leases

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

### 2.13 Income taxes

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Income taxes (Continued)

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

### 2.14 Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.15 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Defined contribution plans – retirement benefits*

Pursuant to the relevant regulations of the People's Republic of China ("**PRC**") government, the PRC subsidiary corporations of the Group ("**PRC Subsidiary Corporations**") have participated in central pension schemes ("**the Schemes**") operated by local municipal government whereby the PRC Subsidiary Corporations are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund its retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiary Corporations. The only obligation of the PRC Subsidiary Corporations with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss when incurred.

#### 2.16 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The Company's functional currency is Singapore Dollar ("**SGD**"). The financial statements are presented in Chinese Renminbi ("**RMB**") as the presentation currency of the Group.

(b) *Transactions and balances*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Currency translation (Continued)

#### (b) *Transactions and balances* (Continued)

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within “Other (losses)/gains – net”.

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

#### (c) *Translation of Group entities' financial statements*

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

### 2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.18 Cash and bank balances

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

### 2.19 Share capital

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.20 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary corporation acquired exclusively with a view to resale.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

#### (a) Financial assets, at FVPL

The fair value of financial assets, at FVPL is being assessed by using a variety of methods and assumptions based on market conditions, macro and microeconomic information that existing as at balance sheet date.

The amount of RMB55,227,000 (2019: RMB55,227,000) were recognised as at 31 December 2020. The carrying amounts of financial asset, at FVPL at the end of each financial year are disclosed in Note 12 to the financial statements and the details of the fair value measurement are disclosed in Note 22(f) to the financial statements.

#### (b) Expected credit loss allowance for other receivables

The Group has applied the general approach (12 months expected credit losses) in assessing the expected credit loss (“ECL”) allowance for other receivables. In determining the ECL, the Group has assessed the probability of default and estimation of cash flows recoverable from the outstanding receivables.

As at each reporting date, the Group assesses whether the credit risk of a financial instruments has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

The carrying amounts of trade and other receivables at the end of each financial year are disclosed in Note 13 to the financial statements. No allowance is required as at 31 December 2020. Details of the ECL allowance are disclosed in Note 22(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (c) Impairment of goodwill and intangible assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the CGU expected to benefit from synergies arising from the business combination.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. In current financial year ended 31 December 2020, the Group has recognised an impairment charge on its goodwill and intangible assets of Nil (2019: RMB12,156,000) and RMB10,105,000 (2019: RMB2,153,000) respectively. The details are disclosed in Note 16 to the financial statements.

If the estimated cost of equity used had been 5% higher than management's estimates, the recoverable amount of intangible assets would not have reduced further as the intangible assets had been fully impaired.

## 4. GOING CONCERN

The Group reported a net loss of RMB10,397,000 for the financial year ended 31 December 2020 and as at that date, total cash and cash equivalents decreased by RMB8,489,000 which mainly resulted from the net cash outflow in operating and investing activities. During the current financial year, the Group has also disposed ZYTC Group which was the Group's core operating business – hospitality division.

The Board of Directors has assessed that the preparation of financial statements on a going concern basis remain appropriate after having considered the following assumptions:

- The Group was in net current assets and net assets position of RMB9,385,000 and RMB70,384,000, respectively as at 31 December 2020 and the Group will be able to meet the operating requirements and pay its debts as and when they fall due; and
- On 22 March 2021, the Company entered into a Convertible Loan Agreement with three subscribers (non-related parties) to raise S\$3,300,000 which is equivalent to RMB16,071,000 for working capital and business expansion and investment purposes.

Accordingly, the financial statements were prepared on a going concern basis after taken into consideration that the Group will have sufficient cash flows to meet the operating requirements and pay its debts as and when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 5. OTHER INCOME

	Group	
	2020 RMB'000	2019 RMB'000
Government grant	154	–

Grant income of RMB154,000 (2019: Nil) was recognised during the financial year under Jobs Support Scheme (the “JSS”). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

### 6. EMPLOYEE COMPENSATION

	Group	
	2020 RMB'000	2019 RMB'000
Wages and salaries	1,018	1,212
Employer's contribution to defined contribution	120	116
	<b>1,138</b>	<b>1,328</b>

### 7. OTHER EXPENSES

	Group	
	2020 RMB'000	2019 RMB'000
Auditor's remuneration paid/payable		
– Auditor of the Company	313	299
– Other auditors	13	25
Travel, entertainment and insurance	24	196
Professional fees	477	567
Short-term lease	63	–
Printing, stationery and postages	4	90
Directors' fees	330	403
Property, plant and equipment written-off	122	–
Others	90	30
	<b>1,436</b>	<b>1,610</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8. INCOME TAX EXPENSE

	Group	
	2020 RMB'000	2019 RMB'000
Tax expense attributable to loss is made up of:		
Loss for the financial year:		
– From continuing operations	–	–
– From discontinued operations		
Current income tax	–	235
Deferred income tax (Note 18)	–	172
	–	407
	–	407

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

	Group	
	2020 RMB'000	2019 RMB'000
Profit/(loss) before income tax		
– continuing operations	<b>3,695</b>	8,272
– discontinued operations	<b>(14,092)</b>	(29,393)
	<b>(10,397)</b>	(21,121)
Tax calculated at tax rate of 17% (2019: 17%)	<b>(1,767)</b>	(3,591)
Effects of:		
– different tax rates in other countries	<b>419</b>	1,995
– expenses not deductible for tax purposes	<b>1,383</b>	1,723
– income not subject to tax	<b>(23)</b>	(3,298)
– deferred tax assets not recognised	–	3,578
– others	<b>(12)</b>	–
	–	407

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP

On 30 October 2020 (“**Agreement date**”), the Group through its subsidiary corporation, Elite Management (Singapore) Pte. Ltd., signed a Sale and Purchase Agreement (“**SPA**”) with a non-related party (the “**Purchaser**”), to dispose its entire equity interests in its wholly-owned subsidiary corporation, Beijing Zhuoyue Tiancheng Business Management Co., Ltd. (“**ZYTC**”) and its subsidiary corporations (“**ZYTC Group**” or “**disposal group**”) at a nominal consideration of RMB1. In accordance with the terms and conditions of the SPA, the risks and rewards of the disposal group transfer to the Purchaser with effective from the Agreement Date. Subsequently, the disposal has been completed on 7 January 2021.

The management has assessed that the Group lost control of the disposal group on Agreement Date as the Group is neither exposed to, nor has rights to, variable returns from its involvement with the entities and has no ability to affect those returns through its power over the entities from that date. Accordingly, the management deconsolidated the related assets and liabilities of the disposal group on 30 October 2020 and recognised a gain on disposal amounting to RMB19,332,000. The related financial results up to the Agreement Date from the disposal group were reclassified and presented separately on the statement of comprehensive income as discontinued operations for the financial year ended 31 December 2020. The disposal group was previously presented under the “hospitality division” reportable segment of the Group (Note 24).

(a) The results of the discontinued operations are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>897</b>	4,043
Expenses	<b>(14,989)</b>	(33,435)
Loss before tax from discontinued operations	<b>(14,092)</b>	(29,392)
Tax expenses	<b>-</b>	(407)
Net loss from discontinued operations	<b>(14,092)</b>	(29,799)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Operating cash (outflows)/inflows	<b>(6,428)</b>	7,408
Investing cash outflows	<b>-</b>	(1,698)
Total cash (outflows)/inflows	<b>(6,428)</b>	5,710

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. EARNINGS/(LOSS) PER SHARE

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

	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
Profit/(loss) for the financial year attributable to equity holders of the Company (RMB'000)	<b>3,695</b>	8,271	<b>(8,602)</b>	(23,842)	<b>(4,907)</b>	(15,571)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	<b>78,000</b>	78,000	<b>78,000</b>	78,000	<b>78,000</b>	78,000
Basic and diluted earnings/(loss) per share (RMB cents per share)	<b>4.74</b>	10.60	<b>(11.03)</b>	(30.56)	<b>(6.29)</b>	(19.96)

There were no dilutive potential ordinary shares during the financial years ended 31 December 2020 and 2019.

