



2021

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD COMPOSITION

• Board of Directors

Siaw Lu Howe
(Non-Executive Chairman)
Alan Chin Yu
(Executive Director)
John Lee Yow Meng
(Executive Director and
Chief Financial Officer)
Ng Keok Chai
(Lead Independent Director)
Tan Gim Kang, Arran
(Independent Non-Executive
Director)
Aris Muhammad Rizal
(Independent Non-Executive
Director)

• Audit Committee

Ng Keok Chai
(Chairman)
Tan Gim Kang, Arran
Aris Muhammad Rizal

• Remuneration Committee

Ng Keok Chai
(Chairman)
Tan Gim Kang, Arran
Aris Muhammad Rizal

• Nominating Committee

Tan Gim Kang, Arran
(Chairman)
Ng Keok Chai
Aris Muhammad Rizal

COMPANY SECRETARY

Shirley Lim Guat Hua

REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

PKF-CAP LLP

Public Accountants and Chartered
Accountants
6 Shenton Way
OUE Downtown 1 #38-01,
Singapore 068809

Audit Partner in charge
(appointment since
financial year 2021)
Titus Kuan Tjian

REGISTERED OFFICE

Apex @ Henderson
201 Henderson Road
#03-26/27
Singapore 159545
Tel : (65) 6332 9488
Fax : (65) 6332 9489

OPERATING SUBSIDIARIES

• Singapore

Tria Holdings Pte. Ltd.
Asphere Holdings Pte. Ltd.
Adroit Innovations Investment
Pte Ltd.
SAL Resort & Development
Pte. Ltd.

Apex @ Henderson
201 Henderson Road
#03-26/27
Singapore 159545

• Malaysia

Raintree Rock Sdn. Bhd.
Trackplus Sdn Bhd.
Gemisuria Corporation Sdn
Bhd.

No. 177-3, 3rd Floor,
Jalan Sarjana
Taman Connaught, Cheras
56000 Kuala Lumpur
Malaysia

• Indonesia

PT Rel-ion Sterilization
Services

Kampung Mariuk RT.02 RW.02
Gandamekar
Cikarang Barat
Bekasi – Jawa Barat 17520
Indonesia

• Seychelles

Solid Base Limited

P.O. Box 1239
Offshore Incorporations Centre
Victoria, Mahe
Seychelles

PRINCIPAL BANKERS

Maybank Singapore
2 Battery Road
#21-01 Maybank Tower
Singapore 049907

DBS Bank Ltd
12 Marina Boulevard
Level 3
Marina Bay
Financial Centre Tower 3
Singapore 018982

BOARD OF DIRECTORS

MR. ALAN CHIN YU

Executive Director

Mr. Alan Chin Yu was appointed as Executive Director on 6 November 2020. He is a Bachelor of Commerce graduate from the University of Western Australia and a Fellow Member of the Institute of Chartered Accountants in Australia.

He has extensive experience in auditing in Australia and Malaysia. He has many years of experience in corporate banking while working for a Malaysian bank. At the time of his departure from the bank, he was the Chief Internal Auditor. He started his own timber trading business and joined a company listed on the Kuala Lumpur Stock Exchange as Assistant Managing Director, where he was actively involved with the group's trading business, property management and development and hotel construction.

Mr. Yu has been a Management Consultant, Business Advisor and Public Accountant in Australia over the past 20 years. He is a member of the board of some foreign own companies operating in Australia who are in property development and trading.

He was also formerly the Chief Financial Officer and Executive Director of the Group before being reappointed in FY2020.

MR. JOHN LEE YOW MENG

Executive Director and Chief Financial Officer

Mr. John Lee Yow Meng was appointed Executive Director and Chief Financial Officer on 25 April 2019. He is a member of the Institute of Commercial and Industrial Accountants. He has extensive experience in auditing, taxation, financial management, treasury operations and company secretarial work across many industries such as banking, manufacturing, retail, travel, property development, insurance and information technology.

MR. SIAW LU HOWE

Non-Executive Chairman

Mr. Siaw Lu Howe was appointed Executive Chairman and Chief Executive Officer on 6 December 2017 and subsequently been re-designated as Non-Executive Chairman on 17 April 2019. He has had over 20 years of experience in managing diverse businesses, such as in hospitality, real estate and mining services industries, primarily located in the state of Sarawak, Malaysia. Mr. Siaw has been a director at Sri Datai Construction (Sarawak) Sdn Bhd since 1995 and at Modal Sempura Sdn Bhd since 2009 and is currently advisor to Juara Cahya Sarawak Sdn Bhd, since 2015.

