



**SINCAP GROUP
LIMITED**

ANNUAL REPORT 2020

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

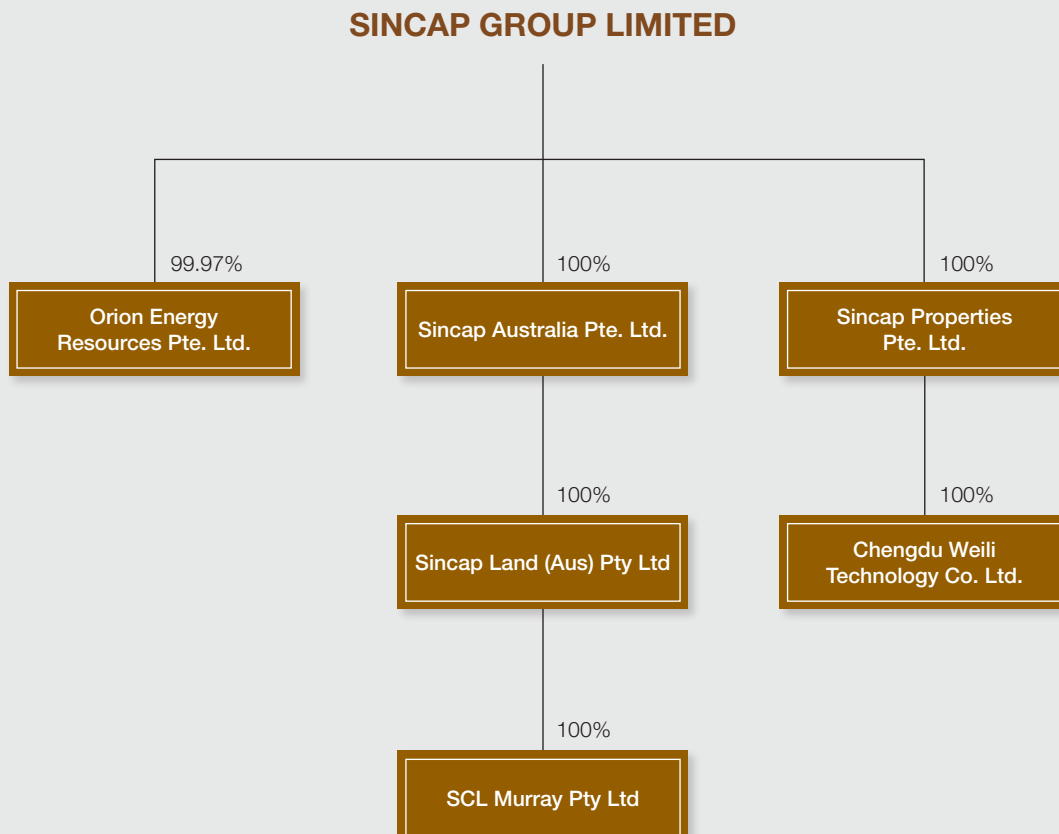
The contact person for the Sponsor is Mr Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.



CORPORATE PROFILE

Listed on the Catalist Board of SGX-ST in 2012, Sincap Group Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), was principally engaged in business of mineral and resources trading.

CORPORATE STRUCTURE



CHAIRMAN'S MESSAGE

Dear Stakeholders,

Firstly, I would have to apologise for the significant delay in issuing the annual report for the financial year ended 31 December 2020 (“**FY2020**”) for Sincap Group Limited (the “**Company**” or “**Sincap**”, and together with its subsidiaries, the “**Group**”). I take this opportunity to assure you that we have progressively put things together and we will hold the long overdue Annual General Meeting (“**AGM**”) for FY2020 by January 2023.

Operational Review

The Group's trading activities fell significantly in FY2020 as a result of severe COVID-19 related restrictions and the major supply chain disruption. The downturn in the Group's business, coupled with certain non-performing receivables, had resulted in the Group facing severe cash-flow issues leading to it being unable to pay its corporate operating expenses and professional service providers. Sincap has also breached various listing rules and has seen multiple resignations of directors over the last 12 months. Following which, Sincap had applied for voluntary suspension from trading of its shares in May 2021. Under such circumstances, Sincap also lacks the professional expertise in charting and evaluating new investment strategies.

Financial Review (FY2020 vs FY2019)

The Group's revenue fell by from RMB330.7 million to RMB24.6 million in FY2020 as a result of supply chain disruption triggered by the COVID-19 pandemic. On the back of the significantly lower revenue, the Group's gross profit fell from RMB16.4 million to RMB1.3 million in FY2020.

Interest income of RMB1.1 million arose from interest charged on Artwell's trade receivables but this interest income was impaired in the same financial year upon reassessment of its recoverability.

Administrative expenses increased by RMB9.7 million to RMB19.3 million in FY2020 primarily due to the impairment of goodwill relating to the acquisition of Orion Energy Resources Pte. Ltd. which were partially offset by the waiver of my unpaid remuneration and lower professional fees for FY2020.

Finance cost fell from RMB1.7 million to RMB0.2 million in FY2020 due to partial redemption of the convertible bond.

Other expenses reduced by RMB0.2 million as a result of lower foreign exchange losses.

The Group has an income tax credit of RMB1.0 million in FY2020 as compared to an income tax expense of RMB1.7 million in FY2019 after re-assessing its income tax position.

As a result of the abovementioned, the Group recorded a loss after tax (“**Net Loss**”) of RMB18.1 million in FY2020, reversing from profit after tax of RMB2.3 million in FY2019 while the Group's net assets fell by RMB30.7 million to RMB190.2 million as at 31 December 2020 after accounting for current year Net Loss and currency translation differences. The Group also recorded net cash used in operating activities of RMB2.1 million for FY2020 after accounting for working capital changes.

At the same time, I would like to draw your attention to the qualified opinion issued by the Group's independent auditor in relation to the Group's audited financial statements for FY2020, specifically on issues relating to impairment of trade receivables, valuation of bond and investment in subsidiaries. We have also updated you on efforts taken to address the basis for the qualified opinion, including our views on those highlighted issues. You may refer to the basis set out on pages 71 to 72 in this Annual Report for details.

Going Forward

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

In September 2022, Sincap updated that it has taken steps to address issues relating to compliance of Listing Rules, including its plans to hold AGM for FY2020 and FY2021 in due course, among others. Sincap also disclosed that the Professional Investor has proposed a major reorganisation plan for the existing business conducted under the principal subsidiary (the “**Proposed Reorganisation**”) which could lead to de-consolidation of the existing key subsidiaries from the Group to pave the way for the potential reverse takeover if the Proposed Reorganisation, including plans to further streamline the existing corporate structures, can successfully be implemented.

CHAIRMAN'S MESSAGE

Meanwhile, we wish to highlight to shareholders that whilst the Professional Investor has provided us with useful strategic guidance following the announcement of the HOA, there is no certainty that the Professional Investor will proceed with the proposed investments as the HOA is still subject to certain conditions precedent to be fulfilled. We are working closely with the Professional Investor and will update shareholders again if there is a material development in these key corporate plans.

Thank you for your patience and the continual support. The implementation of the key corporate plans will probably take a while but we have since made meaningful progress. The Board and management are looking forward to rebuilding shareholders' value.

Chu Ming Kin
Executive Chairman & CEO



BOARD OF DIRECTORS

MR CHU MING KIN

Executive Chairman and Chief Executive Officer

Mr. Chu, aged 58, was appointed as Non-Executive Director to the Board on 6 April 2015 and became the Executive Chairman and Chief Executive Officer with effect from 30 April 2015 and 7 July 2015 respectively. Currently, Mr Chu Ming Kin is responsible for devising business strategy and direction, and overseeing the Group's operations, including the mining and trading businesses and the property business. Leveraging on more than twenty years of experience in trading and plantation of agricultural tapioca chips in Thailand, Vietnam and Indonesia, Mr Chu Ming Kin has accumulated skills to maintain the best purchasing, logistic and operating systems, handle shipments, and possesses strong understanding in procurement.

MR TAY BOON ZHUAN, MAX

Independent Director

Mr. Tay, aged 42, was appointed as independent director to the Board on 22 March 2021. Mr. Tay is currently the Senior Finance Director of Geniebook Pte Ltd and was previously the CFO of Intraco Limited and Heatec Jietong Holdings Ltd., both listed on the SGX-ST. Mr. Tay was head of internal audit for China Yuchai International Limited ("CYI"). CYI is listed on the New York Stock Exchange, and is the largest diesel engine manufacturer in China and the major subsidiary of Hong Leong Asia Ltd, which is listed on the SGX-ST. In addition, Mr. Tay spent eleven years with PricewaterhouseCoopers (including two years in Sydney) and two other leading accounting firms specialising in accounting, payroll, business advisory and assurance services. Mr. Tay attended Raffles Institution and Raffles Junior College; and graduated from Nanyang Technological University with a Bachelor in Accountancy degree (First Class Honours). He is a qualified Chartered Accountant from the Institute of Singapore Chartered Accountants ("ISCA"), and also holds an ASEAN CPA certification.

MR LEE FANG WEN

Independent Director

Mr. Lee, aged 61, was appointed as Independent Director to the Board on 16 September 2022. Mr. Lee is a private investor and is currently a non-executive and independent director of Tai Sin Electric Limited, listed on the SGX-ST. Mr. Lee graduated from National University of Singapore with a Bachelor of Engineering (Chemical), and previously held positions such as executive director of Creative Master Bermuda Limited and business development director of MFS Technology (S) Pte. Ltd.

MR NG HOI-GEE, KIT

Lead Independent Director

(Tenure: 16 September 2022 to 16 October 2022)

MR WANG XIU FENG

Independent Director

(Tenure: 1 October 2021 to 11 May 2022)

MR ROBBY

Executive Director

(Tenure: 5 July 2018 to 25 January 2021)

MR TENG WAI LEUNG WILSON

Lead Independent Director

(Tenure: 2 April 2018 to 30 September 2022)

MR LEE CHONG YANG

Independent Director

(Tenure: 12 June 2018 to 25 March 2021)

GROUP FINANCIAL HIGHLIGHTS

| | Note | 2020 RMB'000 | 2019 RMB'000 |
|---|------|-----------------|-----------------|
| For the year | | | |
| Revenue | | 24,553 | 330,693 |
| (Loss)/Earnings before interest expenses, tax, depreciation and amortisation (EBITDA) | | (18,623) | 5,941 |
| (Loss)/profit before tax | | (19,061) | 4,003 |
| Net (loss)/profit after tax and non-controlling interest | | (18,101) | 2,267 |
| At year end | | | |
| Total assets | | 205,821 | 275,690 |
| Net tangible assets | | 190,234 | 206,193 |
| Total liabilities | | 15,587 | 54,772 |
| Total shareholders' equity | | 190,192 | 220,873 |
| Cash and cash equivalents | | 930 | 8,426 |
| Basic and diluted (losses)/earnings per share (RMB cents) | | (1.06) | 0.13 |
| Net asset value per share (RMB cents) | | 11.2 | 13.0 |
| Net tangible assets per share (RMB cents) | | 11.2 | 12.1 |
| No of shares as at 31 December | | 1,701,000,410 | 1,701,000,410 |

GROUP FINANCIAL HIGHLIGHTS

Updates on Audit Issues pursuant to Paragraph 3A of Appendix 7C of the Catalist Rules

With regard to the qualified opinion issued by the Group's independent auditor in relation to the Group's audited financial statements for FY2020 (the basis of which is set out on pages 71 to 72 of this Annual Report), the Company wishes to provide an update on the efforts taken to address the basis for the qualified opinion to date, including management's views in relation to these audit issues. Shareholders are advised to read the audited financial statements accompanying this Annual Report in conjunction with the updates set out below:

1. Impairment of trade receivables

The Group had previously assessed that no impairment of trade receivables were made for FY2020 due mainly to the following:

- a) The Company's subsidiary Orion received a proposed scheduled payment dated 10 March 2020 from Artwell (the "**Proposed Scheduled Payment**") stating that Artwell proposed to (i) repay at least USD1,000,000 every month commencing on or before 25 March 2020; and (ii) pay an interest at a rate of 7.5% per annum on the outstanding amount owing to Orion;
- b) there were no related outstanding bankruptcy/winding up petition filed against Artwell as announced by the Company on 4 December 2020;

- c) the Group's demand request to Artwell has not been outright rejected;
- d) the executive chairman and chief executive officer of the Company had been following up with Artwell in relation to the Proposed Scheduled Payment;

Given the above, the management had previously believed that Artwell would continue to make best efforts to repay the trade receivables which demonstrated that the risk of expected credit loss as at 31 December 2020 could still be reasonably managed. As a result, there was no allowance loss were provided for in the un-audited results as at 31 December 2020.

Notwithstanding the above and given the recent challenging operating environment, the Group has reasonable ground to believe that the risk of expected credit loss for the trade receivables as at 31 December 2020 has increased substantially as at the date of this Annual Report, which may require the Group to evaluate potential legal actions and reassess the need for impairment. As a result, the Group has engaged Chevalier Law LLP to issue a letter of demand on 26 October 2022 (the "**Latest Letter of Demand**"), claiming the full amount of the trade receivables as none of the terms previously proposed by Artwell under the Proposed Scheduled Payment have materialized. The management has, following the issuance of the Latest Letter of Demand, requested Artwell to evaluate and re-propose a repayment schedule as both parties understand that many

industries, including the trading businesses, have been severely affected by the major supply chain disruption triggered by the COVID-19 pandemic. Whilst the management is still unsure if the Latest Letter of Demand will lead to any constructive discussions on revised repayment terms as of the date of this Annual Report, the management is hopeful to receive a revised payment proposal from Artwell.

As the negotiation process entails evaluating and discussing several commercial factors which may take longer-than-expected time, the Group is thus not able to assess if partial and full impairment of the trade receivables would be appropriate for the financial year ended 31 December 2020 as at the date of this Annual Report. As such, the Company has continued to uphold the decision not to provide any impairment loss on the trade receivables as at 31 December 2020 despite the fact that the risk of expected credit loss has increased, as explained in the above.

Under such circumstances, the management will continue to follow up closely with Artwell and shall, based on the potential outcomes of the negotiations which may arise following the issuance of the Latest Letter of Demand, reassess the appropriateness of partial or full impairment of the trade receivables as at 31 December 2021. If there is any concrete evidence that induces the management to reasonably believe that such impairment loss is required, the Group will record the financial effects in the financial year ended 31 December 2021.

GROUP FINANCIAL HIGHLIGHTS

2. Valuation of bond

The Company is required to appoint an independent professional valuer to conduct the valuation of the Bond as the Bond may be redeemed, at the Company's option, through cash payment and/or through conversion of the Bond into new ordinary shares in the capital of the Company (the "**Company's Option**"). However, having considered the Company's Option under the current situation that (i) the Company's shares have been suspended for trading since 4 May 2021; and (ii) the Company has ceased its trading operations and has limited resources to operate; it is unlikely that the Company would be able to redeem the Bond and thus, the Company believes that it would not be meaningful and cost effective to engage an independent professional valuer to conduct the valuation of the Bond. As a result, the Company have continued to record the carrying value of the Bond as at 31 December 2020 based on its initial issue amount and subsequently measured at amortised cost using the effective interest method.

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

The impairment assessments in relation to investments in subsidiaries and amounts due from subsidiaries are dependent on the status of the collectability of the trade receivables owing by Artwell to the Company's principal subsidiary, Orion. As disclosed in the above Note 1 with regard to assessment of impairment of trade receivables, as at the date of this annual report, the Group was not able to assess if partial and full impairment of the trade receivables would be appropriate for the financial year ended 31 December 2020 given the reasons as stated therein. Under such circumstances, the management can only reassess the appropriateness of partial or full impairment of the trade receivables as at 31 December 2021 and arising from which, if there is any concrete evidence that induces the management to reasonably believe that the impairment loss for trade receivables as at 31 December 2021 is required, the Group will record the financial effects in the financial year ended 31 December 2021. For the same reasons, the Company will only be able to reassess the appropriateness of partial or full impairment of the investments in subsidiaries and amounts due from subsidiaries as at 31 December 2021 and will then record the financial effects thereof.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chu Ming Kin

Executive Chairman and Chief Executive Officer

Tay Boon Zhuan, Max

Independent Director (appointed on 22 March 2021)

Lee Fang Wen

Independent Director (appointed on 16 September 2022)

COMPANY SECRETARY

Chong Eng Wee

REGISTERED OFFICE

10 Anson Road

#11-03 International Plaza

Singapore 079903

EMAIL ADDRESS

ir@sincapgroup.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

Keppel Bay Tower #14-07

Singapore 098632

CONTINUING SPONSOR

Stamford Corporate Services Pte. Ltd.

10 Collyer Quay

#27-00 Ocean Financial Centre

Singapore 049315

INDEPENDENT AUDITOR

Baker Tilly TFW LLP

Chartered Accountants of Singapore

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Partner-in-charge: Ng Wei Lun

(Appointed since financial year ended

31 December 2020)



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Sincap Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 December 2020 (“**FY2020**”), with specific reference made to the principles and provisions of the Code of Corporate Governance issued in August 2018 (the “**Code**”).

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

| Provisions/ Principles/ Rules | Code Description | Company’s Compliance or Explanation | | | | | | | | | | |
|---|--|--|---|--|------------------|-------------|-----------------|---|---------------------------------------|----------------------|--------------------------------|----------------------|
| BOARD MATTERS | | | | | | | | | | | | |
| The Board’s Conduct of Affairs | | | | | | | | | | | | |
| Principle 1 | The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company. | The Board is collectively responsible for the overall performance of the Group and works with Management to ensure implementation of necessary corporate actions for the long-term success of the Company. The Board sets the strategic direction and vision of the Group and directs the overall strategy, policies, and business plans of the Group, as well as oversees the stewardship and allocation of the Group’s resources. In this regard, the Board also consults and works with other experienced professionals who could provide strategic guidance to the Company. Please refer to Provisions 1.1 to 1.7 below for more details and instances of the Company’s compliance with this principle. | | | | | | | | | | |
| Provision 1.1 | Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. | <p>Currently, the Board has three (3) Directors, two (2) of whom are Independent Directors. The Directors of the Company as at the date of this statement are:–</p> <table border="1"> <thead> <tr> <th colspan="2">Table 1.1 – Composition of the Board⁽¹⁾</th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td>Executive Chairman and Chief Executive Officer (“CEO”)</td> </tr> <tr> <td>Mr Tay Boon Zhuan, Max⁽²⁾</td> <td>Independent Director</td> </tr> <tr> <td>Mr Lee Fang Wen⁽³⁾</td> <td>Independent Director</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) As announced by the Company:</p> <p>(i) on 24 September 2020, Mr Chia Soon Hin William resigned as an Independent Director of the Company with effect from 30 September 2020;</p> <p>(ii) on 24 January 2021, Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021;</p> <p>(iii) on 25 March 2021, Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021;</p> <p>(iv) on 1 October 2021 and 11 May 2022, Mr Wang Xiufeng was appointed as an Independent Director of the Company with effect from 1 October 2021 and subsequent resigned as an Independent Director of the Company with effect from 11 May 2022;</p> <p>(v) on 16 September 2022, Mr Teng Wai Leung Wilson resigned as the Lead Independent Director of the Company with effect from 30 September 2022; and</p> <p>(vi) on 18 October 2022, Mr Ng Hoi-Gee, Kit ceased to be the Lead Independent Director of the Company with effect from 16 October 2022.</p> | Table 1.1 – Composition of the Board⁽¹⁾ | | Name of Director | Designation | Mr Chu Ming Kin | Executive Chairman and Chief Executive Officer (“ CEO ”) | Mr Tay Boon Zhuan, Max ⁽²⁾ | Independent Director | Mr Lee Fang Wen ⁽³⁾ | Independent Director |
| Table 1.1 – Composition of the Board⁽¹⁾ | | | | | | | | | | | | |
| Name of Director | Designation | | | | | | | | | | | |
| Mr Chu Ming Kin | Executive Chairman and Chief Executive Officer (“ CEO ”) | | | | | | | | | | | |
| Mr Tay Boon Zhuan, Max ⁽²⁾ | Independent Director | | | | | | | | | | | |
| Mr Lee Fang Wen ⁽³⁾ | Independent Director | | | | | | | | | | | |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|-------------------------------------|------------------|--|
| | | <p>(2) Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021.</p> <p>(3) Mr Lee Fang Wen, Kit was appointed as an Independent Director of the Company with effect from 16 September 2022.</p> <p>The Board is collectively entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are:</p> <ul style="list-style-type: none"> (a) supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic objectives and direction; (b) overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance; (c) reviewing the performance of Management and overseeing succession planning for Management; (d) setting the Company's value and standards, and to ensure that the obligations to the shareholders of the Company ("Shareholders") and other stakeholders are understood and met; and (e) providing overall corporate governance of the Company. <p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interests of the Group. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisation culture and ensures proper accountability within the Group. The Board also ensures that good corporate governance practices are in place to protect the interests of shareholders.</p> <p>All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest between any Director and the Company, such Director shall recuse himself or herself from participating in any discussion and decision on the matter.</p> |