### 11. CASH AND BANK BALANCES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Cash and bank balances	<b>1,226</b>	9,715	<b>55</b>	4

#### Disposal of subsidiary corporations in 2020

As disclosed in Note 9 of the financial statements, on 30 October 2020, the Group through its subsidiary corporation, Elite Management (Singapore) Pte. Ltd., has disposed its entire equity interests in its wholly-owned subsidiary corporation, ZYTC and its subsidiary corporations ("ZYTC Group") to a non-related party at a nominal considerations of RMB1.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 11. CASH AND BANK BALANCES (CONTINUED)

#### Disposal of subsidiary corporations in 2020 (Continued)

The effect of the cash flows are as follows:

	<b>ZYTC Group</b> <b>RMB'000</b>
<b>2020</b>	
<u>Carrying amounts of assets and liabilities as at the date of disposal</u>	
Cash and bank balances	1
Trade and other receivables	2,068
Property, plant and equipment	6
Total assets	<u>2,075</u>
Trade and other payables	(17,866)
Deferred tax liabilities	(3,918)
Current income tax liabilities	(55)
	<u>(21,839)</u>
Net liabilities derecognised	(19,764)
Less:	
– Non-controlling interests	(2,508)
<b>Net liabilities disposed of</b>	<u>(22,272)</u>
<b>Cash inflows arising from disposal:</b>	
Net liabilities disposed of (as above)	(22,272)
Reclassification of currency translation (Note 20)	2,940
	<u>(19,332)</u>
Gain on disposal	19,332
Consideration on disposal	*
Less:	
– Cash and bank balances in the subsidiary corporations disposed of	(1)
<b>Net cash outflow on disposal</b>	<u>(1)</u>

\* Less than RMB1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. CASH AND BANK BALANCES (CONTINUED)

### Acquisition and disposal of subsidiary corporations in 2019

Please refer to Note 25 to the financial statements for the effects of acquisitions of subsidiary corporations on the cash flows of the Group.

On 1 January 2019, a subsidiary corporation of the Group, Beijing Shengting Commercial Management Co., Ltd. ("**Beijing Shengting**"), entered into the following agreements:

- (i) with two non-related parties (the "**Purchasers**") to dispose its entire equity interest in Beijing Libre Hotel Management Co., Ltd. ("**Beijing Libre**") at a consideration of RMB2,765,000 (the "Disposal").
- (ii) with its former subsidiary corporation, Beijing Libre, to acquire certain assets and liabilities as well as an apartment management contract and 5 long-term hotel management contracts for a net consideration of RMB2,765,000.
- (iii) with the Purchasers and Beijing Libre, to offset the consideration receivable from the Purchasers in relation to the Disposal against the payable amount owing to Beijing Libre by Beijing Shengting.

The effect of the cash flows are as follows:

	<b>Group As at 29 January 2019 RMB'000</b>
<b>2019</b>	
<u>Carrying amounts of assets and liabilities as at the date of disposal</u>	
Cash and bank balances	507
Trade and other receivables	16,602
Property, plant and equipment	126
Total assets	<u>17,235</u>
Trade and other payables	(16,434)
Deferred tax liabilities	-
Current income tax liabilities	-
	<u>(16,434)</u>
Net assets disposed of	<u>801</u>
Net assets disposed of (as above)	801
Gain on disposal	1,964
Consideration on disposal	2,765
Less:	
- Cash and bank balances in the subsidiary corporations disposed of	(507)
- Offsetting for consideration	(2,765)
<b>Net cash outflow on disposal</b>	<u>(507)</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12. FINANCIAL ASSETS, AT FVPL

	Group	
	2020 RMB'000	2019 RMB'000
Beginning of financial year	55,227	59,530
Acquisition of subsidiary corporations (Note 25(a)(iii))	–	55,227
	<b>55,227</b>	114,757
Less:		
– Transfer investments units for business acquisition <sup>(1)</sup>	–	(39,600)
– Transfer investments units to a related party <sup>(2)</sup>	–	(8,500)
– Disposal <sup>(3)</sup>	–	(11,430)
	–	(59,530)
End of financial year	<b>55,227</b>	55,227
<i>Non-current</i>		
Non-listed equity instruments: Private equity	<b>55,227</b>	55,227

The instruments are measured at fair value through profit or loss.

- (1) On 11 December 2019, the Group has transferred the private investment funds units equivalent to the consideration amount of RMB39,600,000 (Note 25(a)(i)) to a third party for the acquisition of Libre Hospitality Limited (“LHL”).
- (2) On 20 December 2019, through the acquisition of LHL, the Group has transferred the private investment funds unit equivalent to RMB8,500,000 to a related party as a loan to a related party (Note 13).
- (3) As at 31 December 2019, the Group has disposed all the remaining private investment funds.

The non-listed equity instruments is classified as non-current financial assets, at FVPL, as the management has no intention to dispose the private equity within 12 months period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<i>Current</i>				
Trade receivables – non-related parties	-	6,724	-	-
Less: Credit loss allowance (Note 22(b))	-	(3,608)	-	-
Trade receivables – net	-	3,116	-	-
<i>Non-trade receivables</i>				
– Subsidiary corporations <sup>(1)</sup>	-	-	1,670	33,298
– Non-related party	-	603	-	-
Less: Credit loss allowance (Note 22(b))	-	(20)	-	-
Non-trade receivables – net	-	583	1,670	33,298
<i>Deposits<sup>(2)</sup></i>				
Deposits <sup>(2)</sup>	21	10,760	21	-
Less: Credit loss allowance (Note 22(b))	-	(10,760)	-	-
	21	-	21	-
<i>Prepayments</i>				
Prepayments	93	55	93	21
Loan to a related party	8,860	-	8,860	-
	8,974	3,754	10,644	33,319
<i>Non-Current</i>				
Loan to a related party <sup>(3)</sup>	5,772	8,500	5,772	-
Total trade and other receivables	14,746	12,254	16,416	33,319

(1) Non-trade receivables due from subsidiary corporations are unsecured, interest-free and repayable on demand.

(2) In prior year, the deposits relating to a refundable security deposit paid for bidding of a new hotel management contract. Management has recognised credit loss allowance as the default risk is high. As this is part of the disposal group, the entire amount has been derecognised on 30 October 2020. As of 31 December 2020, the deposit is in relation to refundable office rental deposit.

(3) The loan to a related party is unsecured, interest-bearing of 4.75% per annum and repayable by December 2021 and January 2022 which are respectively classified as current and non-current receivables. As stated in the loan agreement, the Company also has the right to recall the debts before the repayment due date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Group	
	2020 RMB'000	2019 RMB'000
<i>At cost</i>		
Beginning of financial year	39,600	*
Additions	-	39,600
End of financial year	<b>39,600</b>	39,600

\* *Less than RMB1,000*

On 11 December 2019, the Group acquired 90% of the equity interest of Libre Hospitality Limited (“**LHL**”) group with purchase consideration of RMB39,600,000. LHL was incorporated on 5 July 2018 in Hong Kong Special Administrative Region. The registered address is at New Era Square, 181 Queen’s Ave Central, Hong Kong Special Administrative Region. LHL holds a 100% interest in Hainan Zhong Zhi Cultural Tourism Limited (“**WOFE**”), an entity incorporated in People’s Republic of China. Through the WOFE, LHL holds 8% shareholdings respectively in Hainan Fuda Construction Materials Co., Ltd and Hainan Fufa Plantations Co., Ltd.

On 30 October 2020, the Group through its subsidiary corporation, Elite Management (Singapore) Pte. Ltd., has disposed its entire equity interests in its wholly-owned subsidiary corporation, ZYTC and its subsidiary corporations (“**ZYTC Group**”) to a non-related party at a nominal considerations of RMB1. Details are disclosed in Note 9 of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 December 2020 and 2019:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Subsidiary corporations of the Company</b>								
Elite Management (Singapore) Pte. Ltd. <sup>(1)</sup>	Investment holdings	Singapore	100	100	100	100	-	-
Libre Hospitality Limited <sup>(3)</sup>	Investment holdings	Hong Kong	90	90	90	90	10	10
<b>Subsidiary corporation of Libre Hospitality Limited</b>								
Hainan Zhong Zhi Cultural Tourism Limited <sup>(3)</sup>	Property investment	People's Republic of China	-	-	90	90	10	10
<b>Subsidiary corporation of Elite Management (Singapore) Pte. Ltd.</b>								
Beijing Zhuoyue Tiancheng Business Management Co., Ltd. <sup>(2)(4)</sup>	Property and hospitality management consultancy services	People's Republic of China	-	-	-	100	-	-

\* Parent referred to the Company



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 December 2020 and 2019: (Continued)

Name of companies	Principal activities	Country of business/incorporation	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Subsidiary corporation of Beijing Zhuoyue Tiancheng Business Management Co., Ltd.</b>								
Beijing Shengting Commercial Management Co., Ltd. <sup>(2)(4)</sup>	Property and hospitality management consultancy services	People's Republic of China	-	-	-	52	-	48
<b>Subsidiary corporation of Beijing Shengting Commercial Management Co., Ltd.</b>								
Beijing Tangzhi Xinyu Hot Spring Enterprise Management Co., Ltd. <sup>(2)(4)</sup>	Property and hospitality management consultancy services	People's Republic of China	-	-	-	52	-	48
<b>Subsidiary corporations of Beijing Tangzhi Xinyu Hot Spring Enterprise Management Co., Ltd.</b>								
Lijiang Lanzhitang Management Co., Ltd. <sup>(2)(4)</sup>	Dormant	People's Republic of China	-	-	-	52	-	48
Huangshan Lanzhitang Enterprise Management Co., Ltd. <sup>(2)(4)</sup>	Dormant	People's Republic of China	-	-	-	52	-	48

\* Parent referred to the Company

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited/reviewed by Shanghai Nexia TS Certified Public Accountants, for group consolidation purposes.