MR. NG KEOK CHAI

Lead Independent Director

Mr. Ng Keok Chai was appointed as Lead Independent Director, Chairman of the Audit Committee; Remuneration Committee, and a member of the Nominating Committee on 25 April 2019. Mr. Ng holds a Bachelor of Laws (Hons.) from University of Wolverhampton, London and Certificate of Legal Practice from Legal Profession Qualifying Board, Malaysia. Mr. Ng started his early career as a Police Inspector with the Royal Malaysia Police in 1982. He was then posted to serve in Sarawak for 20 years until the rank of Assistant Superintendent of Police. During his tenure in Sarawak, his exposure included the Criminal Investigation Department ("CID"), General Duty and Police Field Force. In 2003, Mr. Ng was transferred to West Malaysia to serve in Commercial Crime Investigation Department until his retirement in 2019. Mr. Ng was promoted to Assistant Commissioner of Police in 2016 and his last held position was Principal Assistant Director in Forensic Accounting Investigation Division, CCID, Royal Malaysia Police, Bukit Aman. Throughout his 36 years' service in Royal Malaysia Police, he was very much involved in police investigations due to his legal background. He specialises in criminal investigation across various fields which include commercial crime, general crime and forensic accounting with ample management and special operations experience.

MR. TAN GIM KANG, ARRAN

Independent Non-Executive Director

Mr. Tan Gim Kang, Arran was appointed as the Independent Non-Executive Director since 30 May 2014. He is the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Compensation Committee. He has vast experience in the general civil and structural engineering, project management, construction management and traffic engineering and carpark management industry. Mr. Tan holds a Bachelor of Engineering (Civil) from the University of Canterbury in 1986.

MR. ARIS MUHAMMAD RIZAL

Independent Non-Executive Director

Mr. Aris Muhammad Rizal was appointed as the Independent Non-Executive Director on 10 October 2014. He is a member of the Audit Committee, Nominating Committee, Remuneration Committee and Compensation Committee since 10 October 2014. He holds a Bachelor of Engineering (Geological) from the University of Padjadjaran, Indonesia and is currently the operational manager at PT. Farindo Agung which is an Indonesian private company holding iron ore mining interest in Lamandau, Central Kalimantan, Indonesia.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (“**SAL**” or the “**Company**” and together with its subsidiaries, the “**Group**”), I am pleased to present to you the Group's annual report for the financial year ended 31 December 2021 (“**FY2021**”).

In spite of the continued COVID-19 outbreak, the Company managed to undertake several significant corporate exercises that would lead to an eventual change in the Company's future business direction. Below are some of the key highlights in year 2021:

1. Acquisition of 27% of Labrador Hill Pte Ltd (“**LHPL**”)

In April 2021, the Company completed the acquisition of 27% of LHPL. This is the Company's first strategic investment in the hospitality and wellness segment.

LHPL operates a luxury boutique Villa Samadhi Hotel and rustic-luxe Tamarind Hill Restaurant, which specialises in authentic Thai-Shan Cuisine, set within the historic colonial bungalows perched atop the Singapore's stunning Labrador Nature Reserve. Villa Samadhi Hotel comprise of a 20-rooms colonial hotel with spa and wellness facilities.

2. Disposal of a Property Development

The Company, had obtained approval from its shareholders and all other relevant authorities to dispose a development property (the “**Property**”) held by its wholly-owned subsidiary in Malaysia. The Property is a vacant land, which is not generating revenue, whilst cost are incurred in connection with its ownership and maintenance. The disposal of the Property will enable the Group to realise cash for working capital and to unlock the value in the Group's new investment.

The Group is currently completing the final procedures to dispose the Property.

3. Proposed Acquisition of Hospitality and Wellness Assets

In October 2021, the Company entered into Share Sale Agreements to acquire 100% of the Natra Bintan, A tribute Portfolio Resort Hotel (the “**Hotel**”), with 100 luxury glamping tents, leisure, food and beverage facilities; and 60% of attraction assets and 3 parcels of land (collectively, the “**Proposed Acquisition Assets**”).

The Proposed Acquisition Assets are located within a waterfront resort development known as Treasure Bay Bintan in Riau Islands Province of Indonesia. The Proposed Acquisition Assets is part of the 20-years master plan that offers many first-in-Asia concepts to create new travel and leisure experiences for visitors and investment opportunities for investors.

The main feature of the master development is a spectacular Crystal Lagoon®, South-East Asia's first man-made sea-water lagoon, at 6.3 hectares, with crystal clear turquoise-coloured water, offers extensive range of recreational and sporting activities for the two existing hotels within Treasure Bay Bintan.