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation | | | | | | | | | | | | | | | | |
|-------------------------------------|---|---|------------------------|-----------------------|----------------------|----------------------|----------|------------------------|-----------------|---|--------|-----------------|------------------------|------------------------|--------|---|---|-----------------|
| Provision 1.4 | Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report. | <p>The Board committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC"), and the Nominating Committee (the "NC") (collectively, the "Board Committees") have been constituted to assist the Board in the discharge of its responsibilities and each report back to the Board. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference, which are reviewed on a regular basis to ensure their continued relevance. The current composition of each Board Committee is as follows:</p> <table border="1" data-bbox="657 842 1433 1144"> <caption>Table 1.4 – Composition of Board Committees</caption> <thead> <tr> <th></th> <th>ARC⁽¹⁾⁽⁴⁾</th> <th>NC⁽²⁾⁽⁴⁾</th> <th>RC⁽³⁾⁽⁴⁾</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mr Tay Boon Zhuan, Max</td> <td>Mr Lee Fang Wen</td> <td>–</td> </tr> <tr> <td>Member</td> <td>Mr Lee Fang Wen</td> <td>Mr Tay Boon Zhuan, Max</td> <td>Mr Tay Boon Zhuan, Max</td> </tr> <tr> <td>Member</td> <td>–</td> <td>–</td> <td>Mr Lee Fang Wen</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Mr Chia Soon Hin William resigned as an Independent Director of the Company with effect from 30 September 2020. As announced by the Company on 25 September 2020 and 22 March 2021, his duties as the Chairman of the ARC were temporarily taken over by the Company's Lead Independent Director, Mr Teng Wai Leung Wilson, on 25 September 2020 and subsequently taken over by the Company's Independent Director, Mr Tay Boon Zhuan, Max, on 22 March 2021.</p> <p>(2) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021. As announced by the Company on 1 October 2021, his duties as the Chairman of the NC were taken over by the Company's newly appointed Independent Director, Mr Wang Xiufeng. However, the foregoing position as the Chairman of the NC became vacant after Mr Wang Xiufeng resigned as an Independent Director of the Company on 11 May 2022. As further announced by the Company on 16 September 2022, Mr Lee Fang Wen was appointed as the Chairman of the NC.</p> <p>(3) As announced by the Company on 16 September 2022, Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 30 September 2022. Consequent to Mr Teng Wai Leung Wilson's resignation, the duties as the Chairman of the RC were taken over by the Company's newly appointed Lead Independent Director, Mr Ng Hoi-Gee, Kit.</p> <p>(4) As announced by the Company on 18 October 2022, following the unexpected demise of Mr Ng Hoi-Gee, Kit on 16 October 2022, each of the ARC, NC and RC (respectively) has fallen below the minimum of 3 directors as required under the Code. The Board and the NC have endeavored to search for suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and the Catalist Rules. Notwithstanding, the NC bears in mind that the Company should not hasten such an appointment of additional Independent Director to more effectively manage its existing limited resources while it is evaluating its potential reorganization strategies as the suitable candidate of the Board member should carry the relevant skills and competencies.</p> <p>Information on the ARC, RC, and NC, their respective terms of reference, summaries of their activities and any delegation to them by the Board of its decision-making authority can be found in the subsequent sections of this Annual Report.</p> | | ARC ⁽¹⁾⁽⁴⁾ | NC ⁽²⁾⁽⁴⁾ | RC ⁽³⁾⁽⁴⁾ | Chairman | Mr Tay Boon Zhuan, Max | Mr Lee Fang Wen | – | Member | Mr Lee Fang Wen | Mr Tay Boon Zhuan, Max | Mr Tay Boon Zhuan, Max | Member | – | – | Mr Lee Fang Wen |
| | ARC ⁽¹⁾⁽⁴⁾ | NC ⁽²⁾⁽⁴⁾ | RC ⁽³⁾⁽⁴⁾ | | | | | | | | | | | | | | | |
| Chairman | Mr Tay Boon Zhuan, Max | Mr Lee Fang Wen | – | | | | | | | | | | | | | | | |
| Member | Mr Lee Fang Wen | Mr Tay Boon Zhuan, Max | Mr Tay Boon Zhuan, Max | | | | | | | | | | | | | | | |
| Member | – | – | Mr Lee Fang Wen | | | | | | | | | | | | | | | |

CORPORATE GOVERNANCE REPORT

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| Provision 1.5 | Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company. | <p>The Board meets regularly on a half-yearly basis and more often when required to address any specific significant matters which may arise.</p> <p>The current Memorandum and Articles of Association of the Company (the "Existing Constitution") allows for meetings to be held through audiovisual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transactions.</p> <p>The Board met four (4) times in FY2020 through means of video conference or other forms of telecommunication, in line with government advisories amidst the COVID-19 pandemic. The number of Board and Board Committee meetings held, and the attendance of each Director at the meetings in FY2020 are as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <caption style="text-align: center;">Table 1.5 – Attendance of Directors at Company Meetings</caption> <thead> <tr> <th rowspan="2" style="text-align: left;">Name of Director</th> <th colspan="2" style="text-align: center;">Board</th> <th colspan="2" style="text-align: center;">ARC</th> <th colspan="2" style="text-align: center;">NC</th> <th colspan="2" style="text-align: center;">RC</th> </tr> <tr> <th style="text-align: center;">No. of Meetings Held</th> <th style="text-align: center;">No. of Meetings Attended</th> <th style="text-align: center;">No. of Meetings Held</th> <th style="text-align: center;">No. of Meetings Attended</th> <th style="text-align: center;">No. of Meetings Held</th> <th style="text-align: center;">No. of Meetings Attended</th> <th style="text-align: center;">No. of Meetings Held</th> <th style="text-align: center;">No. of Meetings Attended</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td style="text-align: center;">4</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson⁽¹⁾</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Mr Lee Chong Yang⁽²⁾</td> <td style="text-align: center;">4</td> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Mr Robby⁽³⁾</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> <td style="text-align: center;">2</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Mr Chia Soon Hin William⁽⁴⁾</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 16 September 2022.</p> <p>(2) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021.</p> <p>(3) Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021.</p> <p>(4) Mr Chia Soon Hin William resigned as an Independent Director of the Company with effect from 30 September 2020.</p> | Name of Director | Board | | ARC | | NC | | RC | | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | Mr Chu Ming Kin | 4 | 2 | 2 | - | 1 | - | 1 | - | Mr Teng Wai Leung Wilson ⁽¹⁾ | 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 | Mr Lee Chong Yang ⁽²⁾ | 4 | 3 | 2 | 2 | 1 | - | 1 | - | Mr Robby ⁽³⁾ | 4 | 4 | 2 | - | 1 | - | 1 | - | Mr Chia Soon Hin William ⁽⁴⁾ | 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 |
| Name of Director | Board | | | ARC | | NC | | RC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chu Ming Kin | 4 | 2 | 2 | - | 1 | - | 1 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Teng Wai Leung Wilson ⁽¹⁾ | 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Lee Chong Yang ⁽²⁾ | 4 | 3 | 2 | 2 | 1 | - | 1 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Robby ⁽³⁾ | 4 | 4 | 2 | - | 1 | - | 1 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chia Soon Hin William ⁽⁴⁾ | 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

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

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| Provision 2.4 | <p>The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.</p> | <p>The Board has adopted the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> (a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary to enhance the efficacy of the Board; and (b) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. <p>The NC will consider the results of the above review and evaluation in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.</p> <p>For the financial year under review, taking into account the nature and scope of the Group's business, in concurrence with the NC, the Board believes that the size of the Board was appropriate, (despite that the Board Committees comprise less than three (3) members on certain period), and that the composition of the Board (given that the independent directors made up a majority of the Board) and Board Committees despite comprising less than three (3) members after the resignation of Mr Chia Soon Hin William on 30 September 2020, provided sufficient diversity without interfering with efficient decision making. The NC is of the view that no individual, or small group of individuals, dominates the Board's decision-making process.</p> <p>For the financial year under review, the Board's policy in identifying Director candidates is to have an appropriate mix of members with core competencies such as accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management.</p> |

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| | | <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="659 622 1434 1227"> <thead> <tr> <th colspan="3" data-bbox="659 622 1434 656">Table 2.4 – Balance and Diversity of the Board</th> </tr> <tr> <th data-bbox="659 667 1050 763"></th> <th data-bbox="1058 667 1241 763">Number of Directors</th> <th data-bbox="1249 667 1434 763">Proportion of Board (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 775 1050 808">Core Competencies</td> <td data-bbox="1058 775 1241 808"></td> <td data-bbox="1249 775 1434 808"></td> </tr> <tr> <td data-bbox="659 819 1050 853">– Accounting or finance</td> <td data-bbox="1058 819 1241 853">1</td> <td data-bbox="1249 819 1434 853">33</td> </tr> <tr> <td data-bbox="659 864 1050 898">– Business management</td> <td data-bbox="1058 864 1241 898">3</td> <td data-bbox="1249 864 1434 898">100</td> </tr> <tr> <td data-bbox="659 909 1050 943">– Legal or corporate governance</td> <td data-bbox="1058 909 1241 943">2</td> <td data-bbox="1249 909 1434 943">77</td> </tr> <tr> <td data-bbox="659 954 1050 1021">– Relevant industry knowledge or experience</td> <td data-bbox="1058 954 1241 1021">3</td> <td data-bbox="1249 954 1434 1021">100</td> </tr> <tr> <td data-bbox="659 1032 1050 1066">– Strategic planning experience</td> <td data-bbox="1058 1032 1241 1066">3</td> <td data-bbox="1249 1032 1434 1066">100</td> </tr> <tr> <td data-bbox="659 1077 1050 1144">– Customer based experience or knowledge</td> <td data-bbox="1058 1077 1241 1144">3</td> <td data-bbox="1249 1077 1434 1144">100</td> </tr> <tr> <td data-bbox="659 1155 1050 1189">Gender</td> <td data-bbox="1058 1155 1241 1189"></td> <td data-bbox="1249 1155 1434 1189"></td> </tr> <tr> <td data-bbox="659 1200 1050 1234">– Male</td> <td data-bbox="1058 1200 1241 1234">3</td> <td data-bbox="1249 1200 1434 1234">100</td> </tr> <tr> <td data-bbox="659 1245 1050 1279">– Female</td> <td data-bbox="1058 1245 1241 1279">0</td> <td data-bbox="1249 1245 1434 1279">0</td> </tr> </tbody> </table> <p>As announced by the Company on 16 October 2022, following the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company currently does not have a lead independent director and each of the NC, RC and ARC has fallen below the minimum number of three (3) directors as required under the Code and/or Catalist Rules. The Board and the NC have endeavored to search for a suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and Catalist Rules 704(7) and will reconstitute the Board and Board Committee in due course, including for the appointment of a new lead independent director.</p> <p>The Company does not have a Board diversity policy but its Board consists of professionals from various disciplines. The Company recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives, foster constructive debate and avoid groupthink. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, gender, age and culture, nationalities, tenure of service and other distinguishing qualities of the Directors. 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 possess the necessary core competencies for effective functioning and informed decision-making.</p> | Table 2.4 – Balance and Diversity of the Board | | | | Number of Directors | Proportion of Board (%) | Core Competencies | | | – Accounting or finance | 1 | 33 | – Business management | 3 | 100 | – Legal or corporate governance | 2 | 77 | – Relevant industry knowledge or experience | 3 | 100 | – Strategic planning experience | 3 | 100 | – Customer based experience or knowledge | 3 | 100 | Gender | | | – Male | 3 | 100 | – Female | 0 | 0 |
| Table 2.4 – Balance and Diversity of the Board | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Number of Directors | Proportion of Board (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Core Competencies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Accounting or finance | 1 | 33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Business management | 3 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Legal or corporate governance | 2 | 77 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Relevant industry knowledge or experience | 3 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Strategic planning experience | 3 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Customer based experience or knowledge | 3 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Male | 3 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| – Female | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Provision 2.5 | Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. | <p>The Non-Executive Directors discuss and/or meet as often as is needed, based on the Group's needs from time to time, without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</p> <p>The Non-Executive Directors had held periodic conference calls and/or meetings in the absence of key management personnel in FY2020. In FY2020, such meetings were conducted through means of video conference or other forms of telecommunication.</p> <p>During meetings of the Board and Board Committees in FY2020, the Independent Directors actively participated and provided their inputs on matters including the Group's financial performance, corporate governance and the performance of the Management, which may have been discussed between the Independent Directors at the aforesaid meetings of the Independent Directors. The Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.</p> |
| Chairman and Chief Executive Officer | | |
| Principle 3 | There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making. | The Board is of the view that there is a clear division of responsibilities between the leadership of the Board and the Management (during the financial year under review), and no one individual has unfettered powers of decision-making. Please refer to Provisions 3.1 to 3.3 below for more details and instances of the Company's compliance with such principle. |
| Provision 3.1 | The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. | <p>Mr Chu Ming Kin is the Executive Chairman and CEO of the Company.</p> <p>Although the roles of Chairman and the CEO are assumed by the same person, the Board determined that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. As set out in Provision 1.5, transactions are approved by the Board and Board Committees (as the case may be) collectively by way of written resolutions, after the Board or Board Committee (as the case may be) has considered all relevant information regarding the proposed transactions, which are provided to the Board or Board Committee (as the case may be) together with the written resolutions.</p> |

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

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| Provision 3.3 | The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. | During FY2020, Mr Teng Wai Leung Wilson was the Lead Independent Director. As announced by the Company on 16 September 2022, the Company had appointed Mr Ng Hoi-Gee, Kit as Lead Independent Director upon the resignation of Mr Teng Wai Leung Wilson on 16 September 2022. However, following the unexpected demise of Mr Ng Hoi-Gee, Kit on 16 October 2022 as announced by the Company on 18 October 2022, the Company currently does not have a lead independent director. The Board and the NC have endeavored to search for suitable Independent Director to be appointed to fill in the aforementioned vacancies and ensure compliance with applicable laws, the provisions of the Code and Catalist Rules 704(7) and will reconstitute the Board and Board Committee in due course, including for the appointment of a new Lead Independent Director. |
| Board Membership | | |
| Principle 4 | The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board. | The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board. Please refer to Provisions 4.1 to 4.5 below for more details and instances of the Company's compliance with such principle. |
| Provision 4.1 | <p>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:</p> <p>(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</p> <p>(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;</p> | <p>The Board has established the NC, which holds at least one (1) meeting in each financial year.</p> <p>The NC is guided by the key terms of reference as follows:</p> <p>(a) to determine annually, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code or any other salient factors;</p> <p>(b) to recommend and review Board succession plans and, in particular, the appointment and reappointment of Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</p> <p>(c) to develop a process for evaluation of the performance of the Board, its Board committees and the Directors and the review of training and professional development programmes for the Board;</p> <p>(d) to ensure that new Directors are aware of their duties and obligations, and to decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company and make the appropriate recommendations to the Board;</p> |

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

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| Provision 4.2 | The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC. | <p>As announced by the Company on 24 September 2020, Mr Chia Soon Hin William resigned as an Independent Director and member of the NC with effect from 30 September 2020. Accordingly, at the end of the financial year under review, the NC comprised two (2) Directors, both of whom were Independent Directors, namely:</p> <p>(a) Mr Lee Chong Yang (Chairman); and</p> <p>(b) Mr Wilson Teng Wai Leung (Member).</p> <p>Separately, as announced by the Company on 25 March 2021 and 16 September 2022, Mr Lee Chong Yang and Mr Teng Wai Leung Wilson resigned as Independent Directors of the Company with effect from 25 March 2021 and 30 September 2022 respectively.</p> <p>As further announced by the Company on 22 March 2021 and 16 September 2022, Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021 and Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>As such, the NC currently comprises two (2) Directors, both of whom are Independent Directors, namely:</p> <p>(a) Mr Lee Fang Wen (Chairman); and</p> <p>(b) Mr Tay Boon Zhuan, Max (Member).</p> <p>In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Board and the NC have endeavored to search for suitable Independent Director to fill in the vacancy of the NC and ensure compliance with applicable laws, the provisions of the Code and the Catalist Rules.</p> |

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|--|---|---|--|--|--|----|-------------------------------------|---|----|--------------------------------|--|----|--------------------------------------|---|----|-------------------------|--|--|--|--|----|-------------------------|--|----|-----------------------------|---|
| Provision 4.3 | The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report. | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Table 4.3(a) – Process for the Selection and Appointment of New Directors</th> </tr> </thead> <tbody> <tr> <td style="width: 5%; text-align: center;">1.</td> <td style="width: 30%;">Determination of selection criteria</td> <td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Search for suitable candidates</td> <td>The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders and may engage external search consultants where necessary.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Assessment of shortlisted candidates</td> <td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Appointment of director</td> <td>The NC would recommend the selected candidate to the Board for consideration and approval. The Board is also advised by the Sponsor on the appointment of directors as required under Catalist Rule 226(2)(d).</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Table 4.3(b) – Process for the Re-election of Incumbent Directors</th> </tr> </thead> <tbody> <tr> <td style="width: 5%; text-align: center;">1.</td> <td style="width: 30%;">Assessment of directors</td> <td> <ul style="list-style-type: none"> • The NC would assess the contributions and performance of the Directors in accordance with the performance criteria set by the Board; and • The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board. </td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Re-appointment of directors</td> <td> <ul style="list-style-type: none"> • Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance. • All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. </td> </tr> </tbody> </table> | Table 4.3(a) – Process for the Selection and Appointment of New Directors | | | 1. | Determination of selection criteria | The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board. | 2. | Search for suitable candidates | The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders and may engage external search consultants where necessary. | 3. | Assessment of shortlisted candidates | The NC would meet and interview the shortlisted candidates to assess their suitability. | 4. | Appointment of director | The NC would recommend the selected candidate to the Board for consideration and approval. The Board is also advised by the Sponsor on the appointment of directors as required under Catalist Rule 226(2)(d). | Table 4.3(b) – Process for the Re-election of Incumbent Directors | | | 1. | Assessment of directors | <ul style="list-style-type: none"> • The NC would assess the contributions and performance of the Directors in accordance with the performance criteria set by the Board; and • The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board. | 2. | Re-appointment of directors | <ul style="list-style-type: none"> • Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance. • All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. |
| Table 4.3(a) – Process for the Selection and Appointment of New Directors | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Determination of selection criteria | The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board. | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Search for suitable candidates | The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders and may engage external search consultants where necessary. | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Assessment of shortlisted candidates | The NC would meet and interview the shortlisted candidates to assess their suitability. | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Appointment of director | The NC would recommend the selected candidate to the Board for consideration and approval. The Board is also advised by the Sponsor on the appointment of directors as required under Catalist Rule 226(2)(d). | | | | | | | | | | | | | | | | | | | | | | | | |
| Table 4.3(b) – Process for the Re-election of Incumbent Directors | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Assessment of directors | <ul style="list-style-type: none"> • The NC would assess the contributions and performance of the Directors in accordance with the performance criteria set by the Board; and • The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board. | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Re-appointment of directors | <ul style="list-style-type: none"> • Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and acceptance. • All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | | <p>Article 99 of the Company's Existing Constitution provides that one-third of the Board is to retire from office by rotation and be subject to re-election at the AGM of the Company and that the Directors to retire in every year shall be those who have been longest in office since the last election, but as between persons who became Directors on the same day, those to retire shall be determined by lot. In this regard, Mr Chu Ming Kin will be retiring at the Company's forthcoming AGM pursuant to Article 99 and shall be eligible for re-election.</p> <p>In addition, Article 81 of the Company's Existing Constitution provides that the Directors shall have power from time to time and at any time to appoint additional Directors, provided always that the total number of Directors shall not exceed the prescribed maximum. A Director so appointed shall retire from office at the close of the next AGM, but shall be eligible for re-election. According to Article 81, Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen shall retire at the Company's forthcoming AGM and shall be eligible for re-election.</p> <p>In making the recommendations below, the NC had considered the Directors' overall contribution and performance, with reference to the results of the assessment of the performance of individual Directors. The NC has recommended the re-election of Mr Chu Ming Kin, who is retiring at the forthcoming AGM pursuant to Article 99 of the Existing Constitution of the Company, and Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen, who are retiring at the forthcoming AGM pursuant to Article 81 of the Existing Constitution of the Company (collectively, the "Retiring Directors"). The Board has accepted the recommendation of the NC and the Retiring Directors will be offering themselves for re-election.</p> |