(3) Audited/reviewed by Nexia TS Public Accounting Corporation, for group consolidation purposes.

(4) On 30 October 2020, the Groups through its subsidiary corporation, Elite Management (Singapore) Pte. Ltd., has disposed its entire equity interests in its wholly-owned subsidiary, ZYTC and its subsidiary corporations.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

In accordance to Rule 716 of the Catalist Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

#### Significant restriction

There is no significant restriction on cash and bank balances as at 31 December 2020. However, as at 31 December 2019, cash and short-term deposits of RMB6,936,000 are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

	Group	
	2020 RMB'000	2019 RMB'000
<i>Carrying value of non-controlling interests</i>		
Beijing Shengting Commercial Management Co., Ltd. and its subsidiary corporations	–	12,492
Libre Hospitality Limited and its subsidiary corporations	<b>5,522</b>	5,523
<b>Total</b>	<b>5,522</b>	18,015

Set out below is the summarised financial information for the subsidiary corporations that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

*Summarised consolidated balance sheet as at 31 December:*

	Libre Hospitality		Beijing Shengting
	2020 RMB'000	2019 RMB'000	2019 RMB'000
<b>Current</b>			
Assets	–	–	3,490
Liabilities	–	–	(3,005)
Total current net assets	–	–	485
<b>Non-current</b>			
Financial assets, at FVPL	<b>55,227</b>	55,227	133
<b>Net assets</b>	<b>55,227</b>	55,227	618

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**14. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)***Summarised consolidated statements of comprehensive income for the financial year ended 31 December:*

	<b>Libre Hospitality</b>		<b>Beijing Shengting</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	-	-	4,043
Loss before income tax	-	-	(16,477)
Income tax expenses	-	-	(236)
Loss after tax	-	-	(16,713)
Total comprehensive loss allocated to non-controlling interests	-	-	(8,022)

*Summarised consolidated statements of cash flows for the financial year ended 31 December:*

	<b>Libre Hospitality</b>		<b>Beijing Shengting</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net cash used in operating activities</b>	-	-	(516)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 15. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Furniture and fittings RMB'000	Total RMB'000
<b>Group</b>			
<b>2020</b>			
<i>Cost</i>			
Beginning of financial year	42	158	200
Disposal of subsidiary corporations	(36)	–	(36)
Write-off	(6)	(158)	(164)
End of financial year	–	–	–
<i>Accumulated depreciation</i>			
Beginning of financial year	(21)	(32)	(53)
Depreciation charge			
– Continuing operations	(3)	(9)	(12)
– Discontinued operations	(7)	–	(7)
	(10)	(9)	(19)
Disposal of subsidiary corporations	30	–	30
Write-off	1	41	42
End of financial year	–	–	–
<i>Net book value</i>			
End of financial year	–	–	–
<b>2019</b>			
<i>Cost</i>			
Beginning of financial year	45	265	310
Disposal of subsidiary corporation	(31)	(107)	(138)
Additions	28	–	28
End of financial year	42	158	200
<i>Accumulated depreciation</i>			
Beginning of financial year	(14)	(19)	(33)
Disposal of subsidiary corporation	9	3	12
Depreciation charge	(16)	(16)	(32)
End of financial year	(21)	(32)	(53)
<i>Net book value</i>			
End of financial year	21	126	147



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	<b>Office equipment RMB'000</b>	<b>Furniture and fittings RMB'000</b>	<b>Total RMB'000</b>
<b>Company</b>			
<b>2020</b>			
<i>Cost</i>			
Beginning of financial year	6	163	169
Write-off	(6)	(163)	(169)
End of financial year	-	-	-
<i>Accumulated depreciation</i>			
Beginning of financial year	(3)	(32)	(35)
Depreciation charge	(3)	(9)	(12)
Write-off	6	41	47
End of financial year	-	-	-
<i>Net book value</i>			
End of financial year	-	-	-
<b>2019</b>			
<i>Cost</i>			
Beginning of financial year	6	159	165
Currency translation differences	-	4	4
End of financial year	6	163	169
<i>Accumulated depreciation</i>			
Beginning of financial year	(1)	(16)	(17)
Depreciation charge	(2)	(16)	(18)
End of financial year	(3)	(32)	(35)
<i>Net book value</i>			
End of financial year	3	131	134

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16. INTANGIBLE ASSETS

	Group	
	2020 RMB'000	2019 RMB'000
<u>Composition:</u>		
Goodwill (Note (a))	-	-
Management contracts and naming rights (Note (b))	-	10,844
	-	10,844

#### (a) Goodwill

	Group	
	2020 RMB'000	2019 RMB'000
<u>Cost</u>		
Beginning of financial year	12,156	12,156
Disposal of subsidiary corporations	(12,156)	-
End of financial year	-	12,156
<u>Accumulated impairment</u>		
Beginning of financial year	(12,156)	-
Allowance for impairment	-	(12,156)
Disposal of subsidiary corporations	12,156	-
End of financial year	-	(12,156)
<i>Net book value</i>	-	-

Goodwill of RMB12,156,000 was allocated to the Group's cash-generating unit ("CGU"), hospitality division.

On 30 October 2020, the Group has disposed its entire equity interest in its wholly-owned group of subsidiary corporations, ZYTC Group. Accordingly, the related goodwill has been derecognised. Therefore, the Group has no goodwill as at 31 December 2020.

In prior financial year ended 31 December 2019, the recoverable amount was determined based on value-in-use calculation via the discounted cash flow projection ("DCF"). Based on the DCF, the recoverable amount of the CGU is significantly lower than the carrying amount of goodwill. Consequently, the management recognised a full impairment of RMB12,156,000 on goodwill.

The key assumptions of the discounted cash flows projection are as below:

	2019 %
Average gross margin	45
Growth rate	5
Discount rate	14

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**16. INTANGIBLE ASSETS (CONTINUED)****(b) Management contracts and naming rights**

	<b>Management contracts RMB'000</b>	<b>Naming rights RMB'000</b>	<b>Total RMB'000</b>
<b>Group</b>			
<b>2020</b>			
<i>Cost</i>			
Beginning and end of financial year	<b>11,220</b>	<b>3,332</b>	<b>14,552</b>
Disposal of subsidiary corporations	<b>(11,220)</b>	<b>(3,332)</b>	<b>(14,552)</b>
End of financial year	–	–	–
<i>Accumulated amortisation</i>			
Beginning of financial year	<b>(2,802)</b>	<b>(906)</b>	<b>(3,708)</b>
Amortisation charges	<b>(542)</b>	<b>(197)</b>	<b>(739)</b>
Disposal of subsidiary corporations	<b>3,344</b>	<b>1,103</b>	<b>4,447</b>
End of financial year	–	–	–
<i>Accumulated impairment</i>			
Beginning of financial year	<b>(1,663)</b>	<b>(490)</b>	<b>(2,153)</b>
Impairment loss	<b>(7,876)</b>	<b>(2,229)</b>	<b>(10,105)</b>
Disposal of subsidiary corporations	<b>9,539</b>	<b>2,719</b>	<b>12,258</b>
End of financial year	–	–	–
<i>Net carrying value</i>	–	–	–
<b>2019</b>			
<i>Cost</i>			
Beginning and end of financial year	11,220	3,332	14,552
<i>Accumulated amortisation</i>			
Beginning of financial year	(380)	(138)	(518)
Amortisation charges	(759)	(278)	(1,037)
End of financial year	(1,139)	(416)	(1,555)
<i>Accumulated impairment</i>			
Beginning of financial year	–	–	–
Impairment loss	(1,663)	(490)	(2,153)
End of financial year	(1,663)	(490)	(2,153)
<i>Net carrying value</i>	8,418	2,426	10,844

During current financial year, the Group recognised an impairment charge on its intangible assets of RMB10,105,000. The recoverable amount has been determined based on the fair value less cost to disposal method. In performing the impairment assessment, the management has also considered the probability of future economic benefits against the continually evolving situation due to COVID-19 pandemic that severely affecting the hospitality industry in China, where the Group operates in. Accordingly, the Group has impaired the intangible assets to its recoverable amount.