As the Company rebuilds and restructures in preparation for growth, it intends to diversify into the hospitality and wellness business with a focus on Singapore, Malaysia and Indonesia, as it believes these industries will show strong recovery in the post-pandemic economy. The Company had obtained shareholders' approval and since then had changed its name to Southern Archipelago Ltd., which is in line with the Company's vision of owning and operating establishments in the hospitality and wellness industries in the aforesaid jurisdictions. The new name of the Company also better represent the Company's geographical focus and business strategy.

CHAIRMAN'S STATEMENT

INVESTMENT REVIEW

For the upcoming year, the Board will continue to seek investment opportunities in the hospitality and wellness sector.

EXISTING BUSINESS

1. STERILIZATION BUSINESS

Our wholly owned subsidiary, PT Rel-ion Sterilisation Services ("PTRI") in Indonesia performed strongly even under adverse lockdown conditions due to the COVID-19 pandemic in Indonesia. SAL is somewhat optimistic that PTRI shall be able to sustain its performance in the current year.

2. HOSPITALITY & WELLNESS

As with all hospitality and wellness business, the stringent lockdown and restrictions due to COVID-19 pandemic had affected LHPL's hotel, restaurant, functions and wellness businesses in 2021. With the recent loosening of the restrictions and with the opening up of borders, SAL is cautiously optimistic that its performance will improve in 2022.

CONTINUED SUPPORT FROM MAJOR SHAREHOLDERS

The Group's major shareholders continue to provide its support to the Group in FY2021, and will continue to do so as and when necessary.

CONCLUSION

It has been a momentous year in 2021 with the various events that have happened and those that are about to happen over the course of 2022.

On behalf of the Board, I would once again like to express my gratitude to every member of our Group. Our Management Team has worked hard to put together the events that will eventually determine our future business direction.

I would like to thank my fellow Board members, all our staff and business partners for their contribution during the year. We will remain committed to build value for our shareholders.

Yours sincerely,

SIAW LU HOWE
Non-Executive Chairman

GROUP STRUCTURE

As at 31 December 2021

SOUTHERN ARCHIPELAGO LTD.

(formerly known as
Blumont Group Ltd.)

SINGAPORE

27%
Labrador Hill Pte. Ltd.

100%
Tria Holdings Pte. Ltd.

100%
Asphere Holdings
Pte.Ltd.

100%
Adroit Innovations
Investment Pte. Ltd.

100%
SAL Resort &
Development
Pte. Ltd.

SEYCHELLES

100%
Solid Base Limited

MALAYSIA

100%
Raintree Rock Sdn.
Bhd.

65%
Trackplus Sdn. Bhd.