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|-------------------------------------|---|--|--|--|--|
| | | <table border="1" style="width: 100%;"> <tr> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td> <p>The key information of the Retiring Directors including their respective appointment dates and directorships held in the past three (3) years are set out on pages 58 to 66 of this Annual Report. The shareholdings of the individual Directors of the Company are set out on page 68 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company. Directors who are seeking re-appointment at the forthcoming AGM will be stated in the notice of the forthcoming AGM to be issued to the Shareholders, upon determination of the date, time and place of the AGM, and in any event, no later than fourteen (14) clear days before the date of the AGM.</p> </td> </tr> </table> | | | <p>The key information of the Retiring Directors including their respective appointment dates and directorships held in the past three (3) years are set out on pages 58 to 66 of this Annual Report. The shareholdings of the individual Directors of the Company are set out on page 68 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company. Directors who are seeking re-appointment at the forthcoming AGM will be stated in the notice of the forthcoming AGM to be issued to the Shareholders, upon determination of the date, time and place of the AGM, and in any event, no later than fourteen (14) clear days before the date of the AGM.</p> |
| | | <p>The key information of the Retiring Directors including their respective appointment dates and directorships held in the past three (3) years are set out on pages 58 to 66 of this Annual Report. The shareholdings of the individual Directors of the Company are set out on page 68 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company. Directors who are seeking re-appointment at the forthcoming AGM will be stated in the notice of the forthcoming AGM to be issued to the Shareholders, upon determination of the date, time and place of the AGM, and in any event, no later than fourteen (14) clear days before the date of the AGM.</p> | | | |
| Provision 4.4 | <p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p> | <p>The independence of each Director is assessed and reviewed annually by the NC in accordance with a criterion based on the guidelines stated in the Code, in particular, the NC undertakes rigorous review on the continued independence of any Independent Director who has served for more than nine (9) years from the date of their first appointment. Further, the Company will comply with Catalyst Rule 406(3)(d)(iii), which came into effect on 1 January 2022, by ensuring that the continued appointment of any Independent Director who has been a Director for an aggregate period of more than nine (9) years will be sought and approved in separate resolutions by (a) all Shareholders, and (b) Shareholders, excluding the Directors and the CEO of the Company, and associates of such Directors and the CEO. Currently, none of the Independent Directors on the Board has served for a period exceeding nine years from the date of his first appointment.</p> <p>The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.</p> <p>The Independent Directors, Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen have confirmed and the Board confirms that the Independent Directors do not have any relationship as stated in the Code that would otherwise deem any of them not to be independent.</p> <p>For the reasons above, the Board, having taken into account and concurring with the views of the NC, has determined that the Independent Directors remained independent in character and judgment and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.</p> | | | |

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| Provision 4.5 | <p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p> | <p>The NC ensures that incoming new Directors are provided with a formal letter of appointment setting out their duties and obligations. Upon their appointment, the new Directors are given guidance and orientation including onsite visits to get them familiarised with the Group's businesses, organisation structure, corporate strategies, policies and corporate governance practices to facilitate the effective discharge of their individual duties.</p> <p>The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration time and resources allocated to the affairs of the Company. The NC is of the view that all the Directors are able to devote themselves to the Company's affairs, notwithstanding their other commitments.</p> <p>The Board notes that as at the date of this report, none of the Directors holds more than three (3) board representations in listed companies. The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> (a) Expected and/or competing time commitments of Directors; (b) Geographical location of Directors; (c) Size and composition of the Board; and (d) Nature and scope of the Group's operations and size. <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors are able to and have discharged their duties adequately in FY2020.</p> |

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| | | <p>The table below shows the disclosure of directorships and chairmanships held over the preceding three (3) years in other listed companies as well as other principal commitments (excluding the Group) of each respective Director:</p> <table border="1" data-bbox="659 674 1434 1160"> <thead> <tr> <th data-bbox="659 674 938 734">Name of Director</th> <th data-bbox="946 674 1434 734">Present Directorships in other listed companies and principal commitments</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 745 938 875">Mr Chu Ming Kin</td> <td data-bbox="946 745 1434 875"> <u>Directorships in other Listed Companies</u> - <u>Principal Commitment</u> - </td> </tr> <tr> <td data-bbox="659 887 938 1016">Mr Tay Boon Zhuan, Max</td> <td data-bbox="946 887 1434 1016"> <u>Directorships in other Listed Companies</u> Sen Yue Holdings Limited <u>Principal Commitment</u> Senior Director, Finance of Geniebook Pte. Ltd. </td> </tr> <tr> <td data-bbox="659 1028 938 1160">Mr Lee Fang Wen</td> <td data-bbox="946 1028 1434 1160"> <u>Directorships in other Listed Companies</u> Tai Sin Electric Limited <u>Principal Commitment</u> - </td> </tr> </tbody> </table> | Name of Director | Present Directorships in other listed companies and principal commitments | Mr Chu Ming Kin | <u>Directorships in other Listed Companies</u> - <u>Principal Commitment</u> - | Mr Tay Boon Zhuan, Max | <u>Directorships in other Listed Companies</u> Sen Yue Holdings Limited <u>Principal Commitment</u> Senior Director, Finance of Geniebook Pte. Ltd. | Mr Lee Fang Wen | <u>Directorships in other Listed Companies</u> Tai Sin Electric Limited <u>Principal Commitment</u> - | | | | |
| Name of Director | Present Directorships in other listed companies and principal commitments | | | | | | | | | | | | | |
| Mr Chu Ming Kin | <u>Directorships in other Listed Companies</u> - <u>Principal Commitment</u> - | | | | | | | | | | | | | |
| Mr Tay Boon Zhuan, Max | <u>Directorships in other Listed Companies</u> Sen Yue Holdings Limited <u>Principal Commitment</u> Senior Director, Finance of Geniebook Pte. Ltd. | | | | | | | | | | | | | |
| Mr Lee Fang Wen | <u>Directorships in other Listed Companies</u> Tai Sin Electric Limited <u>Principal Commitment</u> - | | | | | | | | | | | | | |
| Board Performance | | | | | | | | | | | | | | |
| Principle 5 | The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors. | The Board has undertaken a formal annual assessment of its effectiveness as a whole, and each of its board committees and individual Directors in FY2020. Please refer to Provisions 5.1 to 5.2 below for more details and instances of the Company's compliance with such principle. | | | | | | | | | | | | |
| Provision 5.1 | The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board. | <p>Table 5.1 below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director and Chairman to the effectiveness of the Board for the financial year ending 31 December 2020:</p> <table border="1" data-bbox="659 1608 1434 2018"> <thead> <tr> <th colspan="3" data-bbox="659 1608 1434 1637">Table 5.1 – Performance Criteria</th> </tr> <tr> <th data-bbox="659 1648 826 1709">Performance Criteria</th> <th data-bbox="834 1648 1161 1709">Board and Board Committees</th> <th data-bbox="1169 1648 1434 1709">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 1720 826 1928">Qualitative</td> <td data-bbox="834 1720 1161 1928"> <ul style="list-style-type: none"> • Size and composition • Access to information • Board processes and accountability • Input to strategic planning • Risk management and internal control • Succession Planning </td> <td data-bbox="1169 1720 1434 1928"> <ul style="list-style-type: none"> • Commitment of time • Candor • Participation • Knowledge and abilities • Teamwork • Independence • Overall effectiveness </td> </tr> <tr> <td data-bbox="659 1939 826 2018">Quantitative</td> <td data-bbox="834 1939 1161 2018"> <ul style="list-style-type: none"> • Measuring and monitoring performance • Financial Reporting </td> <td data-bbox="1169 1939 1434 2018"> <ul style="list-style-type: none"> • Attendance at Board and Board Committees meetings </td> </tr> </tbody> </table> | Table 5.1 – Performance Criteria | | | Performance Criteria | Board and Board Committees | Individual Directors | Qualitative | <ul style="list-style-type: none"> • Size and composition • Access to information • Board processes and accountability • Input to strategic planning • Risk management and internal control • Succession Planning | <ul style="list-style-type: none"> • Commitment of time • Candor • Participation • Knowledge and abilities • Teamwork • Independence • Overall effectiveness | Quantitative | <ul style="list-style-type: none"> • Measuring and monitoring performance • Financial Reporting | <ul style="list-style-type: none"> • Attendance at Board and Board Committees meetings |
| Table 5.1 – Performance Criteria | | | | | | | | | | | | | | |
| Performance Criteria | Board and Board Committees | Individual Directors | | | | | | | | | | | | |
| Qualitative | <ul style="list-style-type: none"> • Size and composition • Access to information • Board processes and accountability • Input to strategic planning • Risk management and internal control • Succession Planning | <ul style="list-style-type: none"> • Commitment of time • Candor • Participation • Knowledge and abilities • Teamwork • Independence • Overall effectiveness | | | | | | | | | | | | |
| Quantitative | <ul style="list-style-type: none"> • Measuring and monitoring performance • Financial Reporting | <ul style="list-style-type: none"> • Attendance at Board and Board Committees meetings | | | | | | | | | | | | |

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| Provision 5.2 | The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors. | <p>The NC conducts an annual assessment to evaluate the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board. In this regard, the Directors are required to complete evaluation questionnaires in respect of their individual performance, the effectiveness and performance of the Board as a whole and of each board committee (which such Director is a member of). The NC then reviews the results of the foregoing evaluation questionnaires and identifies any areas for improvement.</p> <p>The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.</p> <p>The Board has not engaged any external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each individual Director in FY2020. Where relevant and when the need arises, the NC will consider such an engagement.</p> |
| REMUNERATION MATTERS | | |
| Procedures for Developing Remuneration Policies | | |
| Principle 6 | The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration. | The Board is of the view that it has a formal and transparent procedure for developing policies on the remuneration of Directors and executives and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his own remuneration. Please refer to Provisions 6.1 to 6.4 below for more details and instances of the Company's compliance with such principle. |
| Provision 6.1 | <p>The Board establishes a Remuneration Committee to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> | <p>The Board has established the RC, which is guided by key terms of reference as follows:</p> <p>(a) to review and recommend the general framework of remuneration for the Board and key management personnel;</p> <p>(b) to review and recommend to the Board the specific remuneration packages for each Director as well as for key management personnel and engaging in external remuneration consultants for such purposes where appropriate;</p> |

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| | <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p> | <p>(c) to review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous;</p> <p>(d) to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes, and where applicable disclose in the Company's Annual Reports the details of employee share schemes;</p> <p>(e) to prepare a remuneration report providing clear disclosure of the Company's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, for recommendation to the Board for inclusion in the Company's Annual Reports, which shall include all forms of remuneration and other payments of benefits, such as:</p> <ul style="list-style-type: none"> (i) names, amounts and breakdown of remuneration of each individual director and the CEO; (ii) names, amounts, and breakdown of remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands no wider than SGD250,000 and in aggregate the total remuneration paid to these key management personnel; and (iii) names and remuneration of employees (if any) who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeds SGD100,000 during the year, in bands no wider than SGD100,000. This disclosure (if any) shall state clearly the employee's relationship with the relevant Director or the CEO or substantial Shareholders; <p>(f) to review working environments and succession planning for the Management;</p> <p>(g) to review the terms of employment arrangements with the Management so as to develop consistent group-wide employment practices subject to regional differences; and</p> <p>(h) to report to the Board its findings from time to time on matters arising and requiring the attention of the RC.</p> |

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| Provision 6.2 | The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent. | <p>As announced by the Company on 24 September 2020, Mr Chia Soon Hin William resigned as an Independent Director of the Company and member of the RC with effect from 30 September 2020. Accordingly, at the end of the financial year in review, the RC comprised two (2) independent Directors, namely:</p> <p>(a) Mr Wilson Teng Wai Leung (Chairman); and (b) Mr Lee Chong Yang (Member).</p> <p>Separately, as announced by the Company on 25 March 2021 and 16 September 2022, Mr Lee Chong Yang and Mr Teng Wai Leung Wilson resigned as Independent Directors of the Company with effect from 25 March 2021 and 30 September 2022 respectively.</p> <p>As further announced by the Company on 22 March 2021 and 16 September 2022, Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021 and Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>As such, the RC currently comprises two (2) Directors, both of whom are Independent Directors, namely:</p> <p>(a) Mr Lee Fang Wen (Acting Chairman); and (b) Mr Tay Boon Zhuan, Max (Member).</p> <p>The RC comprises of all Independent Directors. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company will be sourcing for a new Independent Director to fill in the vacancy of the RC and ensure compliance with the provisions of the Code. Mr Lee Fang Wen will be the acting chairman of the RC during this interim period pending the appointment of a new Independent Director and reconstitution of the RC.</p> |

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| Provision 6.3 | The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. | <p>All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.</p> <p>The RC reviews the Company's obligations arising in the event of termination under the contracts of service of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and if necessary, will seek expert advice from within the Company and/or external professional advice on the remuneration of all Directors and to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.</p> |
| Provision 6.4 | The company discloses the engagement of any remuneration consultants and their independence in the company's annual report. | No remuneration consultants were engaged by the Company in FY2020. |
| Level and Mix of Remuneration | | |
| Principle 7 | The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company. | The level and structure of remuneration of the Board and key management personnel is appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. Please refer to Provisions 7.1 to 7.3 below for more details and instances of the Company's compliance with such principle. |

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| Provision 7.1 | A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company. | <p>In determining the level of remuneration, the RC undertakes the following:</p> <ul style="list-style-type: none"> (a) give due consideration to the Code's principles and guidance notes on the level and mix of remuneration, to ensure that the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully; (b) ensure that a proportion of the remuneration is linked to corporate and individual performance; and (c) design remuneration packages in such a manner as to align the interests of the Executive Directors and key management personnel with those of Shareholders. <p>An annual review is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel is commensurate with the Company's and their respective performances, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed annually by the RC and the Board. The Company also has a remuneration policy in place. Please refer to Provision 8.1 for more details on the Group's remuneration policy.</p> |
| Provision 7.2 | The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. | <p>The Board recommends directors' fees for approval by the Shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees, including that of the Non-Executive Directors, for the year ending 31 December 2020 is appropriate and that all the Directors receive directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent for serving on the Board and Board Committees (if any), as well as the responsibilities and obligations of the Directors. Each of the Directors will receive his directors' fees in cash.</p> <p>The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.</p> |

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| Provision 7.3 | Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term. | <p>To enhance its remuneration so as to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted an employee share option scheme (the "2014 ESOS"), which is a long-term incentive plan and its mechanism involves deferring incentive compensation over a time horizon to ensure that the Group's employees focus on generating Shareholders' value over a longer term. Conditions to entitlement to such long-term incentives include the assessment and recognition of potential progressive performance, and enhancement to asset value and Shareholders' value over time, taking into consideration current and future plans of the Company.</p> <p>The Company's employee share option scheme is administrated by the Remuneration Committee, the members of which are Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen.</p> <p>No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.</p> <p>There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.</p> <p>There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.</p> <p>The Company intends to terminate the 2014 ESOS at the upcoming AGM. Please refer to the notice of AGM set out on pages 122 to 127 of this Annual Report for more details.</p> <p>For the financial year under review, no shares were awarded to the Company's Executive Director or key management personnel under the 2014 ESOS.</p> |

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| Disclosure on Remuneration | | |
| Principle 8 | The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. | The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Please refer to Provisions 8.1 to 8.3 below for more details and instances of the Company's compliance with such principle. |
| Provision 8.1 | <p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than SGD250,000 and in aggregate the total remuneration paid to these key management personnel.</p> | <p>The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the remuneration package is competitive and sufficient to attract, retain and motivate the Directors and key management personnel. On the other hand, the Company avoids paying more than necessary for this purpose. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of Shareholders and promote long-term success of the Company.</p> <p>Directors and key executives' remuneration packages are a competitive advantage of the Group. The Board is aware of and supports the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the key management personnel (who are not Directors) is not in the best interests of the Company and therefore, the Shareholders. The Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group. In view of these, the Company has chosen to make disclosure in relation thereto in bands of SGD250,000 with a breakdown in percentage terms of base salary, bonus, Director fees and other benefits. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practice for Directors and key management personnel.</p> |

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| | | <p>The remuneration bands of the individual Directors for FY2020 are set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <caption style="text-align: center;">Table 8.1(a) – Directors' Remuneration</caption> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">Remuneration Band⁽¹⁾</th> <th style="text-align: center;">Salary (%)</th> <th style="text-align: center;">Bonus (%)</th> <th style="text-align: center;">Benefits-in-kind (%)</th> <th style="text-align: center;">Directors Fees (%)</th> <th style="text-align: center;">Share Incentives Scheme (%)</th> <th style="text-align: center;">Total (%)</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td style="text-align: center;">A</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Robby⁽³⁾</td> <td style="text-align: center;">A</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson⁽⁴⁾</td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Lee Chong Yang⁽⁶⁾</td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Mr Chia Soon Hin William⁽⁶⁾</td> <td style="text-align: center;">A</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> <td style="text-align: center;">–</td> <td style="text-align: center;">100</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Remuneration Bands: Band A: Remuneration from SGD0 to SGD250,000 per annum.</p> <p>(2) Mr Chu Ming Kin has voluntarily waived his unpaid remuneration of approximately RMB1.4 million for FY2020.</p> <p>(3) Mr Robby resigned as an Executive Director of the Company with effect from 25 January 2021.</p> <p>(4) Mr Teng Wai Leung Wilson resigned as an Independent Director of the Company with effect from 30 September 2022.</p> <p>(5) Mr Lee Chong Yang resigned as an Independent Director of the Company with effect from 25 March 2021.</p> <p>(6) Mr Chia Soon Hin William resigned as an Independent Director of the Company with effect from 30 September 2020.</p> <p>The above remuneration for FY2020 has been pro-rated according to the Directors' date of appointment or date of resignation (where applicable).</p> <p>Currently, the Company does not have any key management personnel. In FY2020, the Company had a total of two (2) top key management personnel, being Mr. Yau Woon Soon, who resigned as the Chief Financial Officer of the Company with effect from 1 May 2020, and Mr. Fam Choong Hoong, who resigned as the Group Finance Manager of the Company with effect from 24 April 2021. The total remuneration paid to the foregoing top key management personnel for FY2020 was approximately RMB266,000.</p> | Name | Remuneration Band ⁽¹⁾ | Salary (%) | Bonus (%) | Benefits-in-kind (%) | Directors Fees (%) | Share Incentives Scheme (%) | Total (%) | Mr Chu Ming Kin | A | 100 | – | – | – | – | 100 | Mr Robby ⁽³⁾ | A | 100 | – | – | – | – | 100 | Mr Teng Wai Leung Wilson ⁽⁴⁾ | A | – | – | – | 100 | – | 100 | Mr Lee Chong Yang ⁽⁶⁾ | A | – | – | – | 100 | – | 100 | Mr Chia Soon Hin William ⁽⁶⁾ | A | – | – | – | 100 | – | 100 |
| Name | Remuneration Band ⁽¹⁾ | Salary (%) | Bonus (%) | Benefits-in-kind (%) | Directors Fees (%) | Share Incentives Scheme (%) | Total (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chu Ming Kin | A | 100 | – | – | – | – | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Robby ⁽³⁾ | A | 100 | – | – | – | – | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Teng Wai Leung Wilson ⁽⁴⁾ | A | – | – | – | 100 | – | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Lee Chong Yang ⁽⁶⁾ | A | – | – | – | 100 | – | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chia Soon Hin William ⁽⁶⁾ | A | – | – | – | 100 | – | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | <p>The breakdown for the remuneration of the Company's top key management personnel (who are not Directors or the CEO) for FY2020 is as follows:</p> <table border="1" data-bbox="659 651 1434 842"> <caption data-bbox="659 651 1434 680"><i>Table 8.1(b) – Remuneration of key management personnel</i></caption> <thead> <tr> <th data-bbox="659 685 863 779">Name</th> <th data-bbox="863 685 991 779">Remuneration Band⁽²⁾</th> <th data-bbox="991 685 1066 779">Salary (%)</th> <th data-bbox="1066 685 1177 779">Defined Contribution Plan (%)</th> <th data-bbox="1177 685 1273 779">Benefits-in-kind (%)</th> <th data-bbox="1273 685 1369 779">Share incentive scheme (%)</th> <th data-bbox="1369 685 1434 779">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 779 863 808">Mr Yau Woon Soon⁽¹⁾</td> <td data-bbox="863 779 991 808">A</td> <td data-bbox="991 779 1066 808">83</td> <td data-bbox="1066 779 1177 808">17</td> <td data-bbox="1177 779 1273 808">–</td> <td data-bbox="1273 779 1369 808">–</td> <td data-bbox="1369 779 1434 808">100</td> </tr> <tr> <td data-bbox="659 808 863 837">Mr Fam Choong Hoong⁽²⁾</td> <td data-bbox="863 808 991 837">A</td> <td data-bbox="991 808 1066 837">100</td> <td data-bbox="1066 808 1177 837">–</td> <td data-bbox="1177 808 1273 837">–</td> <td data-bbox="1273 808 1369 837">–</td> <td data-bbox="1369 808 1434 837">100</td> </tr> </tbody> </table> <p data-bbox="659 871 719 896">Notes:</p> <p data-bbox="659 902 1434 949">(1) Mr Yau Woon Son resigned as Chief Financial Officer of the Company with effect from 1 May 2020.</p> <p data-bbox="659 956 1434 1003">(2) Mr Fam Choong Hoong was appointed as Group Finance Manager of the Company with effect from 22 October 2020 and resigned with effect from 24 April 2021.</p> <p data-bbox="659 1010 1434 1057">(3) Remuneration Bands: Band A: Compensation from SGD0 to SGD250,000 per annum.</p> <p data-bbox="659 1099 1434 1218">There is no termination, retirement, post-employment benefits that may be granted to the foregoing key management personnel, save for the standard contractual notice period termination payment in lieu of service.</p> <p data-bbox="659 1261 1434 1379">The Board is of the view that the current disclosure information on remuneration matter provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.</p> | Name | Remuneration Band ⁽²⁾ | Salary (%) | Defined Contribution Plan (%) | Benefits-in-kind (%) | Share incentive scheme (%) | Total (%) | Mr Yau Woon Soon ⁽¹⁾ | A | 83 | 17 | – | – | 100 | Mr Fam Choong Hoong ⁽²⁾ | A | 100 | – | – | – | 100 |
| Name | Remuneration Band ⁽²⁾ | Salary (%) | Defined Contribution Plan (%) | Benefits-in-kind (%) | Share incentive scheme (%) | Total (%) | | | | | | | | | | | | | | | | | |
| Mr Yau Woon Soon ⁽¹⁾ | A | 83 | 17 | – | – | 100 | | | | | | | | | | | | | | | | | |
| Mr Fam Choong Hoong ⁽²⁾ | A | 100 | – | – | – | 100 | | | | | | | | | | | | | | | | | |
| Provision 8.2 | The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds SGD100,000 during the year, in bands no wider than SGD100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder. | During FY2020, there was no employee, who is a substantial Shareholder of the Company, or are immediate family members of a Director, the CEO or a substantial Shareholder of the Company, and whose remuneration exceeded SGD100,000. | | | | | | | | | | | | | | | | | | | | | |