Subsequently, on 30 October 2020, the Group has disposed its entire equity interest in its wholly-owned group of subsidiary corporations, ZYTC Group. Accordingly, the related intangibles assets have been derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Trade payables:				
– non-related parties	–	10	–	–
Non-trade payables:				
– non-related parties	158	564	158	–
Accruals	657	3,291	509	625
	<b>815</b>	<b>3,865</b>	<b>667</b>	<b>625</b>

### 18. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined before and after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2020 RMB'000	2019 RMB'000
Deferred tax liabilities	–	3,918

The movement in the net deferred income tax account is as follows:

	Group	
	2020 RMB'000	2019 RMB'000
Beginning of financial year	3,918	3,746
Tax charge to profit or loss (Note 8)	–	172
Disposal of subsidiary corporations (Note 9)	(3,918)	–
End of financial year	–	3,918

As at 31 December 2019, the Group has unrecognised tax losses arising in People's Republic of China of RMB21,047,000 which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses can be carried forward up to a period of 5 years. Subsequent to the disposal of ZYTC Group, on 30 October 2020, the Group do not have any unrecognised tax losses.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18. DEFERRED INCOME TAXES (CONTINUED)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

*Deferred income tax liabilities*

	<b>Accelerated tax depreciation and amortisation RMB'000</b>	<b>Unremitted foreign retained earnings RMB'000</b>	<b>Total RMB'000</b>
<b>Group</b>			
<b>2020</b>			
Beginning of financial year	3,572	346	3,918
Disposal of subsidiary corporations (Note 11)	(3,572)	(346)	(3,918)
End of financial year	–	–	–
<b>2019</b>			
Beginning of financial year	3,572	174	3,746
Tax charge to profit or loss (Note 8)	–	172	172
End of financial year	3,572	346	3,918

### 19. SHARE CAPITAL

<b>Group and Company</b>	<b>Number of shares RMB'000</b>	<b>Issued and paid-up share capital RMB'000</b>
<b>2020</b>		
Beginning and end of financial year	78,000	29,194
<b>2019</b>		
Beginning and end of financial year	78,000	29,194

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

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 20. CURRENCY TRANSLATION RESERVE

Movement in currency translation reserve is as follows:

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Beginning of financial year	1,743	1,767	5,979	3,550
Net currency translation differences arising from consolidation	-	(24)	(1,286)	2,429
Reclassification on disposal of subsidiary corporations	2,940	-	-	-
End of financial year	4,683	1,743	4,693	5,979

The currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency, RMB.

Currency translation reserve is non-distributable.

### 21. RETAINED PROFITS

(a) *Retained profits of the Group and the Company are distributable.*

(b) *Movement in accumulated profits for the Company is as follows:*

	Company	
	2020 RMB'000	2019 RMB'000
Beginning of financial year	37,259	42,606
Net loss	(15,742)	(5,347)
End of financial year	21,517	37,259

### 22. FINANCIAL RISK MANAGEMENT

#### Financial risk factors

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors

(a) *Market risk*

(i) *Currency risk*

The Group operates in People's Republic of China and Singapore. Entities in the Group also transact in currencies other than their respective functional currencies ("**foreign currencies**").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than its functional currency.

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

	RMB RMB'000	SGD RMB'000	USD RMB'000	Total RMB'000
<b>Group</b>				
<b>At 31 December 2020</b>				
<b>Financial assets</b>				
Cash and bank balances	–	1,213	13	1,226
Financial assets, at FVPL	55,227	–	–	55,227
Other receivables	14,632	21	–	14,653
Intra-group receivables	–	1,670	–	1,670
	<b>69,859</b>	<b>2,904</b>	<b>13</b>	<b>72,776</b>
<b>Financial liabilities</b>				
Trade and other payables	–	(815)	–	(815)
Intra-group payables	–	(1,670)	–	(1,670)
	<b>–</b>	<b>(2,485)</b>	<b>–</b>	<b>(2,485)</b>
<b>Net financial assets</b>	<b>69,859</b>	<b>419</b>	<b>13</b>	<b>70,291</b>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<b>14,632</b>	<b>–</b>	<b>13</b>	<b>14,645</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

(a) *Market risk (Continued)*

(i) *Currency risk (Continued)*

	RMB RMB'000	SGD RMB'000	USD RMB'000	Total RMB'000
<b>Group</b>				
<b>At 31 December 2019</b>				
<b>Financial assets</b>				
Cash and bank balances	6,429	3,272	14	9,715
Financial assets, at FVPL	55,227	–	–	55,227
Trade and other receivables	12,178	21	–	12,199
Intra-group receivables	–	33,298	–	33,298
	73,834	36,591	14	110,439
<b>Financial liabilities</b>				
Trade and other payables	(2,755)	(1,110)	–	(3,865)
Intra-group payables	–	(33,298)	–	(33,298)
	(2,755)	(34,408)	–	(37,163)
<b>Net financial assets</b>	71,079	2,183	14	73,276
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>				
	8,500	–	14	8,514



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

(a) *Market risk (Continued)*

(i) *Currency risk (Continued)*

	RMB RMB'000	SGD RMB'000	Total RMB'000
<b>Company</b>			
<b>At 31 December 2020</b>			
<b>Financial assets</b>			
Cash and bank balances	–	55	55
Other receivables	14,632	1,691	16,323
	14,632	1,746	16,378
<b>Financial liabilities</b>			
Trade and other payables	–	667	667
<b>Net financial assets</b>	<b>14,632</b>	<b>1,079</b>	<b>15,711</b>
<b>Currency exposure of financial assets in the Company's functional currency</b>			
	14,632	–	14,632
<b>At 31 December 2019</b>			
<b>Financial assets</b>			
Cash and bank balances	–	4	4
Other receivables	29,716	3,582	33,298
	29,716	3,586	33,302
<b>Financial liabilities</b>			
Trade and other payables	–	625	625
<b>Net financial assets</b>	<b>29,716</b>	<b>2,961</b>	<b>32,677</b>
<b>Currency exposure of financial assets in the Company's functional currency</b>			
	29,716	–	29,716

As at 31 December 2020, if the USD change against the RMB with all other variables held constant, the foreign exchange gains/losses on translation of USD-denominated financial assets are not expected to have any significant impact to the net profit for the year.

(ii) *Price risk*

The Group does not have exposure to equity price risk as it does not hold any equity financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

(a) *Market risk (Continued)*

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group does not have exposure to interest rate risk as it does not have any bank borrowings.

(b) *Credit risk*

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are cash and bank balances and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with the high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are set by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

In prior financial year ended 31 December 2019, the trade receivables of the Group comprise 2 debtors that individually represented 20 – 79%. However, as disclosed in Note 9 of the financial statements, subsequent to the disposal of ZYTC Group on 30 October 2020, the Group has derecognised its related assets and liabilities, consequently, the Group do not have any outstanding trade receivables as at 31 December 2020.

The credit risk for trade receivables based on the information provided to key management for 31 December 2019 is as follows:

	<b>Group 2019 RMB'000</b>
<u>By geographical areas</u>	
People's Republic of China	3,116
<u>By types of customers</u>	
Non-related parties	3,116

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

##### (b) Credit risk (Continued)

The movement in credit loss allowance are as follows:

	Trade receivables RMB'000	Other receivables and deposits RMB'000	Total RMB'000
<b>Group</b>			
Balance at 1 January 2020	3,608	10,780	14,388
Loss allowance recognised during the financial year	3,468	-	3,468
Disposal of subsidiary corporation	(7,076)	(10,780)	(17,856)
Balance at 31 December 2020	-	-	-
Balance at 1 January 2019	-	-	-
Loss allowance recognised during the financial year	3,608	10,780	14,388
Balance at 31 December 2019	3,608	10,780	14,388

##### (i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses ("ECL"), trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the ECL rates, the Group considers purely historical loss rates for each category of customers which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Trade receivables are written off when there is no reasonable expectation of recovery. Based on the historical credit loss experience, the Group considers a financial asset as in default if the counterparty fails to make contractual payments within 365 days when they fall due which is derived based on the Group's historical information, and write-off the financial asset when there is no reasonable ground to recover the receivables after all enforcement activity has been taken by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (i) Trade receivables (Continued)

As at 31 December 2020, the Group has no credit risk exposure in relation to trade receivables as all the trade receivables have been derecognised upon the disposal of subsidiary corporations, ZYTC Group. However, the Group's credit risk exposure in relation to trade receivables as at 31 December 2019 is set out in the provision matrix as follows:

	<b>Gross amount RMB'000</b>	<b>Loss allowance RMB'000</b>	<b>Carrying amount RMB'000</b>
<b>2019</b>			
Within 1 year	1,105	–	1,105
More than 1 year	5,619	3,608	2,011
	<b>6,724</b>	<b>3,608</b>	<b>3,116</b>

##### (ii) Other receivables and deposits

The Group uses the general approach for assessment of ECL for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

As at 31 December 2020, the Group performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group concluded that no loss allowance provided for other receivables as at 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iii) *Non-trade receivables from subsidiary corporations*

Non-trade receivables from subsidiary corporations are provided mainly for short-term funding requirements. The Company uses a similar approach as described in Note 22(b) (ii) assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The Group concluded that the need to provide the loss allowance for non-trade receivables from subsidiary corporations is insignificant.