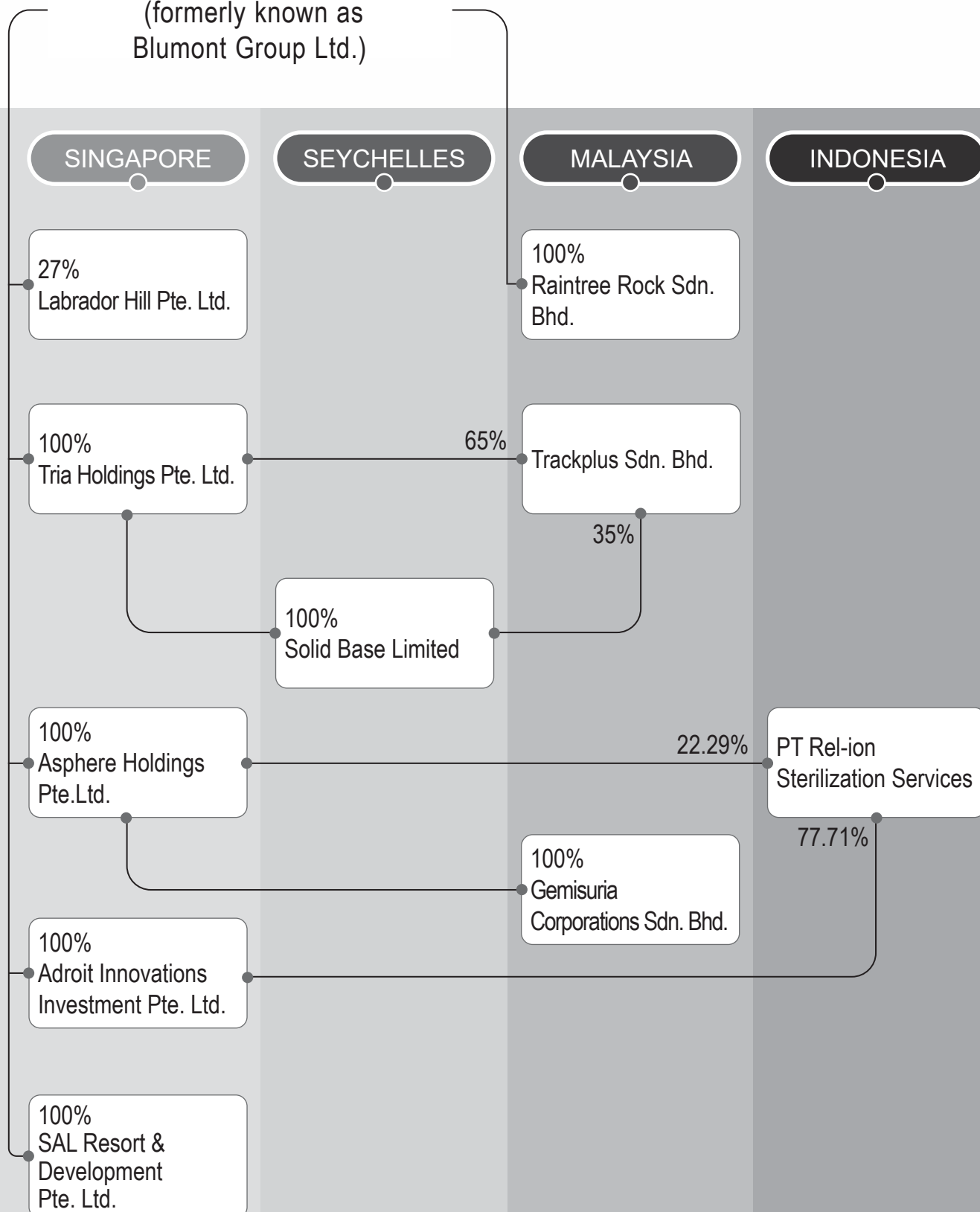
35%

100%
Gemisuria
Corporations Sdn. Bhd.

INDONESIA

22.29%
PT Rel-ion
Sterilization Services

77.71%



COMPANY INFORMATION AND MANAGEMENT TEAM

COMPANY INFORMATION

Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (“SAL” or the “Company”) and its subsidiaries (collectively, the “Group”) is a strategic investment group. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited since 2000. The Company is headquartered in Singapore, with operations in Singapore, Indonesia and Malaysia. With an eye on global market trends, our business ventures are conducted in an ethical, environmentally, friendly and socially responsible manner.

MANAGEMENT TEAM

MR. ALAN CHIN YU

Executive Director of Southern Archipelago Ltd.

Mr. Yu is responsible for the planning and implementation of the Group’s strategies and directions as well as overseeing the Group’s businesses and investments.

MR. JOHN LEE YOW MENG

Executive Director and Chief Financial Officer of Southern Archipelago Ltd.

Mr. John Lee Yow Meng is responsible for managing the overall accounting and financial management of the Group.

MR. YUSMAN, SH

Managing Director of PT Rel-ion Sterilization Services

Mr. Yusman is responsible for the overall operational aspects and day-to-day management of PT Rel-ion Sterilization Services. He holds a degree in Law from the University of Tanjung Pura, West Kalimantan, Indonesia.



AUDITED YEAR END SUMMARY

The Group

Consolidated Statement of Comprehensive Income – S\$

	31 December 2021 12 months	31 December 2020 12 months
Operating Revenue	3,904,220	3,499,251
Other (Losses)/Gains – net	(950,295)	326,839
Interest income	4,027	4,697
Total Expenses	(7,384,982)	(3,741,432)
Share of results of an associate	(39,423)	–
Income Tax Expense	(439,286)	(467,739)
Total Loss: The Group	(4,905,739)	(378,384)
– Non-Controlling Interests	–	–
– Owners of the Company	(4,905,739)	(378,384)

The Group

Statements of Financial Position – S\$

	31 December 2021	31 December 2020
Total Assets	10,832,710	11,067,195
Total Liabilities	(9,606,268)	(8,084,381)
Net Assets	1,226,442	2,982,814
Intangible Assets	–	–
Net Tangible Assets – The Group	1,226,442	2,982,814
Equity: The Group	1,226,442	2,982,814
– Non-Controlling Interests	–	–
– Owners of the Company	1,226,442	2,982,814