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| Provision 8.3 | The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes. | <p>As set out in Provision 7.3 above, the Company has implemented the 2014 ESOS. In FY2020, there was no grant of options under the 2014 ESOS.</p> <p>Save as disclosed above, and in particular in Tables 8.1(a) and 8.1(b), there are no other forms of remuneration and other payments and benefits, paid by the Group to Directors and/or key management personnel of the Company and its subsidiaries.</p> |
| ACCOUNTABILITY AND AUDIT | | |
| Risk Management and Internal Controls | | |
| Principle 9 | The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders. | The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its Shareholders. Please refer to Provisions 9.1 to 9.2 below for more details and instances of the Company's compliance with such principle. |
| Provision 9.1 | The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate. | <p>The Board has not set up a specific Board Risk Committee, instead, the ARC assists the Board in the area of risk management and internal controls. Together, the Board and the ARC oversee the Management in the area of risk management and internal control systems, and determine the Company's risk appetite and tolerance level. The Board and the ARC regularly review and improve the Company's business and operational activities to identify areas of significant risks and the risk exposure and tolerance ratings thereto, as well as considering relevant mitigating control measures.</p> <p>In addition, Management highlights to and discusses salient risk management matters (if any) with the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks.</p> |

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| Provision 9.2 | <p>The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the CFO (or its equivalent) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p> | <p>During FY2020, the Board has received assurance from the CEO and the previous Group Finance Manager that:</p> <p>(a) the Group's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of the Group's operations and finances; and</p> <p>(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the risks which the Group considers relevant and material to its business operations.</p> |

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

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

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| | <p>(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and</p> <p>(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.</p> | <p>(h) to review any potential conflicts of interest;</p> <p>(i) to review the assurance from the CEO and the CFO (or its equivalent) on the financial records and the financial statements;</p> <p>(j) to review and establish procedures for receipt, retention and treatment of complaints received by the Group such as criminal offences involving our Group or its employees, questionable accounting, improprieties in financial reporting, auditing, business, safety or other matters that impact negatively on the Group;</p> <p>(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and</p> <p>(l) to generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.</p> <p>The Company has in place a whistleblowing policy (the "Policy") which encourages and provides a well-defined and accessible channel to employees of the Group to raise concerns about possible improprieties in financial reporting or other matters which has been extended previously in FY2019 to include external parties such as the Company's business associates.</p> <p>The objective of the Policy is to encourage the reporting of such matters in good faith while providing the assurance that the employee making such report will be fairly treated, and to ensure independent investigation of such matters and for appropriate follow-up action to be taken by the management and the results reported to the ARC and the Board.</p> <p>The Policy and procedures for raising any concerns is communicated to all employees of the Company and the Group during the orientation for new employees and also via the staff handbook. There was no reported incident pertaining to whistle-blowing for FY2020.</p> <p>The ARC may request the Management to update and/or revise the Policy, as it deems necessary to ensure a robust and comprehensive whistle-blowing procedures, and may recommend the same for the Board's approval.</p> |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
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| Provision 10.2 | <p>The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p> | <p>As announced by the Company on 24 September 2020, 25 September 2020 and 22 March 2021, Mr Chia Soon Hin William resigned as an Independent Director of the Company and as Chairman of the ARC with effect from 30 September 2020 and his duties as the Chairman of the ARC were temporarily taken over by the Company's then Lead Independent Director, Mr Teng Wai Leung Wilson. Accordingly, at the end of the financial year in review, the ARC comprised of two (2) Directors, both of whom were Independent Directors, namely:</p> <p>(a) Mr Wilson Teng Wai Leung (Member); and (b) Mr Lee Chong Yang (Member).</p> <p>Separately, as announced by the Company on 25 March 2021 and 16 September 2022, Mr Lee Chong Yang and Mr Teng Wai Leung Wilson resigned as Independent Directors of the Company with effect from 25 March 2021 and 30 September 2022 respectively.</p> <p>As further announced by the Company on 22 March 2021 and 16 September 2022, Mr Tay Boon Zhuan, Max was appointed as an Independent Director of the Company with effect from 22 March 2021 and Mr Ng Hoi-Gee, Kit and Mr Lee Fang Wen were appointed as Independent Directors of the Company with effect from 16 September 2022. Mr Ng Hoi-Gee, Kit ceased to be the Independent Director of the Company with effect from 16 October 2022 following his unexpected demise as announced by the Company on 18 October 2022.</p> <p>As such, the ARC currently comprises two (2) Directors, both of whom are Independent Directors, namely:</p> <p>(a) Mr Tay Boon Zhuan, Max (Chairman); and (b) Mr Lee Fang Wen (Member).</p> <p>The ARC Chairman has recent and relevant experience or expertise in accounting and financial management, and Mr Lee Fang Wen has prior experience as appointed audit committee member of other publicly listed companies. The Board is of the view that the members of the ARC are qualified to discharge the ARC's responsibilities.</p> <p>The Company is cognizant of Catalist Rule 704(7) which states that in the event of any cessation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company will be sourcing for a new Independent Director to fill in the vacancy of the ARC to ensure compliance with the provisions of the Code and the Catalist Rules.</p> |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
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| Provision 10.3 | The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. | None of the members of the ARC (a) is a former partner or director of the Company's existing auditing firm or auditing corporation within the previous two years or (b) holds any financial interest in the auditing firm or auditing corporation. |
| Provision 10.4 | The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company. | <p>In FY2020, the Company had outsourced its internal audit function to One Stop Professional Services Pte. Ltd. work for which came to a standstill after the Company was unable to settle its outstanding payment obligations to its auditors.</p> <p>Given that (a) the Group has limited funds and resources following the outbreak of COVID-19; (b) the executive chairman and chief executive officer remains as the sole management representative and (c) the Group does not currently have any revenue generating business and the Company had been deemed as a cash company as announced on 22 May 2022, the Company has not recommenced its engagement of One Stop Professional Services Pte. Ltd. as its internal auditor for its internal audit of FY2020.</p> <p>As there is currently minimal business and internal control risks arising to be dealt with, the ARC will oversee the internal control function which primarily relates to the corporate-related matters based on the current control policy that is already in place. The internal audit function carried out by the ARC on all the entities under the Group uses a risk-based auditing approach that covers financial, operational and compliance controls and such internal audit function has unfettered access to all the Company's documents, records, properties and personnel, and has appropriate standing within the Company.</p> <p>In addition, the ARC has identified the controls over the bank accounts of the Company and payment processes under the Company as an area of concern, and has since required all payments to be approved by the chairman of the ARC and any withdrawal from the Company will require approval of at least the chairman of the ARC.</p> <p>The ARC is satisfied of the adequacy, independence and effectiveness of Company's internal audit function, is of the view that it is adequately resourced, and will continue to review the adequacy and effectiveness of the Company's internal audit function on an annual basis, where applicable.</p> |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation | | | | | | | | | | | | | | | | | | |
|--|--|---|--|--|--|--|---------|------------|-------------------|-----|----|-----------------------|--|--|------------------|----|---|--------------|-----|-----|
| | | Mr Tay Boon Zhuan, Max, who was the chairman of the ARC has been included as one of the authorised signatories for the Company's main bank account. He has also been overseeing the internal audit function and has the relevant experience and qualifications to conduct the internal control assessment. Please refer to his experience and qualifications referred to in the Board of Directors section of this Annual Report. | | | | | | | | | | | | | | | | | | |
| Provision 10.5 | The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually. | The ARC had met with the external auditors, and with the internal auditors, once without the presence of the Management in FY2020. The meeting was held virtually by way of telecommunication in compliance with government advisories amidst the COVID-19 pandemic. | | | | | | | | | | | | | | | | | | |
| General | ARC's annual review of the independence/re-appointment of the EA. | <p>The ARC reviews the independence of the EA annually. The ARC has conducted an annual review of the non-audit services provided by the EA as part of the ARC's assessment of the EA's independence and is of the opinion that all non-audit services provided by the EA would not affect the independence or objectivity of the EA.</p> <p>For the financial year under review, the EA have confirmed that they are in compliance with the independence requirements set out in the Code of Professional Conduct and Ethics under the Accountants (Public Accountants) Rules of the Singapore Accountants Act and have affirmed their independence in this respect.</p> <p>The ARC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as auditor of the Company. The aggregate amount of audit fees paid/payable to the external auditor in FY2020 are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: left;">Table 10.5 – Fees paid/payable to the external auditor for FY2020</th> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">RMB'000</th> <th style="text-align: center;">% of total</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td style="text-align: center;">390</td> <td style="text-align: center;">92</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>– Tax compliance</td> <td style="text-align: center;">34</td> <td style="text-align: center;">8</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">424</td> <td style="text-align: center;">100</td> </tr> </tbody> </table> | Table 10.5 – Fees paid/payable to the external auditor for FY2020 | | | | RMB'000 | % of total | Audit fees | 390 | 92 | Non-audit fees | | | – Tax compliance | 34 | 8 | Total | 424 | 100 |
| Table 10.5 – Fees paid/payable to the external auditor for FY2020 | | | | | | | | | | | | | | | | | | | | |
| | RMB'000 | % of total | | | | | | | | | | | | | | | | | | |
| Audit fees | 390 | 92 | | | | | | | | | | | | | | | | | | |
| Non-audit fees | | | | | | | | | | | | | | | | | | | | |
| – Tax compliance | 34 | 8 | | | | | | | | | | | | | | | | | | |
| Total | 424 | 100 | | | | | | | | | | | | | | | | | | |
| General | What are the ARC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements? | The ARC keeps abreast of relevant changes to accounting standards and other issues through attendance at relevant seminars or talks, articles and news circulated by the management and updates by the external auditor of the Company at the ARC meetings. | | | | | | | | | | | | | | | | | | |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|---|---|---|
| STAKEHOLDER RIGHTS AND ENGAGEMENT | | |
| Shareholders' Rights and Conduct of General Meetings | | |
| Principle 11 | The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects. | The Company has complied with Principle 11. Please refer to Provisions 11.1 to 11.6 below for more details and instances of the Company's compliance with such principle. |
| Provision 11.1 | The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders. | <p><u>Effective participation at meetings</u></p> <p>The Company's corporate governance practices promote fair and equitable treatment to all Shareholders. To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and on-going basis via SGXNET, as well as through the AGM, especially information pertaining to the Company's business development and financial performance, which could have a material impact on the price or value of its shares, so as to enable Shareholders to make informed decisions in respect of their investments in the Company, particularly during general meetings.</p> <p>The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings. The Company's AGM held on 26 June 2020 was conducted through live web-cast in light of the COVID-19 pandemic, 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 guidance from ACRA, the Monetary Authority of Singapore, and/or SGX-ST on the conduct of general meetings. For the aforesaid AGM, Shareholders were encouraged to submit any queries in relation to any meeting agenda items as set out in the notice of AGM to the Company prior to such meeting.</p> |

CORPORATE GOVERNANCE REPORT

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| | | <p><u>Voting at meetings</u></p> <p>All Shareholders are entitled to vote in accordance with the established voting rules and procedures. All resolutions are put to vote by poll, and the results of the poll voting on each resolution tabled at general meeting, including the number of votes cast for and against each resolution and the respective percentages, are announced after each general meeting via SGXNET. In FY2020, there was no physical voting conducted in the meetings, and all votes were counted on the basis of the proxy forms submitted prior to such meetings.</p> <p><u>Informing Shareholders of general meeting rules</u></p> <p>The rules governing general meetings of Shareholders, including the voting process, were explained to Shareholders in the notice of the relevant general meeting.</p> |
| Provision 11.2 | The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting. | Resolutions submitted at the Shareholders' meetings are separate and not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications. The tabling of separate resolutions gives Shareholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Shareholders to exercise their vote on an informed basis. |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---|--|---------------------|---|--|------------------------|--|----------------------|--------------------------|---------------------|-------------------------|-----------------|---|---|---|---|----------|---|---|---|---|--------------------------|---|---|---|---|-------------------|---|---|---|---|--------------------------|---|---|---|---|
| Provision 11.3 | All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report. | <p>The Company requires all Directors (including each respective chairman of the Board Committees) to be present at all general meetings of Shareholders, unless in the event of exigencies. During FY2020, all Directors and the EA were present at the general meeting held via live webcast. The Company was also prepared to seek the EA's response on any Shareholders' queries about the conduct of audit and the preparation and content of the auditor's report, in the event such queries were submitted ahead of the general meetings.</p> <p>The number of general meetings held and the attendance of each Director at the general meetings during FY2020 are as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <caption style="text-align: center;">Table 11.3 – Attendance of Directors at General Meetings during FY2020</caption> <thead> <tr> <th rowspan="2" style="text-align: center;">Name of Director</th> <th colspan="2" style="text-align: center;">Extraordinary/ Special General Meeting</th> <th colspan="2" style="text-align: center;">Annual General Meeting</th> </tr> <tr> <th style="text-align: center;">No. of Meetings Held</th> <th style="text-align: center;">No. of Meetings Attended</th> <th style="text-align: center;">No. of Meeting Held</th> <th style="text-align: center;">No. of Meeting Attended</th> </tr> </thead> <tbody> <tr> <td>Mr Chu Ming Kin</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Mr Robby</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Mr Teng Wai Leung Wilson</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Mr Lee Chong Yang</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Mr Chia Soon Hin William</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> | Name of Director | Extraordinary/ Special General Meeting | | Annual General Meeting | | No. of Meetings Held | No. of Meetings Attended | No. of Meeting Held | No. of Meeting Attended | Mr Chu Ming Kin | 0 | 0 | 1 | 1 | Mr Robby | 0 | 0 | 1 | 1 | Mr Teng Wai Leung Wilson | 0 | 0 | 1 | 1 | Mr Lee Chong Yang | 0 | 0 | 1 | 1 | Mr Chia Soon Hin William | 0 | 0 | 1 | 1 |
| Name of Director | Extraordinary/ Special General Meeting | | | Annual General Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No. of Meetings Held | No. of Meetings Attended | No. of Meeting Held | No. of Meeting Attended | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chu Ming Kin | 0 | 0 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Robby | 0 | 0 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Teng Wai Leung Wilson | 0 | 0 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Lee Chong Yang | 0 | 0 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr Chia Soon Hin William | 0 | 0 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision 11.4 | The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders. | <p>The Company's Existing Constitution allows for the Directors to approve and implement, subject to the Existing Constitution and the Companies Act 1967 of Singapore (the "Companies Act"), voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, subject further to any such security measures as may be deemed necessary or expedient.</p> <p>For FY2020, in light of the COVID-19 pandemic, there was no physical voting conducted in the meetings, and all votes were counted on the basis of the proxy forms submitted prior to such meetings. Shareholders (including members who were relevant intermediaries) entitled to vote at such meetings and who wished to exercise their voting rights at the meetings were able to appoint the Chairman of the meeting as their proxy to vote on his/her/its behalf at the meeting according to their specific instructions.</p> <p>The Company had put in place measures to allow for the submission of proxy forms by Shareholders either in hard copy form at the registered office of the Company, or electronically by mail, in accordance with government advisories.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Provision 11.5 | The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. | The proceedings of the general meetings are properly recorded, including all comments and/or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management to such comments and/or queries. All minutes of general meetings will be posted on the Company's website as soon as practicable. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Shareholders. |
| Provision 11.6 | The company has a dividend policy and communicates it to shareholders. | <p>The Company does not have a fixed dividend policy. Nonetheless, in considering dividend declaration, the Company will take into account the following factors:</p> <ul style="list-style-type: none"> (a) level of cash and retained earnings; (b) actual and projected financial performance; (c) projected levels of capital expenditure and other investment plans, including working capital requirements; and (d) restrictions on payment of dividends imposed on the Company by its financing arrangements, if any. <p>Any final dividends paid by the Company shall be approved by an ordinary resolution of the Shareholders at a general meeting. The Board may, without the approval of Shareholders, also declare an interim dividend.</p> |
| Engagement with Shareholders | | |
| Principle 12 | The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company. | The Company has communicated regularly with its Shareholders and facilitated the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company, in accordance with Principle 12. Please refer to Provisions 12.1 to 12.3 below for more details and instances of the Company's compliance with such principle. |

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| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
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| Provision 12.1 | The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders. | <p>The Company will make announcements through the SGXNET from time to time to update investors and Shareholders on developments that are of interest to them. The Company strives to supply Shareholders with reliable and timely information so as to strengthen the relationship with its Shareholders based on trust and accessibility. The Board also encourages Shareholders' participation at the AGMs as explained in Provision 11.1 above.</p> <p>In compliance with continuous disclosure obligations under the Catalist Rules, the Company releases pertinent and other material information to Shareholders in a timely manner through announcements via the SGXNET system, Annual Reports and press releases. Notices of the annual general meeting and all extraordinary general meetings are advertised in newspapers (save as exempted 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), as well as on SGXNET within the prescribed deadlines prior to the relevant meetings. Further, the Board ensures compliance with the continuous disclosure obligations under relevant rules by informing Shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Quarterly, half year and full year financial results and other major developments of the Company are announced on SGXNET, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released and announced within the mandatory period. Apart from the SGXNET announcements and its Annual Report, the Company may release press releases or organise media/analyst briefings to keep Shareholders informed of corporate developments.</p> <p>The Board welcomes Shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for Shareholders to share their concerns and views. During and/or prior to these meetings, Shareholders are given opportunities to voice their views and seek clarification to the Board on matters relating to the Group's business and operations. Shareholders may also submit any queries or feedback on the sustainability performance of the Company via email to: ir@sincapgroup.com.</p> |

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| Provision 12.2 | The company has in place an investor relations policy which allows for an on-going exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. | <p>The Company does not have an investor relations policy in place. Nonetheless, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.</p> <p>On 21 September 2022, the Company provided a corporate update to Shareholders reiterating the existing operational background of the Company, potential corporate actions and efforts taken in addressing the issues relating to compliance of various listing rules, among others.</p> |
| Provision 12.3 | The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions. | |

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

| | | |
|----------------|--|---|
| Principle 13 | The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served. | The Board has adopted an inclusive approach by considering and balancing the needs and interests of material stakeholders, so as to ensure that the best interests of the Company are served. Please refer to Provisions 13.1 to 13.3 below for more details and instances of the Company's compliance with such principle. |
| Provision 13.1 | The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. | The Company engages its material stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. In light of the Company's status as a cash company, the Company does not maintain a corporate website and general information regarding the Company, such as annual reports, financial results and corporate updates are available on the SGXNET. Notwithstanding the absence of a corporate website, Shareholders may reach out to the Company via the Company's email address (ir@sincapgroup.com). |
| Provision 13.2 | The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. | The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. |

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| Provision 13.3 | The company maintains a current corporate website to communicate and engage with stakeholders. | <p>The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term prospects of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators and shareholders. The Company does not practice selective disclosure. Price sensitive information is released on SGXNET on a timely basis as required under the Catalist Rules. Financial results and annual reports are announced or issued within the prescribed period under the Catalist Rules. The release of such timely and relevant information is crucial to ensure good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company. Taking into consideration that the Company is currently a cash company and costs factors, the Company has taken a pragmatic approach in not establishing a corporate website.</p> <p>While the Company does not maintain a corporate website, which is a deviation from Provision 13.3, Shareholders can contact the Company via the Company's email address (ir@sincapgroup.com), which is in line with the intent of Principle 13 of the Code.</p> |
| COMPLIANCE WITH APPLICABLE CATALIST RULES | | |
| Catalist Rule | Rule Description | Company's Compliance or Explanation |
| 704(2) | Alteration to the Memorandum of Association or Articles of Association or Constitution | The Existing Constitution of the Company does not reflect the amendments made to the Companies Act pursuant to, among others, the Companies (Amendment) Act 2014 of Singapore, the Catalist Rules, as may be amended or modified from time to time. The Company is of the view that the Memorandum and Articles of Association should be updated to be in line with the Personal Data Protection Act 2012 of Singapore and the amendments made to the Companies Act and the Catalist Rules. To this extent, the Company proposes to adopt a new constitution of the Company at the forthcoming AGM. Shareholders may refer to the notice of AGM set out on pages 122 to 127 of this Annual Report and the Company's circular dated 21 December 2022 accompanying this Annual Report for more information. |
| 704(7) | Audit Committee | The Company is cognizant of Catalist Rule 704(7) which states that in the event of any cessation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months. In view of the unexpected demise of Mr Ng Hoi-Gee, Kit, the Company has been and will continue to source for a new Independent Director to fill in the vacancy of the ARC to ensure compliance with the provisions of the Code and the Catalist Rules. |