(iv) *Credit risk exposure*

Cash and bank balances are placed only with reputable licensed financial institutions with high credit-ratings.

(c) *Liquidity risk*

At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<b>Less than 1 year RMB'000</b>
<b>Group</b>	
<b>At 31 December 2020</b>	
Trade and other payables	<b>815</b>
At 31 December 2019	
Trade and other payables	3,865
<b>Company</b>	
<b>At 31 December 2020</b>	
Trade and other payables	<b>667</b>
At 31 December 2019	
Trade and other payables	625

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

##### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Net debt	(411)	(5,850)	612	621
Total equity	70,384	80,349	55,404	72,432
Total capital	69,973	74,499	56,016	73,053
Gearing ratio	N.M. <sup>(1)</sup>	N.M. <sup>(1)</sup>	1.1%	0.85%

(1) Not meaningful as the cash position exceeds the net debts.

##### (e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Financial assets, at FVPL	55,227	55,227	-	-
Financial assets, at amortised cost	15,879	21,914	16,323	33,298
Financial liabilities, at amortised cost	815	3,865	667	625

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial risk factors (Continued)

##### (f) Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 12.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Group</b>				
<b>31 December 2020</b>				
Assets				
Financial assets, at FVPL	–	–	55,227	55,227
<b>31 December 2019</b>				
Assets				
Financial assets, at FVPL	–	–	55,227	55,227

As at 31 December 2020 and 2019, the financial assets, at FVPL is representing the investment in unquoted equity. The fair value of financial assets is being assessed by using a variety of methods and assumptions based on market conditions, macro and microeconomic information that existing at each balance sheet date. Financial assets, at FVPL is classified to Level 3 as significant unobservable inputs is used.

The fair value of current financial assets carried at amortised cost approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 23. RELATED PARTY TRANSACTIONS

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

Key management personnel compensation is as follows:

	Group	
	2020 RMB'000	2019 RMB'000
<b>Directors</b>		
Wages and salaries	551	660
Employer's contribution to defined contribution plans, including Central Provident Fund	51	52
Fees	330	403
	<b>932</b>	<b>1,115</b>
<b>Other key management personnel</b>		
Wages and salaries	468	553
Employer's contribution to defined contribution plans, including Central Provident Fund	68	63
	<b>536</b>	<b>616</b>
	<b>1,468</b>	<b>1,731</b>

## 24. SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Chief Executive Officer and Executive Directors. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources and assess performance.

The Chief Executive Officer and Executive Directors consider the business from both geographical and business segment perspectives. In 2019, from a business segment perspective, the Group's operations derives its revenue from hotel management fee and consultancy services (i.e. rendering of consultancy services for hotels or resorts) which termed as "hospitality division". Other service within Singapore mainly relates to investment holding and is not included within the reportable operations segments as it is not included in the segment reports provided to the Chief Executive Officer and Executive Directors. The result of its operations is included under "HQ and other investing activities".

During the financial year ended 31 December 2020, the Group has disposed entire equity interest in one of the wholly-owned entity and its subsidiary corporations, ZYTC Group on 30 October 2020. Accordingly, the related business operations – hospitality division has been presented as discontinued operations in the financial years ended 31 December 2020 and 2019.

The CODM assesses the performance of the operating segments based on a measure of loss before interest, tax and depreciation ("Adjusted LBITDA"). This measure basis excludes the effects of expenditure from the operating segments such as gains from disposal or impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

Sales between segments are carried out at market terms. The revenue from external parties reported to the CODM is measured consistent with that in the statement of comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 24. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments are as follows:

	Continuing operations		Discontinued operations		Total	
	HQ and other		Hospitality Division*			
	investing activities		investing activities		investing activities	
	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	-	-	897	4,043	897	4,043
Adjusted EBITA/(LBITDA)	3,031	(2,936)	(13,346)	(17,116)	(10,315)	(20,052)
Credit loss allowance for trade and other receivables	-	-	(3,468)	(14,388)	(3,468)	(14,388)
Bad debts written-off	(14,395)	-	-	-	(14,395)	-
Depreciation	(12)	(15)	(7)	(17)	(19)	(32)
Income tax expense	-	-	-	(407)	-	(407)
Interest income	676	-	-	24	676	24
Government grant	154	-	-	-	154	-
Amortisation on intangible assets	-	-	(739)	(1,037)	(739)	(1,037)
Gain on bargain purchase	-	11,227	-	-	-	11,227
Impairment loss on goodwill	-	-	-	(12,156)	-	(12,156)
Impairment loss on intangible assets	-	-	(10,105)	(2,153)	(10,105)	(2,153)
Segment assets	71,199	58,968	-	29,219	71,199	88,187
<b>Segment assets includes:</b>						
Additions to:						
- property, plant and equipment	-	-	-	28	-	28
Segment liabilities	(815)	(1,110)	-	(6,728)	(815)	(7,838)

\* The activities of the hospitality division include the management of hotels, resorts and provision of consultancy service on hotel and resorts management, investment, development, branding, properties investment and management in the People's Republic of China.

#### (a) Reconciliations

##### (i) Segment assets

The amounts reported to the Board of Directors with respect to the total assets are measured in a manner consistent with that of the financial statements. Hence, no reconciliation is provided.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. SEGMENT INFORMATION (CONTINUED)

### (a) Reconciliations (Continued)

#### (ii) Segment liabilities

The amounts reported to the Board of Directors with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Hence, no reconciliation is provided.

### (b) Revenue for major services

In 2019, the Group's core business segment is the hospitality division. The activities of the hospitality division include the management of hotels, resorts and provision of consultancy service on hotel and resorts management, investment, developments and branding. Subsequent to the disposal of ZYTC Group on 30 October 2020, as disclosed in Note 9 to the financial statements, there is no revenue generated from the Group's continuing operations.

### (c) Geographical information

The Group's business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has no operations in Singapore.
- People's Republic of China – the operations in these areas are principally providing consultation service hotel and resorts management, investment, developments and branding.

	Continuing operations		Discontinued operations		Total	
	HQ and other		Hospitality Division			
	investing activities					
	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>						
People's Republic of China	-	-	897	4,043	897	4,043
<b>Non-current assets</b>						
People's Republic of China	60,999	55,227	-	19,357	60,999	74,584
Singapore	-	134	-	-	-	134
	<b>60,999</b>	<b>55,361</b>	<b>-</b>	<b>19,357</b>	<b>60,999</b>	<b>74,718</b>

Revenue of RMB2,344,000 is derived from a single external customer in prior financial year ended 31 December 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 25. BUSINESS COMBINATION

#### (a) Business combination in 2019

On 11 December 2019, the Group acquired 90% of equity interest in Libre Hospitality Limited (“**Libre Hospitality**”) at a consideration of RMB39,600,000 (“**Consideration**”). The Consideration was satisfied by way of assigning investment funds units equivalent to the Consideration which was recognised as financial assets, FVTPL in the financial statements. The principal activity of Libre Hospitality is investment holding company. Through the acquisition, it provides an opportunity for the Group to tap into the growth of the tourism and hospitality industries in Hainan Province, China.

Details of the consideration paid, the assets and liabilities assumed, the non-controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

#### (i) Purchase consideration

	<b>2019</b> <b>RMB'000</b>
Fair value of consideration satisfied by financial assets, at FVTPL, representing consideration transferred for the business	<u>39,600</u>

#### (ii) Effect on cash flows of the Group

No cash flows impact for the Group arising from the acquisition of Libre Hospitality, as the consideration of RMB39,600,000 was satisfied through transferred the ownership of the Group’s financial assets, at FVTPL.

#### (iii) Identifiable assets acquired and liabilities assumed

	<b>At fair value</b> <b>2019</b> <b>RMB'000</b>
Financial assets, at FVPL, representing total assets acquired	55,227
Less: Non-controlling interests at fair value	(4,400)
Less: Gain on bargain purchase	<u>(11,227)</u>
Consideration transferred for the business	<u>39,600</u>

#### (iv) Acquisition – related cost

The Group did not incur any acquisition-related cost in respect of the acquisition of Libre Hospitality.

#### (v) Non-controlling interests

The Group has chosen to recognise the 10% non-controlling interest at its fair value of RMB4,400,000. The fair value was estimated based on market price, referenced from the recent purchase price.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 25. BUSINESS COMBINATION (CONTINUED)

### (a) Business combination in 2019 (Continued)

#### (vi) Gain on bargain purchase

The Group recognised a gain on bargain purchase of RMB11,227,000 as a result of excess of the acquirer's interest in the net fair value of the identifiable assets over the cost of acquisition of Libre Hospitality. The gain on bargain purchase is included in "Other gains/(losses)" in profit or loss.

#### (vii) Revenue and profit distribution

The acquisition of Libre Hospitality contributed a net profit of RMB11,227,000 and no revenue is being recognised to the Group from the period of 11 December 2019 to 31 December 2019. Had Libre Hospitality been consolidated from 1 January 2019, there will be no significant impact on the consolidated net results and revenue for the financial year ended 31 December 2019.

## 26. SUBSEQUENT EVENTS

On 18 September 2020, the Group through its subsidiary corporations, Elite Management (Singapore) Pte. Ltd. ("**EM**"), entered into an agreement with Ms. Tian Li to incorporate an entity in People's Republic of China to engage in the business of property investment and management. The new entity, Hainan Zhongyuan Cultural Tourism Co., Ltd., was subsequently incorporated on 9 January 2021 with an initial registered capital of RMB1,000,000 where EM and Ms. Tian Li hold 51% and 49% equity interest respectively.

On 22 March 2021, the Company entered into a Convertible Loan Subscription Agreement with three non-related parties ("**subscribers**") to issue unsecured convertible loan notes ("**Notes**") amounting to a total principal amount of S\$3,300,000 (equivalent to approximately RMB16,071,000) with a maturity date of 36 months from the subscription date ("**maturity date**"). The Notes are interest-free and may be converted at any time before the maturity date, at fixed conversion price of S\$0.088 subject to adjustments in the manner set out in the terms and conditions of the Notes. Any outstanding Notes as at the maturity date, will be redeemed by the Company at 100% of their principal amount.

## 27. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

### Effective for annual periods beginning on or after 1 June 2020

- Amendments to SFRS(I) 16: Leases (Covid-19 Related Rent Concessions)

### Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I)-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

Effective date: to be determined\*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

### 28. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of HealthBank Holdings Limited on 5 April 2021.

## STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2021

### SHARE CAPITAL

Issue and fully paid capital	–	S\$7,420,100	Class of shares	–	Ordinary shares
Total number of shares in issue	–	78,000,000	Voting rights	–	1 vote per share
Number of treasury shares and subsidiary holdings held	–	Nil			

### SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 31.84% of the issued ordinary shares of the Company were held in the hands of the public as at 26 March 2021 and therefore Rule 723 of the Catalist Rules is complied with.

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0	0	0.00
100 – 1,000	7	4.02	4,100	0.01
1,001 – 10,000	46	26.44	304,600	0.39
10,001 – 1,000,000	114	65.52	11,542,900	14.80
1,000,001 and above	7	4.02	66,148,400	84.81
<b>TOTAL</b>	<b>174</b>	<b>100.00</b>	<b>78,000,000</b>	<b>100.00</b>

## STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2021

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Zhang Tian Bao	23,361,000	29.95
2	Peng Weile	20,899,000	26.79
3	Lu Ning	8,910,000	11.42
4	Philip Securities Pte Ltd	4,538,000	5.82
5	Hafary Holdings Limited	3,780,000	4.85
6	UOB Kay Hian Private Limited	2,678,400	3.43
7	Maybank Kim Eng Securities Pte Ltd	1,982,000	2.54
8	Low Kok Ann	990,000	1.27
9	Zhao Ziqing Dominic	876,100	1.12
10	Ramesh S/O Pritamdas Chandiramani	831,000	1.07
11	Huang Qinghua	499,300	0.64
12	Chng Lay Guat	300,000	0.38
13	Lui Wing Loon	280,000	0.36
14	ABN AMRO Clearing Bank N.V.	262,000	0.34
15	Oh Eng Bin (Hu Rong Ming)	239,000	0.31
16	Tan Chay Long	230,000	0.29
17	DBS Nominees (Private) Limited	224,000	0.29
18	Teo Kye Hwee Tony	217,000	0.28
19	Lim Boon Hwee	210,000	0.27
20	Loke Wee Choong	200,000	0.26
<b>TOTAL</b>		<b>71,506,800</b>	<b>91.68</b>

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Zhang Tian Bao	23,361,000	29.95	–	–
Peng Weile	20,899,000	26.79	–	–
Lu Ning	8,910,000	11.42	–	–

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Peng Fei George, Mr Ng Fook Ai Victor and Ms Oh Pei Si are the Directors seeking re-election at the forthcoming annual general meeting of the Company (“**AGM**”) to be convened on 28 April 2021 under Ordinary Resolutions 3, 4 and 5 as set out in the Notice of AGM dated 13 April 2021 (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below and to be read in conjunction with their respective biographies under the section entitled “**Board of Directors**” in the Annual Report 2020:

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<b>Date of appointment</b>	3 October 2016	4 May 2018	18 January 2021
<b>Date of last re-appointment</b>	12 June 2020	29 April 2019	Not applicable
<b>Age (as of 31 December 2020)</b>	51	72	48
<b>Country of principal residence</b>	China	Singapore	Singapore
<b>The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	The Board of Directors, having considered the qualification, skills and experience of Mr Peng Fei George, as well as his contributions and performance during the financial year, has accepted the recommendation of the Nominating Committee and approved Mr Peng Fei George’s appointment as Executive Director and Chief Executive Officer (“ <b>CEO</b> ”) of the Company.	The Board of Directors, having considered the qualification, skills and experience of Mr Ng Fook Ai Victor, as well as his contributions and performance since his appointment, has accepted the recommendation of the Nominating Committee and approved Mr Ng Fook Ai Victor’s re-appointment as Independent Non-Executive Director and Chairman of the Nominating Committee and member of the Audit and Remuneration Committees of the Company.	The Board of Directors, having considered the qualification, skills and experience of Ms Oh Pei Si, as well as her contributions and performance since her appointment, has accepted the recommendation of the Nominating Committee and approved Ms Oh Pei Si’s re-appointment as Independent Non-Executive Director and member of the Audit, Remuneration and Nominating Committees of the Company.



**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Executive. Responsible for formulating and setting strategic directions for the Group, as well as manage the Group's corporate finance investments and the daily operation management, development and growth of the Group.	Non-Executive.	Non-Executive.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Director and CEO of the Company	Independent Non-Executive Director  Nominating Committee (Chairman)  Audit Committee (Member)  Remuneration Committee (Member)	Independent Non-Executive Director  Audit Committee (Member)  Remuneration Committee (Member)  Nominating Committee (Member)
<b>Professional qualifications</b>	Master of Science in Finance and Investment with Distinction, Durham University, United Kingdom	Bachelor of Science in Economics (Honours), Birkbeck College, University of London  Master of Science in Economics (Econometrics), Birkbeck College, University of London	Master of Business Administration, University of Illinois at Urbana-Champaign, USA  Master of Education, University of Illinois at Urbana-Champaign, USA  Bachelor of Science (Nursing), University of Texas Medical Branch at Galveston, TX, USA  Registered Nurse, BSN (conferred by Texas Board of Examiners)