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| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|-------------------------------------|------------------|---|
| 707(1) | Holding of AGM | <p><u>Delay in holding of AGM for FY2020</u></p> <p>As announced by the Company on 13 April 2021, the Company had submitted an application to the SGX-ST for an extension of time from the current deadline of 30 April 2021 to 31 May 2021 for the Company to hold its AGM for FY2020 (the "Extension Application"). The Extension Application was made in view of the following reasons:</p> <p>(a) a key finance staff of the Company who was based in a different country then under strict quarantine measures was battling a medical condition that required surgery and had been in and out of the hospital. The difficulty was compounded by the staggered work arrangements and work-from-home measures implemented by the Company as part of the safety distancing measures. As the key finance staff was primarily responsible for coordinating audit matters and preparing for the annual report, there had been significant delays in coordinating between parties in China, Indonesia, as well as with the Company's external auditors, and this had led to a delay in providing information/documents as required by the external auditors, to carry out verification and assessment works;</p> <p>(b) in view of the then difficulties faced by the Company in securing trading orders, the Company together with its auditors, required more time in assessing post-balance sheet events in order to provide a true and fair view of the Group's financial position to stakeholders; and</p> <p>(c) due to travel restrictions and/or other measures imposed by the authorities in response to the COVID 19 outbreak at that time, the Company was then working with its auditors to furnish the necessary information and documents for the external auditors to finalise their review on a number of outstanding audit matters/issues relating to the business of the Group.</p> <p>As further announced by the Company on 28 April 2021, SGX-ST had confirmed that based on the Company's submission and representations to the SGX-ST, it has no objection to the Company's application for waiver for a one-month extension of time from 30 April 2021 to 31 May 2021 (the "Waiver") to hold its AGM for FY2020 with regard to compliance with Catalist Rule 707(1), subject to the following conditions:</p> <p>(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Catalist Rule 106 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of such announcement, the Company must make an update announcement when the conditions have all been met; and</p> |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|-------------------------------------|--------------------------|--|
| | | <p>(b) the Board's confirmation that the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution;</p> <p>(c) announcement of the Company's FY2020 annual report on SGXNET by 15 May 2021; and</p> <p>(d) the Company holding the AGM in respect of FY2020 by 31 May 2021,</p> <p>(collectively, the "Waiver Conditions" and each a "Waiver Condition"). The Waiver will not be valid if any of the Waiver Conditions have not been fulfilled.</p> <p>As the Company was unable to comply with the Waiver Conditions, the Company is in breach of Rule 707(1) of the Catalist Rules as it was unable to hold its AGM within four months from the end of its financial year due to its inability to meet its payment obligations to its auditors.</p> <p>Notwithstanding to existing business constraints in the Company, as further announced on 21 September 2022, the Company had taken steps to address the issues pertaining to compliance of Catalist Rules including the recruitment of additional support staff, engagement with its external auditor to conduct post-balance sheet events review and setting key timelines for the issuance of its annual report and the conduct of annual general meetings.</p> <p>Shareholders may refer to the Company's announcements dated 13 April 2021, 28 April 2021 and 21 September 2022 for more information on the Extension Application and updates on the holding of the Company's AGM for FY2020.</p> |
| 711A, and 711B | Sustainability Reporting | <p>The Company had on 12 September 2022 announced the non-issuance of the sustainability report under Catalist Rule 711A for the financial years ended 31 December 2020 and 31 December 2021.</p> <p>The key rationale for sustainability reporting, as required under Catalist Rule 711A is to provide stakeholders with a comprehensive picture of the sustainability of the Group's business and operations, in the aspects of environment, social and governance factors. In view of the Company's cash company status and pending the acquisition of a new business which is able to satisfy the SGX-ST's requirements for a new listing, a sustainability report for FY2020 and FY2021 and any other financial year(s) prior to the acquisition of a new business which would be able to satisfy the SGX-ST's requirements for a new listing would not be relevant, meaningful or indicative of the sustainability of the Group's business and operations, in the aspects of environment, social and governance factors.</p> |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|-------------------------------------|--|--|
| 712, 715 or 716 | Appointment of auditors | The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors. For the avoidance of doubt, the auditors for the significant subsidiaries of the Company is Baker Tilly TFW LLP. |
| 720(6) | Directors' training on sustainability matters | All existing directors of the Company will attend training on sustainability matters in FY2022. |
| 1017(1) | Escrow account requirement and quarterly reporting | Further to the Company's status as a cash company, it had, on 5 August 2022, applied for a waiver from the SGX-ST in respect of, amongst others, compliance with the escrow accounts requirements under Catalist Rule 1017(1)(a). The waiver was granted based on the reasons and representations set out in the Company's announcement dated 26 August 2022. In relation to Catalist Rule 1017(1)(b), the Company has been making announcements on (i) its monthly valuation and utilisation of cash; and (ii) its quarterly milestones in obtaining a new business, since 12 September 2022. Please refer to the Company's announcements released on the SGXNET for further information on the waiver and the subsequent announcements made by the Company in relation to items (i) and (ii) above. |
| 1017(2) | Obligation to meet requirements for a new listing within 12 months from the time it becomes a cash company | The Company is aware of its obligations under Catalist Rule 1017(2). As the Company will only be able to proceed with the Potential RTO in the event that it is able to proceed with the implementation of the Proposed Reorganisation, as reasonably required by the Professional Investor, the Company will be submitting an application to the SGX-ST for an extension of time pursuant to Catalist Rules 1017(2) and 1304 once the SGX-ST provides clearance on the matters to be set out in the pre-clearance letter regarding the Proposed Reorganisation, which the Company intends to submit to the SGX-ST by the end of December 2022. Please refer to the Company's announcement on 25 November 2022 for further information on the pre-clearance letter and the Company's plans to comply with Catalist Rule 1017(2). |
| 1204(8) | Material contracts | Save as disclosed below in respect of Rule 1204(17), there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling Shareholder, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year. |
| 1204(10) | Confirmation of adequacy of internal controls | Please refer to disclosure under Provision 10.4 as set out in pages 44 to 45 of this Annual Report. |
| 1204(10C) | ARC's comment on Internal Audit Function | Please refer to disclosure under Provision 10.4 as set out in pages 44 to 45 of this Annual Report. |
| 1204(16) | Information in respect of any employee share option (or share incentive) Scheme | The information required by Catalist Rules 1204(16) and 851 are set out in pages 34 and 69 of this Annual Report. |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation | | | | | | | | | | |
|---|--|--|---------------------------|------------------------|--|--|---------|---------|---|----------|------------------------|-----|
| 1204(17) | Interested persons transaction ("IPT") | <p>The Company had, at an Extraordinary General Meeting on 27 April 2018 (the "EGM"), sought and obtained the approval of the Shareholders (other than Shareholders required to abstain from voting under Rule 920(1)(b)(viii) of the Catalist Rules) for adopting a general mandate permitting an "entity at risk" (including Orion) to enter into transactions of a revenue and trading nature in respect of and relating to the sale of coal ("Mandated Transactions") to Artwell Minerals Resources Company Limited⁽¹⁾ (the "interested person" or "Artwell"), from the date of such EGM 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, unless revoked or varied by the Company in a general meeting, continue in force, provided that the transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders (the "IPT General Mandate"). The Company has adhered to the guidelines and review procedures established to ensure that Mandated Transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Company and its minority Shareholders. The IPT General Mandate was renewed at the Company's AGM held on 26 June 2020.</p> <p>The following are IPTs which value exceeds SGD100,000 transacted during FY2020:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Name of Interested Person</th> <th rowspan="2" style="text-align: center;">Nature of Relationship</th> <th style="text-align: center;">Aggregate value of all IPTs during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th> <th style="text-align: center;">Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)</th> </tr> <tr> <th style="text-align: center;">RMB'000</th> <th style="text-align: center;">RMB'000</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Artwell Mineral Resources Company Limited</td> <td style="text-align: center;">Note (1)</td> <td style="text-align: center;">168,321⁽²⁾</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Artwell is entirely owned and held by Mr Chu Ming Fang, who is the brother of the Executive Chairman and CEO of the Company. Artwell purchases coal from the Group.</p> <p>(2) The sum of RMB168,321,000 (gross of loss allowance for expected credit loss, if applicable) comprises both the outstanding trade receivables owed by Artwell of approximately RMB167,293,000 and interests accruing on such receivables of approximately RMB1,028,000 as at 31 December 2020, pursuant to the repayment schedule as announced by the Company on 15 April 2020.</p> | Name of Interested Person | Nature of Relationship | Aggregate value of all IPTs during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) | RMB'000 | RMB'000 | Artwell Mineral Resources Company Limited | Note (1) | 168,321 ⁽²⁾ | Nil |
| Name of Interested Person | Nature of Relationship | Aggregate value of all IPTs during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | | | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) | | | | | | | |
| | | RMB'000 | RMB'000 | | | | | | | | | |
| Artwell Mineral Resources Company Limited | Note (1) | 168,321 ⁽²⁾ | Nil | | | | | | | | | |

CORPORATE GOVERNANCE REPORT

| Provisions/ Principles/ Rules | Code Description | Company's Compliance or Explanation |
|-------------------------------------|-----------------------|---|
| 1204(19) | Dealing in securities | <p>The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers, are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's interim and full-year financial statements, respectively, and ending on the date of the announcement of the relevant results.</p> |
| 1204(21) | Non-sponsor fees | No non-sponsor fees were paid to the Company's Sponsor, Stamford Corporate Services Pte. Ltd., for FY2020. |
| 1204(22) | Use of proceeds | There were no unutilised proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules. |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

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

| | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|---|---|---|---|
| Date of Appointment | 06 April 2015 | 22 March 2021 | 16 September 2022 |
| Date of last re-appointment | 30 April 2019 | – | – |
| Age | 58 | 42 | 61 |
| Country of principal residence | People's Republic of China | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | <p>The Board, having assessed Mr Chu Ming Kin's (“Mr Chu”) qualifications, expertise, past experiences and overall contribution, is of the view that Mr Chu has the requisite experience and capability to assume the responsibility of Executive Director and Chief Executive Officer of the Company.</p> | <p>The Board, having considered the recommendation of the Nominating Committee and assessed Mr Tay Boon Zhuan, Max's (“Mr Tay”) qualifications, expertise, past experiences and overall contribution, is satisfied that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company, Chairman of the Audit and Risk Committee, a member of the Remuneration Committee, and a member of the Nominating Committee.</p> <p>The Board considers Mr Tay to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist.</p> | <p>The Board, having considered the recommendation of the Nominating Committee and assessed Mr Lee Fang Wen's (“Mr Lee”) qualifications expertise, past experiences and overall contribution, is satisfied that Mr Lee has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company, Chairman of the Nominating Committee, a member of the Audit and Risk Committee, and a member of the Nominating Committee.</p> <p>The Board considers Mr Lee to be independent for the purposes of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist.</p> |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|---|--|---|---|
| Whether appointment is executive, and if so, the area of responsibility | Executive Mr. Chu will be oversee the strategic positioning and manage the day-to-day operations of the Group. | Non-Executive | Non-Executive |
| Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.) | Executive Chairman and Chief Executive Officer | Independent Director, Chairman of the Audit and Risk Committee, a member of the Remuneration Committee, and member of the Nominating Committee | Independent Director, Chairman of the Nominating Committee, a member of the Audit and Risk Committee, and a member of the Remuneration Committee |
| Professional qualifications | | Chartered Accountant, Institute of Singapore Chartered Accountants ASEAN Chartered Professional Accountant, ASEAN Chartered Professional Accountant Coordinating Committee Bachelor of Accountancy Degree from the Nanyang Technological University | Bachelor Degree in Engineering (Chemical) from National University of Singapore |
| Working experience and occupation(s) during the past 10 years | 2011 – 2015 PT. Aw Mineral Resources 2014 – 2015 Kingwell (Hong Kong) Investment Co., Limited 2015 – Current Sincap Group Limited | 2020 – Current Geniebook Pte. Ltd. (Senior Director, Finance) 2018 – 2020 Intraco Limited (Chief Financial Officer) 2017 – 2018 Heatec Jietong Holdings Ltd. (Chief Financial Officer) | 2013 – 2014 Creative Master Bermuda Limited (Executive Director) 2002 – 2005 & 2007 – 2009 MFS Technology (S) Pte Ltd (Business Development Director) |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|---|---|---|---|
| | | 2015 – 2017 China Yuchai International Limited (Head of Internal Audit) 2014 – 2015 SBA Stone Forest Shanghai (Director Business Advisory) 2013 – 2014 Nexia TS Public Accounting Corporation (Associate Director, China Assurance and Technical) 2004 – 2013 Pricewaterhouse Coopers LLP Singapore (Audit Manager in Financial Services Industry Practice (FSIP)) | 1999 – 2002 MFS Technology Malaysia Sdn Bhd (Deputy General Manager) |
| Shareholding interest in the listed issuer and its subsidiaries | Yes, Mr Chu holds 35,394,200 ordinary shares in the Company, amounting to approximately 2.08% of the Company's entire issued and paid-up share capital. | No | No |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries. | Nil | Nil | Nil |
| Conflict of Interest (including any competing business) | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|---|--|--|---|
| <p>Other Principal C o m m i t m e n t s Including Directorships Past (for the last 5 years)</p> | <p>Nil</p> | <p>K.A. Vermiculite Spray Sdn Bhd</p> <p>Tat Hong Intraco Heavy Equipment Co Ltd</p> <p>Intraco International (Shanghai) Co Ltd</p> <p>K.A. Fabric Shutters Pte Ltd</p> <p>K.A. Firelite Pte. Ltd.</p> <p>K.A. Group Holdings Pte Ltd</p> <p>K.A. Fireproofing Pte Ltd</p> <p>Intraco International Pte Ltd</p> <p>K.A. Building Construction Pte Ltd</p> <p>Intraco Foods Pte Ltd</p> <p>Tat Hong Intraco Pte Ltd</p> <p>SBA Stone Forest (China) Pte Ltd</p> | <p>Asiatic Group (Holdings) Limited</p> |
| <p>Present</p> | <p>Kingwell (Hong Kong) Investment Co., Limited</p> <p>PT. Aw Mineral Resources</p> <p>Orion Energy Resources Pte. Ltd.</p> <p>Sincap Properties Pte. Ltd.</p> <p>Sincap Australia Pte. Ltd.</p> | <p>Sen Yue Holdings Limited</p> | <p>Tai Sin Electric Limited</p> |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|----|---|-----------------|------------------------|-----------------|
| a) | Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date, he ceased to be a partner? | No | No | No |
| b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency? | No | No | No |
| c) | Whether there is any unsatisfied judgement against him? | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|----|--|-----------------|------------------------|-----------------|
| d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | 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 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|----|---|-----------------|------------------------|-----------------|
| f) | Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation 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 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|----|--|-----------------|------------------------|-----------------|
| i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |
| j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: – i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR CHU MING KIN | MR TAY BOON ZHUAN, MAX | MR LEE FANG WEN |
|---|-----------------|------------------------|-----------------|
| <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | | | |
| <p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p> | No | No | No |

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Notes to the Financial Statements



DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Sincap Group Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 76 to 119 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and
- (ii) at the date of this statement, after considering the measures taken by the Group and the Company as described in Note 3(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

Arrangement to enable directors to acquire benefits

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

Directors' interest in shares or debentures

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

| Name of director | Number of ordinary shares Shareholding in which a director is deemed to have an interest | | |
|--------------------|---|------------------|------------------|
| | At 1.1.2020 | At 31.12.2020 | At 21.01.2021 |
| The Company | | | |
| Chu Ming Kin | 156,968,700 | 35,394,200 | 35,394,200 |

DIRECTORS' STATEMENT

Share options

The Company's employee share option scheme is administrated by the Remuneration Committee, the members of which are Mr Tay Boon Zhuan, Max and Mr Lee Fang Wen.

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

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

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

Audit and Risk Committee

The members of the Audit and Risk Committee during the financial year end and at the date of this report are as follows:

| | |
|-----------------------|--|
| Teng Wai Leung Wilson | (Lead Independent Director) (Resigned on 30 September 2022) |
| Chia Soon Hin William | (Independent Director and Chairman of Audit and Risk Committee) (Resigned on 30 September 2020) |
| Lee Chong Yang | (Independent Director) (Resigned on 25 March 2021) |
| Tay Boon Zhuan, Max | (Independent Director and Chairman of Audit and Risk Committee) (Appointed on 22 March 2021) |
| Lee Fang Wen | (Independent Director) (Appointed on 16 September 2022) |
| Ng Hoi-Gee, Kit | (Lead Independent Director) (Appointed on 16 September 2022 and ceased on 16 October 2022) |

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

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

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chu Ming Kin
Director

Tay Boon Zhuan, Max
Director

16 December 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Sincap Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 76 to 119, which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

1 Impairment of trade receivables

As disclosed in Note 14 to the financial statements, trade receivables amounted to RMB195,127,000 as at 31 December 2020. Management of the Group has provided an allowance for expected credit losses ("ECL") of RMB1,086,000 on the interest charged on trade receivables during the financial year. We are unable to obtain sufficient appropriate evidence to audit and conclude on the basis and appropriateness of management's ECL assessment on the trade receivables.

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

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

2 Valuation of bond

As disclosed in Note 15 to the financial statements, the carrying value of the bond ("Bond") amounted to RMB5,956,000 (2019: RMB12,928,000) as at 31 December 2020. The Bond may be redeemed at the Company's option through cash payment and/or issuance of new fully paid ordinary shares of the Company based on the terms of the Bond agreement. The Group and the Company had measured and recorded the Bond at initial recognition based on its issue amount of SGD12,000,000 which is the equivalent of RMB60,483,000. Having considered the Company's option with respect to the redemption of the Bond, we are not able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the valuation and carrying value of the Bond at initial recognition, as at 31 December 2019 and 31 December 2020.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (Continued)

Basis for Qualified Opinion (Continued)

2 Valuation of bond (Continued)

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

3 Impairment of investments in subsidiaries and amounts due from subsidiaries

As disclosed in Note 13 to the financial statements, the net carrying amount of the Company's investments in subsidiaries amounted to RMB129,664,000, after deducting allowance for impairment losses of RMB38,807,000 as at 31 December 2020. As disclosed in Note 14 to the financial statements, the net carrying amount of the Company's amount due from subsidiaries amounted to RMB58,637,000. During the financial year ended 31 December 2020, an impairment loss on investment in subsidiaries of RMB49,000 was recognised in the Company's profit or loss. Management determined that no further impairment loss is required on the Company's investments in subsidiaries and amounts due from subsidiaries as at 31 December 2020.

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

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 Company 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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2020, the Group and the Company incurred a net loss of RMB18,101,000 and RMB4,887,000 respectively, and the Group reported net cash used in operating activities of RMB2,072,000.

Current assets of the Group included trade receivables which is a matter included in the *Basis for Qualified Opinion* section in this report. In the event that an allowance for ECL is required on these receivables, this may have an impact on the net current asset position of the Group.

As further disclosed in Note 3(a) to the financial statements, the COVID-19 pandemic has brought uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations and its financial performance, cash flows and liquidity.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty Related to Going Concern (Continued)

These factors indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the ordinary course of business.

With the measures taken to improve the Group's and the Company's financial performance and position as disclosed in Note 3(a), the Board believes that the Group and the Company will be able to obtain sufficient resources to satisfy its future working capital requirements and to meet its financial obligations and when they fall due.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

Our opinion is not further modified in respect of this matter.

Key Audit Matters

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

In addition to the matters described in the *Basis for Qualified Opinion and Material Uncertainty Related to Going Concern* sections, we have determined that there is no other key audit matter to be reported for the financial year ended 31 December 2020.