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<p><b>Working experience and occupation(s) during the past 10 years</b></p>	<p><u>Present</u> Aug 2015 to Present: Forise International Limited – Non-Executive Director (Dec 2017 to Present); Executive Director (Aug 2015 to Dec 2017)</p> <p><u>Past</u> 1. Aug 2017 to Jul 2020: TNT Global Capital Pte Ltd – Non-Executive Director 2. 2014 to 2015: Fuhua Holdings Limited – Executive President 3. 2011 to 2013: Reignwood International Investment Ltd. – President 4. 2009 to 2011: Chinalco Overseas Holdings Ltd – Vice-President</p>	<p><u>Present</u> 1. Mar 2021 – Present: Director, Blue Monsoon Pte. Ltd. 2. Nov 2020 – Present: Director, The Medici-Watermark Pte Ltd. 3. Sep 2019 – Present: Director, Millet World Private Limited 4. Jan 2018 – Present: Independent Non-Executive Director, The Place Holdings Limited 5. Nov 2017 – Present: Director, Millet Holdings Private Limited 6. Sep 2017 – Present: Director, Ocision Pte. Ltd. 7. Aug 2017 – Present: Director, Star Publications (Singapore) Pte. Ltd. 8. Jan 2017 – Present: Director, Caregiver Group Pte. Ltd. 9. Apr 2016 – Present: Futsalarena @ Yishun Limited 10. May 2015 – Present: Independent Director, SB REIT Management Pte. Ltd. 11. Feb 2014 – Present: Independent Non-Executive Director, Sunshine 100 China Holdings Ltd</p>	<p><u>Past</u> 1. Dec 2018 to Nov 2020: Managing Director of Vistacel Pte Ltd 2. Jul 2017 to Dec 2018: Head of Strategic Marketing (Asia Pacific (AP)) of Medtronic Pte Ltd 3. Sep 2015 to Dec 2017: Managing Director of Regnant Consulting Pte Ltd 4. Mar 2010 to Jun 2015: Head of Strategy (AP) of Zimmer Pte Ltd</p>

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
		<p>12. Sep 2013 – Present: Director, 1Rockstead GIP Fund II Pte. Ltd.</p> <p>13. May 2010 – Present: Non-Executive Director, 1Rockstead GIP Fund Ltd</p> <p>14. Nov 1989 – Present: Independent Non- Executive Director, SHC Investments Ltd</p> <p><u>Past</u></p> <p>1. Nov 2018 – Nov 2018: Director, DConstruct Systems Pte. Ltd</p> <p>2. May 2018 – May 2020: Director, Millet World Trading Post Private Limited</p> <p>3. Apr 2018 – May 2020: Director, Millet Capital Private Limited</p> <p>4. Feb 2018 – Apr 2018: Director, Millet World Private Limited</p> <p>5. Sep 2017 – Sep 2019: Director, Li TV Asia Pte. Ltd.</p> <p>6. Jul 2017 – Apr 2020: Director, Sun Resources Holdings Pte. Ltd.</p> <p>7. May 2017 – Aug 2019: Director, Laviani Pte. Ltd.</p> <p>8. Feb 2017 – Jul 2018: Director, SG Makers Association Ltd.</p>	

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
		<p>9. Jun 2016 – Aug 2017: Independent Non-Executive Director, Cityneon Holdings Limited</p> <p>10. Jan 2015 – Jan 2015: Director, Global Arena Asia Pte. Ltd.</p> <p>11. Aug 2014 – Dec 2017: Lead Independent Director, SHC Capital Asia Limited (now known as Memories Group Limited)</p> <p>12. Jul 2013 – Nov 2020: Non-Executive Director, Nee Soon Social Enterprise Limited</p> <p>13. Jul 2013 – Jun 2015: Director, Jiahui New Climate Holdings Pte. Ltd.</p> <p>14. Apr 2013 – Jun 2015: Director, New Climate Pte. Ltd.</p> <p>15. Feb 2013 – Jun 2015: Director, JH Global Resources Pte. Ltd.</p> <p>16. Jan 2013 – Sep 2014: Director, Grand Canal Property Pte. Ltd.</p> <p>17. Jan 2008 – Dec 2017: Independent Non-Executive Director, My E.G. Services Berhad</p> <p>18. Oct 2002 – Mar 2014: Non-Executive Director, Devotion Energy Group Limited</p>	

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

<b>NAME OF DIRECTOR</b>	<b>PENG FEI GEORGE</b>	<b>NG FOOK AI VICTOR</b>	<b>OH PEI SI</b>
		19. Jul 1999 – Nov 2017: Director, Mercur Business Control Asia Pte. Ltd. 20. Jun 1999 – Jun 2014: Independent Non-Executive Director, Asia Power Corporation	
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	No	No	No
<b>Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b>	No	No	No
<b>Conflict of interest (including any competing business)</b>	No	No	No
<b>Undertaking (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer</b>	Yes	Yes	Yes

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<b>Other principal commitments including directorship</b>			
<i>*Excludes the occupation(s) as listed in the "Working experience and occupation(s) during the past 10 years" section above</i>			
<b>Past (for the last 5 years from 1 January 2016 to the date of this Annual Report for FY2020)</b>	<u>Directorship:</u> TNT Global Capital Pte. Ltd.  <u>Other principal commitments:</u> Nil	<u>Directorships</u> 1. DConstruct Systems Pte. Ltd. 2. Millet World Trading Post Private Limited 3. Millet Capital Private Limited 4. Millet World Private Limited 5. Li TV Asia Pte. Ltd. 6. Sun Resources Holdings Pte. Ltd. 7. Laviani Pte. Ltd. 8. SG Makers Association Ltd. 9. Cityneon Holdings Limited 10. SHC Capital Asia Limited (now known as Memories Group Limited) 11. Nee Soon Social Enterprise Limited 12. MY E.G. Services Berhad 13. Mercur Business Control Asia Pte. Ltd.  <u>Other principle commitments</u> Nil	<u>Directorship:</u> 1. BWP Meruap Pte. Ltd. 2. ACG (South Bengara-II) Pte. Ltd. 3. Advansity Techqore Pte. Ltd. 4. H y d r o c a m Engineering Pte. Ltd. 5. Vistaccel Pte. Ltd. 6. Regnant Consulting Pte. Ltd.  <u>Other principal commitments:</u> Nil

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<b>Present</b>	<p><u>Directorship:</u> Forise International Limited</p> <p><u>Other principal commitments:</u> Nil</p>	<p><u>Directorship:</u></p> <ol style="list-style-type: none"> <li>1. Blue Monsoon Pte Ltd Pte. Ltd.</li> <li>2. The Medici-Watermark Pte Ltd.</li> <li>3. Millet World Private Limited</li> <li>4. The Place Holdings Limited</li> <li>5. Millet Holdings Private Limited</li> <li>6. Ocision Pte. Ltd.</li> <li>7. Star Publications (Singapore) Pte. Ltd.</li> <li>8. Caregiver Group Pte. Ltd.</li> <li>9. Futsalarena@Yishun Limited</li> <li>10. S B REIT Management Pte. Ltd.</li> <li>11. Sunshine 100 China Holdings Ltd</li> <li>12. 1 Rockstead GIP Fund II Pte. Ltd.</li> <li>13. 1 Rockstead GIP Fund Ltd</li> <li>14. SHC Investments Ltd.</li> </ol> <p><u>Other principle commitments</u> Nil</p>	<p><u>Directorship:</u> Tiangong Engineering and Consultancy Pte. Ltd.</p> <p><u>Other principal commitments:</u> Consultant (advisory non-executive role) to an institution</p>

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>			
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No	No
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No	No



**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

<b>NAME OF DIRECTOR</b>	<b>PENG FEI GEORGE</b>	<b>NG FOOK AI VICTOR</b>	<b>OH PEI SI</b>
<b>(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?</b>	No	No	No
<b>(j) Whether he has ever, to his knowledge, been concerned with management of conduct, in Singapore or elsewhere, of the affairs of:-</b>			
<b>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</b>	No	Yes. Please refer to the Company's announcement dated 25 Jun 2018 for the relevant disclosure.	No
<b>(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</b>	No	No	No
<b>(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</b>	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	PENG FEI GEORGE	NG FOOK AI VICTOR	OH PEI SI
(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,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
<b>Disclosure applicable to appointment of Directors only</b>			
Any prior experience as a director of a listed company on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable).	Yes. Mr Peng Fei George is a director of Forise International Limited.	Yes. Mr Ng Fook Ai Victor is a director of The Place Holdings Limited and SB REIT Management Pte. Ltd.	Ms Oh Pei Si has no prior experience as a director of listed company on the SGX-ST. Ms Oh Pei Si will be attending training on the roles and responsibilities of a director of listed issuer as prescribed by the SGX-ST within one year from the date of her appointment to the Board.

## NOTICE OF ANNUAL GENERAL MEETING

**This Notice and the accompanying Annual Report for FY2020 and proxy form have been made available on SGXNet. Printed copies of these documents will NOT be despatched to members of the Company (“Members”)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of HEALTHBANK HOLDINGS LIMITED (the “**Company**”) will be held by way of electronic means on Wednesday, 28 April 2021 at 10:00 a.m., for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$90,000 for the financial year ending 31 December 2021, to be paid half-yearly in arrears. (2020: S\$65,875). **(Resolution 2)**
3. To re-elect Mr Peng Fei George, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 3)**  
*(see explanatory note 1)*
4. To re-elect Mr Ng Fook Ai Victor, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 4)**  
*(see explanatory note 2)*
5. To re-elect Ms Oh Pei Si, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. **(Resolution 5)**  
*(see explanatory note 3)*
6. To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### AS SPECIAL BUSINESS

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

7. That pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), the Directors be authorised and empowered to:  
  - (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

## NOTICE OF ANNUAL GENERAL MEETING

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 Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from the exercise 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.

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

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

## NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

*(see explanatory note 4)*

8. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Peng Fei George  
Executive Director and CEO

13 April 2021  
Singapore

### Explanatory Notes:

1. Mr Peng Fei George will, upon re-election as a Director, remain as the Executive Director and the Chief Executive Officer of the Company. Detailed information on Mr Peng Fei George can be found under the sections entitled “**Board of Directors**” and “**Additional Information on Directors Seeking Re-election**” of the Company’s Annual Report for FY2020.
2. Mr Ng Fook Ai Victor will, upon re-election as a Director, remain as the Independent Chairman of the Company, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Mr Ng Fook Ai Victor can be found under the sections entitled “**Board of Directors**” and “**Additional Information on Directors Seeking Re-election**” of the Company’s Annual Report for FY2020.
3. Ms Oh Pei Si will, upon re-election as a Director, remain as the Independent Director of the Company, and a member of the Audit Committee, the Remuneration Committee and the Nominating Committee of the Company. She is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Ms Oh Pei Si can be found under the sections entitled “**Board of Directors**” and “**Additional Information on Directors Seeking Re-election**” of the Company’s Annual Report for FY2020.
4. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro rata basis to shareholders of the Company.

### Notes:

1. A Member (including a relevant intermediary\*) entitled to vote at the AGM must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM.
2. The instrument appointing the Chairman of the AGM as the proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

## NOTICE OF ANNUAL GENERAL MEETING

3. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notorially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
4. Investors who hold shares under the Supplementary Retirement Scheme (“SRS Investors”) who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM and by 5:00 p.m. on 16 April 2021, in order to allow sufficient time for their respective SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

### IMPORTANT AGM NOTICE ON COVID-19

The AGM is being convened, and will be held, only by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020 (collectively, the “Orders”). The Orders were amended on 29 September 2020 to, *inter alia*, extend the alternative meeting arrangements to 30 June 2021. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation have updated a checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations.

Printed copies of this Notice and the accompanying Annual Report for FY2020 and proxy form will not be sent to Members. Instead, these documents will be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Alternative arrangements relating to, among others, attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to, or at the AGM and/or voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

**Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Member (including a relevant intermediary\*) will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the AGM.**

\* “relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act.

Members may participate at the AGM by taking note of the following steps:

#### 1. Registration for Live Webcast

A Member will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, “Live Webcast”) via mobile phone, tablet, computer or any such electronic device.

In order to do so, a Member must pre-register by **no later than 10:00 a.m. on 26 April 2021** (“Registration Deadline”), at the URL <https://conveneagm.com/sg/healthbank>, for authentication of their status as Members.

Members, who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 10:00 a.m. on 27 April 2021. Members who have registered by the Registration Deadline but did not receive email instructions by 10:00 a.m. on 27 April 2021 may contact the Company by email at [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com) for assistance.

Members must not forward the abovementioned email instructions to other persons who are not Members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, and wish to participate in the AGM should, in addition to pre-registering, approach their respective agents, including SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.



# NOTICE OF ANNUAL GENERAL MEETING

## 2. Members' Queries

Members will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the AGM.

All questions must be submitted by **no later than 10:00 a.m. on 26 April 2021** to the Company:

- (a) **via the pre-registration website** at the URL <https://conveneagm.com/sg/healthbank>;
- (b) in hard copy **by post** to the registered office of the Company at 3 Temasek Avenue Centennial Tower #34-17 Singapore 039190; or
- (c) **via email** to [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com).

For verification purpose, when submitting any questions by post or via email, Members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Members prior to, or at the AGM and upload the Company's responses on the SGXNet. The minutes of the AGM, which include responses to substantial queries from the Members which are addressed during the AGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the AGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to preregistering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

## 3. Proxy Voting

A Member (including a relevant intermediary) will not be able to attend the AGM physically in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The instrument appointing the Chairman of the AGM as proxy has been uploaded together with this Notice of AGM on SGXNet on the same day.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

- (a) **via the pre-registration website** at the URL <https://conveneagm.com/sg/healthbank>;
- (b) if **by post**, to the registered office of the Company, at 3 Temasek Avenue Centennial Tower #34-17 Singapore 039190; or
- (c) if sent **by email**, to [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com)

in either case, **not less than 48 hours** before the time for holding the AGM and at any adjournment thereof.

**A Member who wishes to submit an instrument of proxy by (b) and (c) must first download the proxy form, which is available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Members to submit completed proxy forms by post, Members are strongly encouraged to submit completed proxy forms electronically via email.**

## NOTICE OF ANNUAL GENERAL MEETING

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including SRS Investors, and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents to submit their votes **by 5:00 p.m. on 16 April 2021.**

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

The Annual Report for FY2020 has been uploaded on SGXNet on 13 April 2021.

**IMPORTANT NOTICE:** Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check the SGXNet regularly for updates on the AGM.

### **Personal Data Privacy:**

"**Personal data**" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes, *inter alia*, the Member's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing the Chairman of the AGM as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Member of the Company consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), 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**"). The Member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a Member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

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*This Notice has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Notice 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 Notice, including the correctness of any of the statements or opinions made, or reports contained in this Notice.*

*The contact person for the Sponsor is Ms Lee Khai Yinn (+65 6232 3210) at 1 Robinson Road #21-00 AIA Tower, Singapore 048542.*

# HEALTHBANK HOLDINGS LIMITED

(Company Registration Number 201334844E)

(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

This proxy form has been made available on SGXNet. A printed copy of this proxy form will **NOT** be despatched to members

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (\*NRIC/Passport/Registration No.)

of \_\_\_\_\_ (Address)

being a \*member/members of HealthBank Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the Annual General Meeting of the Company ("AGM")** as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means on Wednesday, 28 April 2021 at 10:00 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the AGM to vote for, or against, or to abstain from voting on the resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against	No. of Votes Abstain
<b>Ordinary Business</b>				
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' fees of up to S\$90,000 for the financial year ending 31 December 2021, to be paid half-yearly in arrears. (2020: S\$65,875)			
3.	To re-elect Mr Peng Fei George, a Director retiring pursuant to Regulation 107 of the Company's Constitution.			
4.	To re-elect Mr Ng Fook Ai Victor, a Director retiring pursuant to Regulation 107 of the Company's Constitution.			
5.	To re-elect Ms Oh Pei Si, a Director retiring pursuant to Regulation 117 of the Company's Constitution.			
6.	To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix their remuneration.			
<b>Special Business</b>				
7.	To authorise the Directors to allot and issue shares and convertible securities.			

If you wish the Chairman of the AGM, as your proxy, to cast all your votes **For** or **Against** a resolution, please tick with "✓" in the **For** or **Against** box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box in respect of that resolution. If you wish the Chairman of the AGM, as your proxy, to **Abstain** from voting on a resolution, please tick with "✓" in the **Abstain** box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the **Abstain** box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\* Delete as appropriate



Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## Notes:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A member of the Company ("**Member**") (including a relevant intermediary\*) will not be able to attend the AGM physically in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 5:00 p.m. on 16 April 2021 in order to allow sufficient time for their respective SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
- (4) The Chairman of the AGM, as proxy, need not be a Member of the Company.
- (5) The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
  - (a) **via the pre-registration website** at the URL <https://conveneagm.com/sg/healthbank>;
  - (b) **if by post**, to the registered office of the Company at 3 Temasek Avenue Centennial Tower #34-17 Singapore 039190; or
  - (c) **if sent by email**, to [ken.lew@healthbankholdings.com](mailto:ken.lew@healthbankholdings.com)in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof.
- (6) The instrument appointing the Chairman of the AGM as the proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (7) Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (8) The Company shall be entitled to reject the instrument appointing the Chairman of the AGM if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointer submits more than one instrument of proxy).
- (9) In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

## Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2021.

\* "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

**PLEASE SIGN ON REVERSE SIDE**





 康银控股  
HealthBank Holdings

(Incorporated in the Republic of Singapore on 31 December 2013)  
(Company Registration Number: 201334844E)  
3 Temasek Avenue, Centennial Tower, #34-17, Singapore 039190  
Tel: (65) 6549 7052