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. As described in our report above, we have issued a qualified opinion due to the matters highlighted in the *Basis for Qualified Opinion* section. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (Continued)

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), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Sincap Group Limited

Report on the Audit of the Financial Statements (Continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner of the audit resulting in this independent auditor's report is Mr Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

16 December 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2020 RMB'000 | 2019 RMB'000 |
| Revenue | 4 | 24,553 | 330,693 |
| Cost of sales | | (23,279) | (314,310) |
| Gross profit | | 1,274 | 16,383 |
| Other income | | – | 10 |
| Interest income | 5 | 1,086 | 1 |
| Allowance for expected credit loss | | (1,086) | – |
| Administrative expenses | | (19,262) | (9,606) |
| Finance costs | 6 | (229) | (1,701) |
| Other expenses | | (844) | (1,084) |
| (Loss)/profit before tax | 8 | (19,061) | 4,003 |
| Tax credit/(expense) | 7 | 960 | (1,733) |
| (Loss)/profit for the financial year | | (18,101) | 2,270 |
| Other comprehensive (loss)/income: | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | |
| Currency translation differences arising on consolidation, representing other comprehensive (loss)/income for the financial year, net of tax | | (12,583) | 4,307 |
| Total comprehensive (loss)/income for the financial year | | (30,684) | 6,577 |
| (Loss)/profit attributable to: | | | |
| Equity holders of the Company | | (18,101) | 2,267 |
| Non-controlling interests | | * | 3 |
| (Loss)/profit for the financial year | | (18,101) | 2,270 |
| Total comprehensive (loss)/income for the financial year attributable to: | | | |
| Equity holders of the Company | | (30,681) | 6,573 |
| Non-controlling interests | | (3) | 4 |
| | | (30,684) | 6,577 |
| (Loss)/earnings per share of the Company (cents) | | | |
| Basic and diluted | 10 | (1.06) | 0.13 |

* Amount less than RMB1,000

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

| | Note | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2020 RMB'000 | 2019 RMB'000 | 2020 RMB'000 | 2019 RMB'000 |
| Non-current assets | | | | | |
| Plant and equipment | 11 | 259 | 469 | 259 | 469 |
| Goodwill | 12 | - | 14,725 | - | - |
| Investments in subsidiaries | 13 | - | - | 129,664 | 138,543 |
| Total non-current assets | | 259 | 15,194 | 129,923 | 139,012 |
| Current assets | | | | | |
| Trade and other receivables | 14 | 204,632 | 252,070 | 58,704 | 70,374 |
| Cash and cash equivalents | | 930 | 8,426 | 279 | 262 |
| Total current assets | | 205,562 | 260,496 | 58,983 | 70,636 |
| Total assets | | 205,821 | 275,690 | 188,906 | 209,648 |
| Non-current liability | | | | | |
| Borrowings | 15 | 1,793 | 13,224 | 1,014 | 13,224 |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 7,160 | 39,081 | 27,631 | 26,710 |
| Contract liabilities | 4 | 51 | 55 | - | - |
| Borrowings | 15 | 6,506 | 549 | 6,506 | 549 |
| Income tax payable | | 77 | 1,863 | 69 | 73 |
| Total current liabilities | | 13,794 | 41,548 | 34,206 | 27,332 |
| Total liabilities | | 15,587 | 54,772 | 35,220 | 40,556 |
| Net assets | | 190,234 | 220,918 | 153,686 | 169,092 |
| Equity | | | | | |
| Share capital | 17 | 203,930 | 203,930 | 203,930 | 203,930 |
| Accumulated profits/(losses) | | (3,721) | 14,380 | (47,016) | (42,129) |
| Currency translation reserve | 18 | (10,017) | 2,563 | (3,228) | 7,291 |
| Equity attributable to equity holders of the Company | | 190,192 | 220,873 | 153,686 | 169,092 |
| Non-controlling interests | | 42 | 45 | - | - |
| Total equity | | 190,234 | 220,918 | 153,686 | 169,092 |

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

| Note | ← Attributable to equity holders of the Company → | | | Total RMB'000 | Non- controlling interests RMB'000 | Total equity RMB'000 |
|--|---|-----------------------------------|---|------------------|---|-------------------------|
| | Share capital RMB'000 | Accumulated profits RMB'000 | Currency translation reserve RMB'000 | | | |
| Group | | | | | | |
| Balance at 1 January 2019 | 203,930 | 12,113 | (1,743) | 214,300 | 41 | 214,341 |
| Profit for the financial year | – | 2,267 | – | 2,267 | 3 | 2,270 |
| <u>Other comprehensive income</u> | | | | | | |
| Currency translation differences arising on consolidation | – | – | 4,306 | 4,306 | 1 | 4,307 |
| Total comprehensive income for the financial year | – | 2,267 | 4,306 | 6,573 | 4 | 6,577 |
| Balance at 31 December 2019 | 203,930 | 14,380 | 2,563 | 220,873 | 45 | 220,918 |
| Loss for the financial year | – | (18,101) | – | (18,101) | * | (18,101) |
| <u>Other comprehensive loss</u> | | | | | | |
| Currency translation differences arising on consolidation | – | – | (12,580) | (12,580) | (3) | (12,583) |
| Total comprehensive loss for the financial year | – | (18,101) | (12,580) | (30,681) | (3) | (30,684) |
| Balance at 31 December 2020 | 203,930 | (3,721) | (10,017) | 190,192 | 42 | 190,234 |

* Amount less than RMB1,000

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| | Share capital RMB'000 | Accumulated losses RMB'000 | Currency translation reserve RMB'000 | Total equity RMB'000 |
|--|-----------------------------|----------------------------------|---|----------------------------|
| Company | | | | |
| Balance at 1 January 2019 | 203,930 | (35,284) | 5,048 | 173,694 |
| Loss for the financial year | – | (6,845) | – | (6,845) |
| <u>Other comprehensive income</u> | | | | |
| Currency translation differences arising from translation into the presentation currency | – | – | 2,243 | 2,243 |
| Total comprehensive (loss)/income for the financial year | – | (6,845) | 2,243 | (4,602) |
| Balance at 31 December 2019 | 203,930 | (42,129) | 7,291 | 169,092 |
| Loss for the financial year | – | (4,887) | – | (4,887) |
| <u>Other comprehensive loss</u> | | | | |
| Currency translation differences arising from translation into the presentation currency | – | – | (10,519) | (10,519) |
| Total comprehensive loss for the financial year | – | (4,887) | (10,519) | (15,406) |
| Balance at 31 December 2020 | 203,930 | (47,016) | (3,228) | 153,686 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

| | Group | |
|---|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before tax | (19,061) | 4,003 |
| Adjustments for: | | |
| Depreciation of plant and equipment | 209 | 237 |
| Interest expense | 229 | 1,701 |
| Interest income | (1,086) | (1) |
| Impairment loss on goodwill | 13,787 | – |
| Allowance for expected credit loss | 1,086 | – |
| Foreign exchange loss | 844 | 1,084 |
| Operating cash flows before working capital changes | (3,992) | 7,024 |
| Receivables | 32,287 | 6,570 |
| Payables | (31,056) | 33,286 |
| Currency translation adjustments | 1,489 | 228 |
| Cash (used in)/generated from operations | (1,272) | 47,108 |
| Income tax paid | (800) | (1,200) |
| Net cash (used in)/generated from operating activities | (2,072) | 45,908 |
| Cash flows from investing activities | | |
| Purchase of plant and equipment | (18) | (39) |
| Interest received | – | 1 |
| Net cash used in investing activities | (18) | (38) |
| Cash flows from financing activities | | |
| Interest paid | (229) | (1,701) |
| Repayment of lease liabilities | (186) | (201) |
| Repayment of bonds | (6,651) | (48,679) |
| Loans from a director | 1,802 | – |
| Net cash used in financing activities | (5,264) | (50,581) |
| Net decrease in cash and cash equivalents | (7,354) | (4,711) |
| Cash and cash equivalents at beginning of financial year | 8,426 | 13,000 |
| Effects of exchange rate changes on cash and cash equivalents | (142) | 137 |
| Cash and cash equivalents at end of financial year | 930 | 8,426 |

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. CORPORATE INFORMATION

Sincap Group Limited (the “Company”) (Registration No. 201005161G) is domiciled and incorporated in Singapore and listed on Catalist of Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company’s registered address is at 10 Anson Road, #11-03 International Plaza, Singapore 079903.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and trade and other payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations (“SFRS(I) INTs”) that are relevant to its operations and effective for the current 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 SFRS(I) INTs.

The adoption of these new and revised SFRS(I)s and SFRS(I) INTs did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of reporting period but are not yet effective for the financial year ended 31 December 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Revenue recognition

Sale of coal

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

Interest income

Interest income is recognised using the effective interest method.

(c) Basis of consolidation

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

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

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policies stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (Continued)

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

(d) Subsidiaries

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

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Government grants

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

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

(g) Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

(h) Borrowing costs

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

(i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Income taxes (Continued)

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where 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 at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

(j) Plant and equipment

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

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

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

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

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

| | Years |
|------------------|--------------|
| Office equipment | 3 |
| Motor vehicles | 9 |

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets excluding goodwill

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

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

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

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

(l) Cash and cash equivalents

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

(m) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets (Continued)

Classification and measurement (Continued)

The Group classifies its financial assets at amortised cost.

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments include cash and cash equivalents and trade and other receivables on the statements of financial position. The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of the asset, are subsequently measured at amortised cost.

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

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

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

Impairment

The Group recognises an allowance for expected credit losses ("ECL") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL").

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables that do not have a significant financing component, the Group applies a debtor-specific assessment to recognise a loss allowance based on lifetime ECL at each reporting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets (Continued)

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(n) Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Bond issued by the Company includes an option by the Company to settle the bond by cash or by delivering the Company's shares at a fixed issued price per share.

The bond is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The bond is extinguished on conversion or redemption.

(o) Provisions for other liabilities

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

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

(p) Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (Continued)

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

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

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

Right-of-use assets

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

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

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

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

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(k).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Share capital

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

(r) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the “functional currency”).

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in Chinese Renminbi (“RMB”) as the Group’s long-term strategy is to develop core business operations in the People’s Republic of China (“PRC”).

Transactions and balances

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

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

Translation of Group entities’ financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currencies (Continued)

Translation of Group entities' financial statements (Continued)

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

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

(s) Segment reporting

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

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

(a) Going concern assumption

During the financial year ended 31 December 2020, the Group and the Company incurred a net loss of RMB18,101,000 and RMB4,887,000 respectively, and the Group reported net cash used in operating activities of RMB2,072,000.

Current assets of the Group included trade receivables of RMB195,127,000. As disclosed in Note 3(c), the calculation of expected credit losses ("ECL") on receivables is subject to assumptions and forecasts and any changes to these estimations will affect the ECL allowance and carrying amount of receivables.

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

The Group does not have any revenue-generating activities since 4 May 2021, despite efforts from the management. The Group had, on 22 May 2022, notified the SGX-ST of its cash company status. On 26 August 2022, the Group also announced that the bank balance held in the Company's bank account back then, was not sufficient to repay all the estimated outstanding liabilities, mainly comprising costs incurred and accrued for its professional service providers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Critical judgements in applying the entity's accounting policies (Continued)

(a) *Going concern assumption* (Continued)

Having considered the Company's existing position under the current pressing situation, the Company has been working with an investor who possesses significant professional corporate experience (the "Professional Investor") such that the Professional Investor could align interest with the Company's shareholders, to assess and evaluate corporate turnaround plans which may involve certain commercial structures which could lead to de-consolidation of certain key assets from the Group and streamlining of existing corporate structure (the "Proposed Reorganisation"), for the Group to proceed with preparation for the potential reverse takeover (the "Potential RTO").

Arising from the foregoing, the Company had on 12 August 2022, entered into a binding heads of agreement ("HOA") with the Professional Investor for a proposed investment of up to SGD2,000,000 into the Company (the "Proposed Investment"). Please refer to the Company's announcement dated 12 August 2022 for further information on the HOA.

The factors highlighted in the earlier paragraphs indicate the existence of material uncertainties which may cast significant doubts about the Group's and the Company's ability to continue as a going concern, while the Group is concurrently working on the Proposed Reorganisation to partly address this issue.

Nonetheless, the Board believes that the use of the going concern assumptions in the preparation of the financial statements for the financial year ended 31 December 2020 is still reasonably appropriate after taking into consideration the following assumptions and measures:

- (1) under the HOA, the Professional Investor will provide:
 - (i) short-term loans of up to SGD750,000 with an interest rate of 10% per annum, to be disbursed in tranches for the purpose of funding of:
 - a. expenses as may be incurred by the Company in relation to the Potential RTO; and
 - b. general working capital provided that payments for such expenses are jointly approved by the Professional Investor and an audit and risk committee member and such payments may be made directly to the professional service providers, as applicable.
 - (ii) investor's guarantees of up to SGD500,000 to professional service providers. This will guarantee payment on the professional fees of the service providers for the Proposed Investment and any capital variation event that is expected to involve a further issuance of dilutive securities which will in turn lead to further changes in the capital of the Company, in the event if the Company does not make payment within 24 months from the date of the definitive agreements. The Company shall pay an annual guarantee fee at a rate of 5% of any guaranteed amount.
 - (iii) SGD750,000, by way of subscription of new ordinary shares in the capital of the Company, subject to the receipt by the Company of an approval in principle from the SGX-ST for a resumption of trading of its share on the Catalist of the SGX-ST; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Critical judgements in applying the entity's accounting policies (Continued)

(a) *Going concern assumption* (Continued)

- (2) the Company's executive chairman and chief executive officer, Mr Chu Ming Kin (the "CEO"), has agreed to waive any and all rights to receive repayment of any amounts owing to him in excess of SGD300,000, and he shall not receive any repayment, on any outstanding debts owing by the Company until the Shares have resumed trading on the Catalist of the SGX-ST that shall be repaid through an issuance of Shares at the same issue price as the issue price for new shares pursuant to the Potential RTO if there is a completion of the Potential RTO; and
- (3) the Bond Settlement as disclosed and defined in Note 15(a) will reduce the Group's liabilities by approximately SGD646,000 for the financial year ending 31 December 2022. The Company shall repay SGD60,000 (being 10% of the Settlement Amount) in cash to CEO on or before 31 March 2023 and the CEO shall not receive any repayment of SGD540,000 (being 90% of the Settlement Amount) payable to him arising from the Bond Settlement, so long as the repayment will affect the ability of the Company and/or the Group to continue as a going concern.

Taking into account of the abovementioned, the Group has prepared a cash flow projection which cover a period of not less than twelve months from the date of these consolidated financial statements. Based on the projected cash flows, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due over the next twelve months.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

(b) *Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed these factors in determining the functional currency of each entity within the Group, and concluded that the functional currency of the entities of the Group is their respective local currency.

Key sources of estimation uncertainty

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

(c) *Calculation of loss allowance for financial assets at amortised cost*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Key sources of estimation uncertainty (Continued)

(c) *Calculation of loss allowance for financial assets at amortised cost (Continued)*

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss recognised and the carrying amounts of receivables. Details of ECL measurement and carrying values of financial assets at amortised cost at the end of the reporting period are disclosed in Note 21.

(d) *Impairment of goodwill*

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

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill at the end of the reporting period and details of impairment assessment are disclosed in Note 12.

(e) *Impairment of investments in subsidiaries*

Management assesses impairment of investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable or indicate that the recoverable amount of the investments may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment. Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the investment or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period and impairment losses for the financial year are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. REVENUE

All sales are recognised at a point in time.

| | Group | | |
|-----------------------------|-------------------|-------------------|-----------------|
| | 2020 | 2019 | |
| | RMB'000 | RMB'000 | |
| Sale of coal | <u>24,553</u> | <u>330,693</u> | |
| Contract balances | | | |
| | 31.12.2020 | Group | 1.1.2019 |
| | RMB'000 | 31.12.2019 | RMB'000 |
| Trade receivables (Note 14) | <u>195,127</u> | 236,317 | 169,741 |
| Contract liabilities | <u>51</u> | <u>55</u> | <u>54</u> |

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue when the Group satisfies the performance obligations under its contracts.

5. INTEREST INCOME

| | Group | |
|---------------------|--------------|----------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Interest income | | |
| – Bank interest | – | 1 |
| – Trade receivables | <u>1,086</u> | – |
| | <u>1,086</u> | <u>1</u> |

6. FINANCE COSTS

| | Group | |
|--------------------------------------|------------|--------------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Interest expense – lease liabilities | <u>16</u> | 26 |
| Interest expense – bond | <u>213</u> | 1,675 |
| | <u>229</u> | <u>1,701</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. TAX (CREDIT)/EXPENSE

| | Group | |
|---|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Tax (credit)/expense attributable to profits is made up of: | | |
| Income tax: | | |
| – Current year | 3 | 1,773 |
| – Over provision in prior years | (963) | (40) |
| | <u>(960)</u> | <u>1,733</u> |

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

| | Group | |
|--|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| (Loss)/profit before tax | (19,061) | 4,003 |
| Tax calculated at tax rate of 17% (2019: 17%) | (3,240) | 681 |
| Effect of different tax rates in other countries | (63) | (13) |
| Expenses not deductible for tax purposes | 3,372 | 870 |
| Income not subject to tax | (69) | – |
| Effect of tax incentive | (108) | (182) |
| Over provision of income tax in prior years | (963) | (40) |
| Deferred tax assets not recognised | 110 | 417 |
| Others | 1 | – |
| | <u>(960)</u> | <u>1,733</u> |

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

| Country of incorporation | Statutory income tax rate | |
|--------------------------|---------------------------|------|
| | 2020 | 2019 |
| Singapore | 17% | 17% |
| Australia | 30% | 30% |

As at 31 December 2020, the Group has unutilised tax losses of approximately RMB6,010,000 (2019: RMB5,364,000) available for carry-forward to offset against future taxable income, subject to agreement of the tax authority and compliance with the certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax assets in respect of tax losses carried forward have not been recognised in the financial statements as it is not probable that future taxable profits will be sufficient to allow the unabsorbed tax losses to be realised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. (LOSS)/PROFIT BEFORE TAX

| | Group | |
|--|-----------|-----------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| (Loss)/profit before tax is arrived at after charging: | | |
| Audit fees paid to: | | |
| – auditor of the Company | 390 | 370 |
| Non-audit fees paid to: | | |
| – auditor of the Company | 34 | 76 |
| – other auditors* | 12 | 62 |
| Depreciation of plant and equipment (Note 11) | 209 | 237 |
| Directors' fees | 620 | 633 |
| Foreign exchange loss, net | 844 | 1,084 |
| Staff costs (Note 9) | 2,261 | 3,990 |
| Impairment loss on goodwill | 13,787 | – |
| Allowance for expected credit loss | 1,086 | – |
| Short-term lease expense | 22 | 21 |
| | 22 | 21 |

* Includes independent member firms of the Baker Tilly International network.

9. STAFF COSTS

| | Group | |
|----------------------------|--------------|--------------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| Salaries and related costs | 2,073 | 3,784 |
| Defined contribution plans | 188 | 206 |
| | 2,261 | 3,990 |

Government grant income under the Jobs Support Scheme (the “JSS”) of RMB224,000 (equivalent to SGD44,850) was received and offset against salaries and related costs during the financial year. Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. (LOSS)/EARNINGS PER SHARE

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

| | Group | |
|--|------------------|-----------|
| | 2020 | 2019 |
| Net (loss)/profit attributable to equity holders of the Company (RMB'000) | (18,101) | 2,267 |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) | 1,701,000 | 1,701,000 |
| Basic and diluted (loss)/earnings per share (cents per share) | (1.06) | 0.13 |

Basic and diluted (loss)/earnings per share are the same for financial year ended 31 December 2020 and 31 December 2019 as the Bond is anti-dilutive.

11. PLANT AND EQUIPMENT

| | Office equipment RMB'000 | Motor vehicles RMB'000 | Total RMB'000 |
|---------------------------------|--------------------------------|---------------------------|------------------|
| Group and Company | | | |
| Cost | | | |
| At 1 January 2019 | 160 | 1,661 | 1,821 |
| Additions | 39 | – | 39 |
| Translation differences | 2 | 24 | 26 |
| At 31 December 2019 | 201 | 1,685 | 1,886 |
| Additions | 18 | – | 18 |
| Translation differences | (13) | (106) | (119) |
| At 31 December 2020 | 206 | 1,579 | 1,785 |
| Accumulated depreciation | | | |
| At 1 January 2019 | 100 | 1,062 | 1,162 |
| Charge for the financial year | 51 | 186 | 237 |
| Translation differences | 2 | 16 | 18 |
| At 31 December 2019 | 153 | 1,264 | 1,417 |
| Charge for the financial year | 25 | 184 | 209 |
| Translation differences | (10) | (90) | (100) |
| At 31 December 2020 | 168 | 1,358 | 1,526 |
| Net carrying value | | | |
| At 31 December 2019 | 48 | 421 | 469 |
| At 31 December 2020 | 38 | 221 | 259 |

Included in plant and equipment of the Group and the Company are right-of-use assets of RMB221,000 (2019: RMB421,000) (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. GOODWILL

| | Group | |
|----------------------------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Cost | | |
| At 1 January | 14,725 | 13,434 |
| Currency translation differences | (938) | 1,291 |
| At 31 December | 13,787 | 14,725 |
| Accumulated impairment | | |
| At 1 January | - | - |
| Impairment charge | 13,787 | - |
| At 31 December | 13,787 | - |
| Net carrying amount | - | 14,725 |

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

| | Group | |
|--------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Coal trading | 13,787 | 14,725 |

The recoverable amount for the above CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a 5-year period.

The calculations of value-in-use for the above CGU are most sensitive to the following assumptions:

Forecast gross margins – Gross margins are based on the company's performance, current market and economic condition as at the time of preparation and reporting date. If there is any adverse change in the assumptions and other unforeseen factors such as new entrance in market, political, economic, social, technological, environmental and legal then it may result in impairment loss;

Forecast revenue – Revenue is computed based on the order book and the potential contract with available information; and

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the financial structure of the Group, the industry environment and the economic conditions within which the Group operates and is derived from its weighted average cost of capital which takes into account both debt and cost of equity. The cost of debt is based on the average Singapore's bank prime lending rate. The cost of equity is derived from the minimum acceptable return on investment required by shareholders. The risk factors are considered in the computation of beta.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

The pre-tax and post-tax discount rates applied to the cash flow projections are as follows:

| | Coal trading | |
|-------------------------|--------------|------|
| | 2020 | 2019 |
| | % | % |
| Pre-tax discount rates | 13 | 14 |
| Post-tax discount rates | 12 | 12 |

As at 31 December 2020, an impairment charge of RMB13,787,000 is included within "Administrative expenses" in the statement of comprehensive income. The impairment was charged as a result of high freight costs, supply chain disruption caused by sporadic and intermittent lockdowns by different countries and demand-supply mismatch resulting from coal export ban from the government of the Republic of Indonesia.

13. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---------------------------------------|----------|----------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| <i>Unquoted equity shares at cost</i> | | |
| At 1 January | 179,939 | 177,988 |
| Currency translation differences | (11,468) | 1,951 |
| | 168,471 | 179,939 |
| Less: Allowance for impairment losses | (38,807) | (41,396) |
| At 31 December | 129,664 | 138,543 |

Movements in allowance for impairment losses are as follows:

| | Company | |
|----------------------------------|---------|---------|
| | 2020 | 2019 |
| | RMB'000 | RMB'000 |
| At 1 January | 41,396 | 41,238 |
| Allowance made | 49 | - |
| Currency translation differences | (2,638) | 158 |
| At 31 December | 38,807 | 41,396 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries as at 31 December 2020 are as follows:

| Name of subsidiary | Country of incorporation | Principal activities | Proportion of ownership interest | |
|--|----------------------------|---|----------------------------------|-----------|
| | | | 2020 % | 2019 % |
| <i>Subsidiaries held by the Company</i> | | | | |
| Sincap Australia Pte. Ltd. ¹ | Singapore | Investment holding | 100.0 | 100.0 |
| Sincap Properties Pte. Ltd. ¹ | Singapore | Investment holding and real estate activities | 100.0 | 100.0 |
| Orion Energy Resources Pte. Ltd. ¹ ("Orion") | Singapore | Mineral trading and logistic management | 99.9 | 99.9 |
| <i>Subsidiary held by Sincap Australia Pte. Ltd.</i> | | | | |
| Sincap Land (Aus) Pty Ltd ² | Australia | Dormant | 100.0 | 100.0 |
| <i>Subsidiary held by Sincap Land (Aus) Pty Ltd</i> | | | | |
| SCL Murray Pty Ltd ² | Australia | Dormant | 100.0 | 100.0 |
| <i>Subsidiary held by Sincap Properties Pte. Ltd.</i> | | | | |
| Chengdu Weili Technology Co., Ltd (formerly known as Chengdu Weili Assets Management Co., Ltd.) ² | People's Republic of China | Dormant | 100.0 | 100.0 |

¹ Audited by Baker Tilly TFW LLP

² Not required to be audited under the law of incorporation. Audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements

As at 31 December 2020, the Group has not contributed charter capital to Sincap Properties Pte. Ltd.'s wholly owned subsidiary, Chengdu Weili Technology Co., Ltd in the People's Republic of China.

Company's level – impairment review of investments in subsidiaries

Sincap Properties Pte. Ltd.

During the financial year, management performed an impairment test for investment in Sincap Properties Pte. Ltd. as this subsidiary had been persistently making losses. Full impairment of RMB49,000 (2019: Nil) was recognised for the year ended 31 December 2020 as management has assessed that the subsidiary is dormant for the past financial years, and no profit is expected in the foreseeable future.

Orion Energy Resources Pte. Ltd.

During the financial year, management performed an impairment test for investment in Orion as the revenue of this subsidiary has decreased significantly. The recoverable amount of the investment in Orion has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent developments as at the reporting date. The discount rate applied to the cash flow projections and the forecast growth rate used to extrapolate cash flow projections beyond the five-year period are 13% (2019: 14%) and 0% (2019: 0%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 | 2020 RMB'000 | 2019 RMB'000 |
| Trade receivable – third party | 27,835 | 11,027 | – | – |
| Trade receivable – related party (a) | 167,292 | 225,290 | – | – |
| | 195,127 | 236,317 | – | – |
| Other receivables (b) | 12,706 | 13,351 | – | – |
| Subsidiaries (non-trade) (c) | – | – | 58,637 | 70,240 |
| Advance to suppliers | 7,149 | 11,390 | – | – |
| Deposits | 67 | 134 | 67 | 134 |
| Total trade and other receivables | 215,049 | 261,192 | 58,704 | 70,374 |
| Less: Allowance for impairment | (10,417) | (9,122) | – | – |
| | 204,632 | 252,070 | 58,704 | 70,374 |

Movements in allowance for impairment during the financial year are as follows:

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 | 2020 RMB'000 | 2019 RMB'000 |
| At beginning of the financial year | 9,122 | 9,068 | – | – |
| Allowance made | 1,086 | – | – | – |
| Currency translation differences | 209 | 54 | – | – |
| At end of the financial year | 10,417 | 9,122 | – | – |

- (a) Trade receivable from related party comprises RMB167,292,000 (equivalent to USD25,611,000) outstanding receivables arising from trade transactions with Artwell Minerals Resources Co., Ltd (“Artwell”), a company solely owned by the brother of the executive chairman and chief executive officer of the Company.

On 28 March 2020, Artwell has committed to fixed minimum monthly repayment of USD1,000,000 under the repayment plan until the outstanding balance is settled.

Subsequently on 3 December 2020, the Board granted an extension to Artwell regarding its repayment under the repayment schedule on the following terms:

- (i) Repayment from September 2020 onwards will be deferred;
- (ii) Artwell will make repayment to the Group of USD6,000,000 by 28 April 2021;
- (iii) Thereafter, Artwell will continue to pay at least USD1,000,000 per month on 28th of each month; and
- (iv) An interest of 7.5% per annum will accrue on all outstanding amounts.

During the financial year, the Group received an accumulated payment of RMB46,068,000 (equivalent to USD6,680,000) from Artwell in a progressive manner with most recent remittance being made in September 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Subsequent to the financial year, there was no payment received from Artwell. On 2 August 2021 and 26 October 2022, the Group issued letter of demand to Artwell to request for the repayment. The trade receivable remained outstanding as at the date of the financial statements.

- (b) Included in other receivables is an outstanding loan of RMB11,587,000 (equivalent to AUD2,304,000) (2019: RMB13,261,000) to Richardson 1 Pty Ltd ("Richardson loan") extended by a subsidiary, SCL Murray Pty Ltd. The loan is unsecured and bear an interest of 7% per annum. The Group has made impairment loss on Richardson loan accumulated to RMB9,389,000 (equivalent to AUD1,867,000) (2019: RMB9,122,000) as at 31 December 2020.

In January 2019, the Group had entered into a revised settlement agreement where an upfront payment of AUD220,000 was received, and thereafter a monthly payment of AUD60,000 from March 2019 until the loan is fully settled. The loan bears interest of 7% per annum. During the financial year, an amount of RMB2,313,000 (equivalent to AUD460,000) was received.

Subsequently in April 2022, final settlement amounted to RMB4,635,000 (equivalent to AUD1,000,000) was collected by its collecting agent on behalf of the Group. On 26 April 2022, net proceeds of approximately RMB2,063,000 (equivalent to AUD445,000), after deducting necessary agent and service fees were received by the Group. Consequently, an amount of RMB2,437,000 (equivalent to AUD563,000) had been written back subsequent to the financial year.

- (c) Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of RMB49,407,000 (2019: RMB52,076,000), which bears interest at 7% (2019: 7%) per annum and repayable on demand. The Company has waived the interest income from the subsidiary during the financial year.

15. BORROWINGS

| | Group | | Company | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 | 2020 RMB'000 | 2019 RMB'000 |
| <i>Non-current</i> | | | | |
| Bond (a) | - | 12,928 | - | 12,928 |
| Lease liabilities (b) | 72 | 296 | 72 | 296 |
| Loans from a director (c) | 1,721 | - | 942 | - |
| | 1,793 | 13,224 | 1,014 | 13,224 |
| <i>Current</i> | | | | |
| Term loan from a third party (d) | 322 | 338 | 322 | 338 |
| Bond (a) | 5,956 | - | 5,956 | - |
| Lease liabilities (b) | 228 | 211 | 228 | 211 |
| | 6,506 | 549 | 6,506 | 549 |
| | 8,299 | 13,773 | 7,520 | 13,773 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. BORROWINGS (CONTINUED)

(a) Bond

On 19 December 2018, the Company issued bond ("Bond") denominated in Singapore Dollar with a principal amount of SGD12,000,000 as consideration for the acquisition of additional interest in Orion. The Bond bears interest at 5% per annum and mature on 19 December 2021, but may be redeemed before maturity at the Company's option through cash payment and/or issuance of new fully-paid ordinary shares of the Company based on a fixed issue price of SGD0.012 per new share ("Redemption Shares"). In deciding the method of redemption, the Company will monitor its shareholdings and ensure that Redemption Shares will not be issued to the vendor such that:

- (a) the vendor and/or any person who may have an interest in such Redemption Shares through the vendor will become a controlling shareholder of the Company, as defined under the Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited; and
- (b) a mandatory offer is triggered in accordance with the Singapore Code on Take-overs and Mergers.

In determining whether any issuance of Redemption Shares may result in a change of controlling interest or trigger a mandatory offer, the Company shall take into consideration the existing share interests, if any, of the Vendor and/or any person who, through the vendor, may have an interest in the Redemption Shares to be issued.

As at 31 December 2020, the Bond is classified as current liabilities. The directors have confirmed in a resolution that the Company has no intention to redeem the Bond through the issuance of ordinary shares in the capital of the Company.

Subsequently on 15 December 2022, a settlement deed was entered between the Company, the CEO and the bondholder for the settlement of approximately SGD1,246,000 (the "Debt") from the Company to the bondholder arising from the Bond. On the same date, the bondholder declared and confirmed that the foregoing payment of SGD600,000 (the "Settlement Amount") from the director constitutes immediate full, final and irrevocable settlement of the Debt and all other payments due from, and obligations owed by the Company (the "Bond Settlement").

(b) Lease liabilities

The average lease term is 8 years. The net carrying value of motor vehicles acquired under lease liabilities is disclosed in Note 11.

(c) Loans from a director

The loans from a director is unsecured, interest-free and has initial repayment terms of 2 years after the disbursement date. The carrying amounts of the loan from a director approximate its fair value at the end of the reporting period.

Subsequently on 12 August 2022, the director has agreed to

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. BORROWINGS (CONTINUED)

(d) Term loan from a third party

The term loan is unsecured, interest-free and repayable on demand.

(e) Reconciliation of movements of liabilities to cash flows arising from financing activities:

| | Term loan | Lease liabilities | Bond | Loans from a director | Total |
|------------------------------------|------------|-------------------|--------------|-----------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2019 | 329 | 691 | 60,483 | – | 61,503 |
| Changes from financing cash flows: | | | | | |
| – Repayments | – | (201) | (48,679) | – | (48,880) |
| – Interest paid | – | (26) | (1,675) | – | (1,701) |
| Non-cash changes: | | | | | |
| – Interest expense | – | 26 | 1,675 | – | 1,701 |
| – Foreign exchange loss | – | 9 | 793 | – | 802 |
| – Translation differences | 9 | 8 | 331 | – | 348 |
| Balance at 31 December 2019 | 338 | 507 | 12,928 | – | 13,773 |
| Changes from financing cash flows: | | | | | |
| – Loan received | – | – | – | 1,802 | 1,802 |
| – Repayments | – | (186) | (6,651) | – | (6,837) |
| – Interest paid | – | (16) | (213) | – | (229) |
| Non-cash changes: | | | | | |
| – Interest expense | – | 16 | 213 | – | 229 |
| – Foreign exchange loss | – | 1 | (171) | 15 | (155) |
| – Translation differences | (16) | (22) | (150) | (96) | (284) |
| Balance at 31 December 2020 | 322 | 300 | 5,956 | 1,721 | 8,299 |

16. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|----------------------------|--------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade payables | 3,462 | 35,938 | – | – |
| Accrued operating expenses | 3,698 | 3,010 | 2,689 | 2,528 |
| Due to subsidiaries | – | – | 24,942 | 24,132 |
| Due to a director | – | 133 | – | 50 |
| | 7,160 | 39,081 | 27,631 | 26,710 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. SHARE CAPITAL

| | Group and Company | | | |
|------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 2020 | | 2019 | |
| | Number of issued shares '000 | Issued share capital RMB'000 | Number of issued shares '000 | Issued share capital RMB'000 |
| | | | | |
| At 1 January and 31 December | 1,701,000 | 203,930 | 1,701,000 | 203,930 |

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

18. CURRENCY TRANSLATION RESERVE

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

19. LEASES

The Group leases motor vehicles from non-related parties. The leases have a tenure of nine years.

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

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

Carrying amount of right-of-use assets

| | 2020 RMB'000 | 2019 RMB'000 |
|--|-----------------|-----------------|
| Classified within plant and equipment (Note 11) | 221 | 421 |
| Amounts recognised in profit or loss | | |
| Depreciation recognised in profit or loss | 184 | 186 |
| Lease expenses not included in the measurement of lease liabilities – short-term leases | 22 | 21 |
| Interest expense on lease liabilities | 16 | 26 |
| | 222 | 233 |

20. RELATED PARTY TRANSACTIONS

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

| | Group | |
|--|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Sales to a related party | – | 307,882 |
| Interest income charged to a related party on trade receivables balance | 1,086 | – |
| Loan from a director | 1,721 | – |

Related party represents company controlled by the sibling of a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| | Group | |
|---------------------------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Directors of the Company: | | |
| – Remuneration of directors | 661 | 2,131 |
| – Directors' fees | 620 | 633 |
| | 1,281 | 2,764 |
| Other key management personnel: | | |
| – Short-term employee benefits | 235 | 962 |
| – Defined contribution benefits | 31 | 69 |
| | 266 | 1,031 |
| | 1,547 | 3,795 |

Government grant income under the JSS of RMB98,000 (equivalent to SGD19,550) was received and offset against key management personnel salary during the financial year.

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 | 2020 RMB'000 | 2019 RMB'000 |
| <i>Financial assets</i> | | | | |
| Financial assets at amortised cost | 198,413 | 249,106 | 58,983 | 70,636 |
| <i>Financial liabilities</i> | | | | |
| Financial liabilities at amortised cost | 15,459 | 52,854 | 35,151 | 40,483 |

(b) Financial risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Foreign currency risk

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

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

| <i>Denominated in:</i> | 2020 SGD RMB'000 | 2019 SGD RMB'000 |
|--|---|---|
| Group | | |
| Cash and cash equivalents | 387 | 468 |
| Trade and other receivables | 6,074 | 4,649 |
| Borrowings | (7,520) | (13,773) |
| Trade and other payables (including intra-group balances) | (37,603) | (39,369) |
| Net financial liabilities denominated in foreign denominated in foreign currencies | (38,662) | (48,025) |
| Company | | |
| Cash and cash equivalents | 279 | 261 |
| Trade and other receivables | 67 | 379 |
| Borrowings | (7,520) | (13,773) |
| Trade and other payables | (25,176) | (24,088) |
| Net financial liabilities denominated in foreign denominated in foreign currencies | (32,350) | (37,221) |

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

| | Group | | Company | |
|--------------------------------|--------------------------------|----------------|-------------------------------|----------------|
| | Increase/(decrease) in | | Increase/(decrease) in | |
| | (loss)/profit after tax | | loss after tax | |
| | 2020 | 2019 | 2020 | 2019 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| SGD/USD | | | | |
| – strengthened 10% (2019: 10%) | 3,209 | (3,986) | 2,685 | 3,089 |
| – weakened 10% (2019: 10%) | (3,209) | 3,986 | (2,685) | (3,089) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Interest rate risk

The Group's and the Company's exposures to interest rate risk arises primarily from their borrowings and interest-bearing loans to subsidiary. Borrowings and loans to subsidiary at variable rates expose the Group and the Company to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group and Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates) (Note 15).

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The sensitivity analysis for interest rate risk is not disclosed as the effect on the profit or loss is considered not significant.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For other financial assets including bank and cash balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's trade receivables comprise 1 (2019: 1) debtor that individually represented 86% (2019: 95%) of the trade receivables. In addition, the Richardson loan as disclosed in Note 14 is a significant portion of other receivables of the Group.

The Company has significant concentration of credit risk exposure arising on amounts due from subsidiaries (Note 14). Non-trade balances due from subsidiaries are generally repayable on demand and are not past due as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

As the Group and Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

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

| Description of evaluation of financial assets | Basis for recognition and measurement of ECL |
|---|--|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition | Lifetime ECL-not-credit-impaired |
| Contractual payments are more than 90 days past due or there is evidence of credit impairment | Lifetime ECL-credit-impaired |
| There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. | Write-off |

Significant increase in credit risk

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

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Significant increase in credit risk (Continued)

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information developed internally or obtained from external sources indicating that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicates that such receivables are generally not recoverable.

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Trade receivables

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

There has been no change in the estimation techniques or significant assumptions made during the current financial year. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Trade receivables (Continued)

The Group assesses the concentration of risk with respect to trade receivables as high, as there are only two customers at the end of the reporting period. As at 31 December 2020 and 31 December 2019, the Group assesses the expected credit loss to be insignificant and concluded that no credit loss allowance is required to be recognised.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

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

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to subsidiaries, other receivables and cash and cash equivalents.

The credit loss for cash and cash equivalents and other receivables (excluding loan to Richardson 1 Pty Ltd) are immaterial as at 31 December 2020 and 31 December 2019.

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

| Group 2020 | 12-month or lifetime ECL | Gross carrying amount RMB'000 | Loss allowance RMB'000 | Net carrying amount RMB'000 |
|----------------------------------|-------------------------------------|--|---------------------------------------|--|
| Trade receivables | Lifetime ECL | 195,127 | - | 195,127 |
| Deposits | N.A. Exposure limited | 67 | - | 67 |
| Other receivables | Lifetime ECL | 12,657 | (10,417) | 2,240 |
| Other receivables (Others) | 12-month ECL | 49 | - | 49 |
| Cash and cash equivalents | N.A. Exposure limited | 930 | - | 930 |
| Company 2020 | | | | |
| Deposits | N.A. Exposure limited | 67 | - | 67 |
| Amounts due from subsidiaries | Lifetime ECL | 58,637 | - | 58,637 |
| Cash and cash equivalents | N.A. Exposure limited | 279 | - | 279 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

| Group 2019 | 12-month or lifetime ECL | Gross carrying amount RMB'000 | Loss allowance RMB'000 | Net carrying amount RMB'000 |
|----------------------------------|-----------------------------|-------------------------------------|------------------------------|-----------------------------------|
| Trade receivables | Lifetime ECL | 236,317 | – | 236,317 |
| Deposits | N.A. Exposure limited | 134 | – | 134 |
| Other receivables | Lifetime ECL | 13,261 | (9,122) | 4,139 |
| Other receivables (Others) | 12-month ECL | 90 | – | 90 |
| Cash and cash equivalents | N.A. Exposure limited | 8,426 | – | 8,426 |
| Company 2019 | | | | |
| Deposits | N.A. Exposure limited | 134 | – | 134 |
| Amounts due from subsidiaries | Lifetime ECL | 70,240 | – | 70,240 |
| Cash and cash equivalents | N.A. Exposure limited | 262 | – | 262 |

Loan to Richardson 1 Pty Ltd

The Group provided a loan to Richardson 1 Pty Ltd (“Richardson loan”) extended by a subsidiary, SCL Murray Pty Ltd.. The impairment loss allowance is measured using lifetime ECL by taking into consideration the probability of default and loss given default based on historical experience and forward-looking information available to the Group. The Group took into consideration repayments received during the financial year, on-going discussions with the debtor, and the impact of COVID-19 pandemic when assessing the probability of default and the loss given default for the loan. Accordingly, the Group measured the impairment loss allowance using lifetime ECL and made an impairment loss of the Richardson loan.

Liquidity risk

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and Company maintains sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Liquidity risk (Continued)

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

| | Within 1 year RMB'000 | Within 2 to 5 years RMB'000 | Total RMB'000 |
|--------------------------|--------------------------------------|--|--------------------------|
| Group | | | |
| 2020 | | | |
| Borrowings | 6,576 | 1,721 | 8,297 |
| Lease liabilities | 237 | 73 | 310 |
| Trade and other payables | 7,160 | – | 7,160 |
| | 13,973 | 1,794 | 15,767 |
| 2019 | | | |
| Borrowings | 338 | 13,266 | 13,604 |
| Lease liabilities | 229 | 305 | 534 |
| Trade and other payables | 39,081 | – | 39,081 |
| | 39,648 | 13,571 | 53,219 |
| Company | | | |
| 2020 | | | |
| Borrowings | 6,576 | – | 6,576 |
| Lease liabilities | 237 | 73 | 310 |
| Trade and other payables | 27,631 | – | 27,631 |
| | 34,444 | 73 | 34,517 |
| 2019 | | | |
| Borrowings | 338 | 13,266 | 13,604 |
| Lease liabilities | 229 | 305 | 534 |
| Trade and other payables | 26,710 | – | 26,710 |
| | 27,277 | 13,571 | 40,848 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

23. CAPITAL MANAGEMENT

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 and sell assets to reduce debts.

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

| | Group | |
|--|-----------------|-----------------|
| | 2020 RMB'000 | 2019 RMB'000 |
| Trade and other payables | 7,160 | 39,081 |
| Contract liabilities | 51 | 55 |
| Borrowings | 8,299 | 13,773 |
| Less: cash and cash equivalents | (930) | (8,426) |
| Net debt | <u>14,580</u> | <u>44,483</u> |
| Equity attributable to the equity holders of the Company | <u>190,189</u> | <u>220,873</u> |
| Total capital | <u>204,769</u> | <u>265,356</u> |
| Gearing ratio | <u>7%</u> | <u>17%</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. SEGMENT INFORMATION

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

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

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

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

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

The management reporting system evaluates performances based on a number of factors. The primary profitability measurement to evaluate segment's operating results comprises two major financial indicators:

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

Other operations include investment holding companies. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2020 or 2019.

Segment assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. SEGMENT INFORMATION (CONTINUED)

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

Profit or loss from continuing operations and reconciliations

| | Coal products RMB'000 | Property RMB'000 | Others RMB'000 | Eliminations RMB'000 | Group RMB'000 |
|---|--------------------------------------|-----------------------------|---------------------------|---------------------------------|--------------------------|
| 2020 | | | | | |
| Revenue by Segment, representing total revenue | 24,553 | – | – | – | 24,553 |
| Recurring EBITDA | (54) | (514) | – | – | (568) |
| Depreciation and amortisation | – | – | (209) | – | (209) |
| ORBIT | (54) | (514) | (209) | – | (777) |
| Interest income | – | – | 5,256 | (5,256) | – |
| Finance costs | | | | | (229) |
| Unallocated corporate expenses | | | | | (18,055) |
| Loss before income tax | | | | | (19,061) |
| Tax credit | | | | | 960 |
| Loss, net of tax | | | | | (18,101) |
| | Coal products RMB'000 | Property RMB'000 | Others RMB'000 | Eliminations RMB'000 | Group RMB'000 |
| 2019 | | | | | |
| Revenue by Segment, representing total revenue | 330,693 | – | – | – | 330,693 |
| Recurring EBITDA | 11,045 | (125) | – | – | 10,920 |
| Depreciation and amortisation | – | – | (237) | – | (237) |
| ORBIT | 11,045 | (125) | (237) | – | 10,683 |
| Other income | – | – | 3,798 | (3,787) | 11 |
| Interest income | | | | | 1 |
| Finance costs | | | | | (1,701) |
| Unallocated corporate expenses | | | | | (4,991) |
| Profit before tax | | | | | 4,003 |
| Tax expense | | | | | (1,733) |
| Profit, net of tax | | | | | 2,270 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. SEGMENT INFORMATION (CONTINUED)

Assets and reconciliation

| | Coal products RMB'000 | Property RMB'000 | Total RMB'000 |
|-------------------------------------|--|-----------------------------------|--------------------------------|
| 2020 | | | |
| Total assets for reportable segment | <u>202,614</u> | <u>2,414</u> | <u>205,028</u> |
| <i>Unallocated</i> | | | |
| Plant and equipment | | | 259 |
| Other receivables | | | 67 |
| Bank and cash balances | | | 467 |
| Total group assets | | | <u>205,821</u> |
| 2019 | | | |
| Total assets for reportable segment | <u>270,260</u> | <u>4,368</u> | <u>274,628</u> |
| <i>Unallocated</i> | | | |
| Plant and equipment | | | 469 |
| Other receivables | | | 134 |
| Bank and cash balances | | | 459 |
| Total group assets | | | <u>275,690</u> |

Liabilities and reconciliation

| | Coal products RMB'000 | Property RMB'000 | Total RMB'000 |
|--|--|-----------------------------------|--------------------------------|
| 2020 | | | |
| Total liabilities for reportable segment | <u>5,099</u> | <u>83</u> | <u>5,182</u> |
| <i>Unallocated</i> | | | |
| Income tax payables | | | 77 |
| Trade and other payables | | | 2,808 |
| Borrowings | | | 7,520 |
| Total group liabilities | | | <u>15,587</u> |
| 2019 | | | |
| Total liabilities for reportable segment | <u>36,342</u> | <u>96</u> | <u>36,438</u> |
| <i>Unallocated</i> | | | |
| Income tax payables | | | 1,863 |
| Trade and other payables | | | 2,698 |
| Borrowings | | | 13,773 |
| Total group liabilities | | | <u>54,772</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

| | Revenue | | Non-current assets | |
|-----------|---------------|---------|--------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Singapore | 24,553 | 330,693 | 259 | 15,194 |

Information about major customers

Revenue of approximately RMB24,553,000 (2019: RMB330,693,000) are derived from 1 external customer (2019: 1 related party) and are attributable to the coal products segment.

25. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors dated 16 December 2022.

STATISTICS OF SHAREHOLDINGS

as at 21 November 2022

SHARE CAPITAL

| | | |
|-----------------------|---|----------------------------------|
| Issued and fully paid | : | SGD42,949,712.10 |
| Number of shares | : | 1,701,000,410 |
| Class of shares | : | Ordinary shares fully paid |
| Voting rights | : | One vote for each ordinary share |
| Treasury shares | : | Nil |

The Company does not hold any subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | | NO. OF SHARES | |
|-----------------------|---------------------|---------------|----------------------|---------------|
| | | % | | % |
| 1 – 99 | 0 | 0.00 | 0 | 0.00 |
| 100 – 1,000 | 48 | 5.58 | 18,335 | 0.00 |
| 1,001 – 10,000 | 40 | 4.65 | 271,100 | 0.02 |
| 10,001 – 1,000,000 | 647 | 75.23 | 163,295,900 | 9.60 |
| 1,000,001 AND ABOVE | 125 | 14.54 | 1,537,415,075 | 90.38 |
| TOTAL | 860 | 100.00 | 1,701,000,410 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

| NO. | NAME | NO. OF SHARES | % |
|-----|---|----------------------|--------------|
| 1 | DBS NOMINEES (PRIVATE) LIMITED | 489,189,600 | 28.76 |
| 2 | KGI SECURITIES (SINGAPORE) PTE. LTD | 420,130,500 | 24.70 |
| 3 | UOB KAY HIAN PRIVATE LIMITED | 53,818,075 | 3.16 |
| 4 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 24,030,000 | 1.41 |
| 5 | WEE CHEW YIN | 20,267,700 | 1.19 |
| 6 | WONG SZE PONG | 18,333,000 | 1.08 |
| 7 | XU JINJI | 18,333,000 | 1.08 |
| 8 | LIM CHOU LEONG | 18,000,000 | 1.06 |
| 9 | OCBC SECURITIES PRIVATE LIMITED | 17,500,000 | 1.03 |
| 10 | IP MIU HING | 17,500,000 | 1.03 |
| 11 | JERRY TAN SIANG HUP | 17,000,000 | 1.00 |
| 12 | WEI FANGYANG | 15,960,000 | 0.94 |
| 13 | LIM ENG CHONG (LIN RONGCANG) | 13,000,000 | 0.76 |
| 14 | CHUA CHIONG BOON | 12,500,000 | 0.73 |
| 15 | CHUA EE WEE (CAI YIWEI) | 12,500,000 | 0.73 |
| 16 | TAN YEW LIANG | 10,928,000 | 0.64 |
| 17 | PHILLIP SECURITIES PTE LTD | 10,924,400 | 0.64 |
| 18 | RAFFLES NOMINEES (PTE.) LIMITED | 10,720,000 | 0.63 |
| 19 | ZHU SHIYAN | 10,500,000 | 0.62 |
| 20 | QUEK NGEE FATT | 10,000,000 | 0.59 |
| | TOTAL | 1,221,134,275 | 71.78 |

STATISTICS OF SHAREHOLDINGS

as at 21 November 2022

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

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

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

Notes:

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

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

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

NOTICE OF ANNUAL GENERAL MEETING

SINCAP GROUP LIMITED

(the “Company”)

(Incorporated in the Republic of Singapore)

Company Registration No. 201005161G

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be convened and held by way of electronic means on Thursday, 12 January 2023 at 1.30 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

- | | | |
|----|--|-----------------------|
| 1. | To receive and adopt the directors’ statement and the audited financial statements for the financial year ended 31 December 2020 together with the auditor’s report thereon. | (Resolution 1) |
| 2. | To re-elect Mr Chu Ming Kin as Director who is retiring pursuant to Article 99 of the Company’s Constitution. [See Explanatory Note (i)] | (Resolution 2) |
| 3. | To re-elect Mr Tay Boon Zhuan, Max as Director who is retiring pursuant to Article 81 of the Company’s Constitution. [See Explanatory Note (ii)] | (Resolution 3) |
| 4. | To re-elect Mr Lee Fang Wen as Director who is retiring pursuant to Article 81 of the Company’s Constitution. [See Explanatory Note (iii)] | (Resolution 4) |
| 5. | To approve the payment of directors’ fees of SGD66,000 for the financial year ending 31 December 2020 (FY2019: SGD125,029). | (Resolution 5) |
| 6. | To re-appoint Messrs Baker Tilly TFW LLP 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 as Ordinary Resolutions, with or without modifications:-

- | | | |
|----|---|-----------------------|
| 7. | ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES AND CONVERTIBLE SECURITIES | (Resolution 7) |
|----|---|-----------------------|

“That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (the “**Catalist Rules**”) and Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

- | | | |
|-----|-----|---|
| (a) | (i) | Allot and issue shares in the capital of the Company (the “ Shares ”) whether by way of rights, bonus or otherwise; and/or |
|-----|-----|---|

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

provided that:

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

NOTICE OF ANNUAL GENERAL MEETING

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

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and
- (4) (unless previously revoked or varied by the Company in general meeting) such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (iv)]

8. **ORDINARY RESOLUTION – TERMINATION OF THE SINCAP EMPLOYEE SHARE OPTION SCHEME 2014** **(Resolution 8)**

“That pursuant to the Rules of the Sincap Employee Share Option Scheme 2014 (“**Sincap ESOS 2014**”), the Sincap ESOS 2014 be and is hereby terminated and the Directors be and are hereby authorised to complete and do any and all such acts and things as they may, in their absolute discretion deem fit, expedient or necessary to give effect to the termination of the ESOS 2014 and this Resolution 8.”

[See Explanatory Note (v)]

9. **SPECIAL RESOLUTION – THE PROPOSED ADOPTION OF THE NEW CONSTITUTION** **(Resolution 9)**

“That:

- (a) The New Constitution reproduced in its entirety in Appendix A to the Circular in relation to the proposed adoption of the New Constitution of the Company be approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution.
- (b) The Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.”

[See Explanatory Note (vi)]

Any Other Business

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

On Behalf of the Board

Chu Ming Kin
Executive Chairman and Chief Executive Officer

21 December 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Chu Ming Kin will upon re-election as Director of the Company, remain as an Executive Chairman and Chief Executive Officer. Detailed information on Mr Chu Ming Kin is found under the section entitled "Disclosure of Information on Directors Seeking Re-election" in the Company's Annual Report.
- (ii) Mr Tay Boon Zhuan, Max will upon re-election as Director of the Company, remain as an Independent Director of the Company, the Chairman of the Audit and Risk Committee, a member of the Remuneration Committee, and a member of the Nominating Committee of the Company. Detailed information on Mr Tay Boon Zhuan, Max is found under the section entitled "Disclosure of Information on Directors Seeking Re-election" in the Company's Annual Report.
- (iii) Mr Lee Fang Wen will upon re-election as Director of the Company, remain as an Independent Director of the Company, the Chairman of the Nominating Committee, a member of the Audit and Risk Committee, and a member of the Remuneration Committee of the Company. Detailed information on Mr Lee Fang Wen is found under the section entitled "Disclosure of Information on Directors Seeking Re-election" in the Company's Annual Report.
- (iv) Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The aggregate number of share (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company, of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company.
- (v) The Sincap ESOS 2014 was adopted at the extraordinary general meeting of the Company held on 25 April 2014. As at the date of this Notice of AGM, there are no outstanding options granted under the Sincap ESOS 2014. Resolution 8, if passed, will result in the termination of the Sincap ESOS 2014 and no further options will be granted by the Company under the Sincap ESOS 2014.
- (vi) Special Resolution 9 proposed in item 9, if passed, will enable the Company to adopt the New Constitution in substitution for, and to the exclusion of the Existing Constitution. The New Constitution will take into account the changes to the Companies Act introduced pursuant to the Amendment Acts. The proposed New Constitution contains updated provisions which are consistent with the Catalist Rules, in compliance with Rule 730 of the Catalist Rules. Details of the proposed amendments are set out in the Circular.

IMPORTANT:

HOLDING OF THE ANNUAL GENERAL MEETING ("AGM") THROUGH ELECTRONIC MEANS

1. Participation in the AGM via live webcast

The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

The following steps will be taken:

- (a) the Company will provide for the AGM to be shown by live webcast, by way of (i) audio and video feed, or (ii) audio feed only, as shareholders may elect at their discretion ("**Live Webcast**"). Shareholders and their proxies will not be able to attend the AGM in person;
- (b) all shareholders, including investors who hold shares through Relevant Intermediaries (as defined below) ("**Investors**") (including Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") (collectively, the "**CPF/SRS investors**")), who wish to participate in the AGM via Live Webcast must register their details including full name, NRIC/Passport/Company Registration No., mobile number, email and address on the Company's AGM pre-registration website at <https://conveneagm.sg/SincapGroup2023> by Monday, 9 January 2023 at 1.30 p.m. ("**Registration Deadline**"), for the Company to verify their status as shareholders. In particular, members who hold shares through Relevant Intermediaries (as defined below) and SRS Investors (as defined below) should refer to paragraph 3 below for more details on how to participate in the AGM;
- (c) verified shareholders will receive an email by Tuesday, 10 January 2023 at 1.30 p.m., containing instructions to access the Live Webcast. Shareholders must not forward the link or their log-in details to third persons who are not shareholders and who are not entitled to attend the AGM proceedings;
- (d) shareholders who do not receive an email by Tuesday, 10 January 2023 at 1.30 p.m., but have registered before the Registration Deadline should email to: ir@sincapgroup.com for assistance; and
- (e) shareholders who have any questions in relation to the annual report for the financial year ended 31 December 2020 and/or any agenda of this Notice of AGM, shall send their queries to the Company in advance, by Tuesday, 3 January 2023 at 6.00 p.m., on the questions portal at <https://forms.gle/o8Zvuv4WPbWsV15S8>. The responses will be published on the SGX website. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (f) Shareholders will also be able to ask questions during the Live Webcast through real-time electronic communication during the AGM. Shareholders who wish to ask questions live at the AGM must pre-register at <https://conveneagm.sg/SincapGroup2023> by Monday, 9 January 2023 at 1.30 p.m.. Unique access details for asking questions live at the AGM will be provided to shareholders (or their proxy or proxies, as the case may be) who registered for and are verified to attend the AGM. The Company will endeavour to address all substantial and relevant questions (determined by the Company in its sole discretion) during the AGM. The Company will publish the minutes of the AGM (including its responses to substantial and relevant questions received from Shareholders which were addressed during the AGM) on SGX website within one (1) month after the date of the AGM by 11 February 2023.

2. Live voting and voting by proxy

Shareholders and proxies may cast their votes in real time for each resolution tabled at the AGM via the Live Webcast. Unique access details for live voting will be provided to shareholders (or their proxy or proxies, as the case may be) who registered for and are verified to attend the AGM. Alternatively, shareholders may appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. If no specific instructions as to voting is given, the appointment of the Chairman of the AGM (or any person other than the Chairman) as proxy for that resolution will be treated as invalid.

The accompanying proxy form for the AGM may be accessed from the SGX website at <https://www.sgx.com/securities/company-announcements>.

The duly executed proxy form appointing Chairman of the AGM (or any other person other than the Chairman) as proxy to vote on their shareholder's behalf at the AGM must be submitted in hard copy form or electronically via email:

- (a) if submitted by post, to be deposited at its registered office at 10 Anson Road, #11-03 International Plaza, Singapore 079903; or
- (b) if submitted electronically, be submitted via email to the Company at ir@sincapgroup.com,

in either case, not less than forty-eight (48) hours before the time appointed for the holding of the AGM and/or adjournment thereof.

In appointing the Chairman of the AGM as proxy, a shareholder must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

To minimise physical interactions and risks of COVID-19 transmission, shareholders are strongly encouraged to submit the completed and signed proxy forms electronically via email. Any incomplete proxy form will be rejected by the Company.

The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

3. Members holding shares through a Relevant Intermediary

Members who hold shares through Relevant Intermediaries (as defined below), including CPF and SRS Investors, and who wish to participate in the AGM by (a) observing the AGM proceedings through Live Webcast, (b) submitting questions in advance of (or live at) the AGM, and (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible to make the necessary arrangements. CPF and SRS Investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective CPF agent banks or SRS operators to submit their votes by Tuesday, 3 January 2023 at 1.30 p.m., at least seven (7) working days before the AGM.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

FY2020 ANNUAL REPORT

The FY2020 Annual Report of the Company has been uploaded on the SGX website on 21 December 2022 at <https://www.sgx.com/securities/company-announcements>.

Printed copies of the FY2020 Annual Report, this Notice of AGM and the proxy form will not be despatched to shareholders. Shareholders are advised to check the SGX website regularly for updates.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

“**Personal data**” in this Notice of AGM has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM via the Live Webcast, (b) an instrument appointing the Chairman of the AGM (or any other person other than the Chairman) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (c) any questions in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman (or any other person other than the Chairman) as proxy for the AGM, processing the registration for purpose of granting access to members (or their appointed proxy/proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings at the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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SINGCAP GROUP LIMITED

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

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. The Annual General Meeting (“AGM” or “Meeting”) is being convened, and will be 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. This Proxy Form has been made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. A printed copy of this Proxy Form will **not** be despatched to shareholders.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance, submission of questions “live”, “live voting” and/or voting by proxy at the AGM are set out in the Notice of AGM dated 21 December 2022 which has been uploaded on the SGX website on the same day.
3. Shareholders and proxies will not be able to attend the AGM in person. Shareholders and proxies may cast their votes in real time for each resolution to be tabled at the AGM via the live webcast of the AGM. Alternatively, shareholders may appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. Supplementary Retirement Scheme investors (“SRS Investors”) and Central Provident Fund investors (“CPF Investors”) who wish to appoint the Chairman of the Meeting as their proxy should approach their SRS operators or CPF agent banks (as the case may be) to submit their votes by Tuesday, 3 January 2023 at 1.30 p.m., at least seven (7) working days before the AGM.
5. By submitting an instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 21 December 2022.
6. Unless otherwise defined herein, all capitalised terms used and not defined herein shall bear the same meaning as ascribed to them in the Circular dated 21 December 2022 to Shareholders.

I/We* _____ (name) _____ (NRIC/Passport No./Company Registration No.) of _____ (address) being a member/members of **SINGCAP GROUP LIMITED** (the “Company”) hereby appoint:

| Name | Email Address | NRIC/Passport No. |
|------|---------------|-------------------|
| | | |
| | | |

or failing whom, the Chairman of the Meeting, as my/our* proxy to attend and vote for me/us and on my/our* behalf, by poll, at the AGM of the Company to be held at through live-webcast on Thursday, 12 January 2023 at 1.30 p.m..

I/We* direct my/our* proxy/proxies* to vote for, against or to abstain from voting in respect of the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and/or at any adjournment thereof, the *proxy/proxies may vote or abstain from voting at his/her discretion. Where the Chairman is appointed as proxy and in the absence of specific directions as to voting is given, the appointment of the Chairman as your proxy will be treated as invalid.

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

| No. | Resolutions Relating To: | For | Against | Abstain |
|-----|--|-----|---------|---------|
| 1 | Adoption of directors’ statement and audited financial statements for the financial year ended 31 December 2020 together with the auditor’s report thereon | | | |
| 2 | Re-election of Mr Chu Ming Kin as a Director of the Company | | | |
| 3 | Re-election of Mr Tay Boon Zhuan, Max as a Director of the Company | | | |
| 4 | Re-election of Mr Lee Fang Wen as a Director of the Company | | | |
| 5 | Approval of the payment of the directors’ fees of SGD66,000 in respect of the financial year ended 31 December 2020 | | | |
| 6 | Re-appointment of Messrs Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix their remuneration | | | |
| 7 | Authority to issue new shares and convertible securities pursuant to Section 161 of the Companies Act 1967 of Singapore | | | |
| 8 | Termination of the Singcap Employee Share Option Scheme 2014 | | | |
| 9 | Adoption of the New Constitution | | | |

Dated this _____ day of _____ 2022/2023*

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) Depository Register | |
| (b) Register of Members | |

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

* Delete whichever not applicable.



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Persons who holds shares through Relevant Intermediaries (as defined below) and who wish to participate in the AGM by (a) observing the AGM proceedings through live webcast, (b) submitting questions in advance of (or live at) the AGM, and/or (c) appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible to make the necessary arrangements.
3. The duly executed Proxy Form appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy to vote on their behalf at the AGM must be submitted in hard copy form or electronically via email:
 - (i) if submitted by post, to be deposited at 10 Anson Road, #11-03 International Plaza, Singapore 079903; or
 - (ii) if submitted electronically, be submitted via email in Portable Document Format (PDF) to the Company at: ir@sincapgroup.com,in either case, not less than forty-eight (48) hours before the time appointed for the holding of the AGM and/or any adjournment thereof.

To minimise physical interactions and risks of COVID-19 transmission, shareholders are strongly encouraged to submit the completed and signed Proxy Forms electronically via email. Any incomplete Proxy Form will be rejected by the Company.

4. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting (or any other person other than the Chairman) as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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SINCAP GROUP LIMITED

10 Anson Road | #11-03 International Plaza | Singapore 079903