Owners of the Company

Per Share Computation

	31 December 2021	31 December 2020
Number of Shares	27,570,762,183	27,570,762,183
Net Assets Value per Share – in cents	0.004	0.011
Net Tangible Assets per Share – in cents	0.004	0.011
Weighted Average Number of Shares	27,549,926,567	27,570,762,183
Loss per Share – in cents	(0.018)	(0.001)

The Group

Ratio Computation

	31 December 2021	31 December 2020
Return on Assets	-45%	-3.4%
Return on Equity	-400%	-12.7%

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This report outlines the main corporate governance practices and procedures adopted by Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (“**SAL**” or “**Company**” and together with its subsidiaries, the “**Group**”) with specific reference to the Code of Corporate Governance 2018 (“**Code**”). The Group and the Board of Directors (“**Board**”) are committed to ensure and fully supports the Principles and Provisions of the Code that forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) Listing Manual. The Board recognises that sound corporate governance practices are important to the proper functioning of the Group and enhances the interest of all shareholders.

This report describes the Company’s corporate governance practices that were in place throughout the financial year ended 31 December 2021 (“**FY2021**”), with specific reference to the Code.

The Board is pleased to confirm that the Group has adhered to the Principles and Provisions of the Code, except where otherwise explained. In areas where there are deviations from the Provisions of the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

The Code

The Code is divided into five main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Engagement
- (E) Managing Stakeholder Relationships

(A) BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

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

As of the date of this report, the Board of Directors of the Company (“**Board**”) comprises six (6) members (“**Directors**”), namely:

Mr Siaw Lu Howe (Non-Executive Chairman)
Mr John Lee Yow Meng (Executive Director and Chief Financial Officer)
Mr Alan Chin Yu (Executive Director)
Mr Ng Keok Chai (Lead Independent Non-Executive Director)
Mr Tan Gim Kang, Arran (Independent Non-Executive Director)
Mr Aris Muhammad Rizal (Independent Non-Executive Director)

The profile of each Director is presented in the section headed “Board of Directors” of this Annual Report.

SAL is headed by competent Board members with diversified backgrounds and they collectively bring with them a wide range of experience. Each Director brings to the Board specific industry knowledge and expertise.

CORPORATE GOVERNANCE REPORT

Newly appointed Directors will be provided with a formal letter, setting out their duties and obligations and first-time Directors will be required to attend relevant training. The Company has in place general orientation-training programs to ensure that every newly appointed and incoming Director of the Company is familiar with the Group's operations and governance practices including briefing on the Group's financial performance, strategies and action plans, corporate strategic direction, policies and activities.

The Company will arrange for newly appointed Director who does not have prior experience as a director of a public listed company in Singapore to attend relevant training courses organised by the Singapore Institute of Directors as required under Rule 210(5)(a) of the Listing Manual and in accordance with Practice Note 2.3 as prescribed by the SGX-ST.

The Directors are briefed and/or updated regularly on accounting and regulatory changes as well as changing commercial risks, where necessary, including but not limited to: (a) amendments to the SGX-ST Listing Manual and Code of Corporate Governance, (b) changes to the Companies Act 1967 (c) changes to the Financial Reporting Standards and (d) COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**").

In addition, the Board encourages its members to attend relevant seminars and courses to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook, at the expense of the Company.

Role of the Board of Directors

The Board establishes the corporate strategies for the Group and sets strategic directions and objectives for the Management, supervises them and monitors the performance of these objectives to enhance and build long term sustainable value for shareholders.

The Board has delegated the day-to-day management of the Group to the Management headed by the Executive Directors to facilitate effective management. The principal functions of the Board are to, *inter alia*:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed including safeguarding of the shareholders' interest and the Group's assets;
- review and monitor the performance of Management;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, where applicable, in the formulation of its strategies;
- monitor and review the adequacy of the Group's internal control systems, risk management systems, compliance and financial reporting systems;
- approve the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- review the Group's financial performance.

CORPORATE GOVERNANCE REPORT

The Board carries out its function directly or through various committees, which have been set up to support its role.

Each Director is expected, in the course of carrying out his duties, to act in good faith and consider at all times the interests of the Company.

The Board has established and delegated certain specific responsibilities to the following three (3) Board committees to support the role of the Board:

- Nominating Committee (“**NC**”);
- Remuneration Committee (“**RC**”); and
- Audit Committee (“**AC**”).

These committees’ function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this report.

The Board accepts that while these Board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Matters Requiring the Board’s Approval

The matters which require the Board’s approval, include but are not limited to:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

The Board has established financial authorisation and proper approval processes pertaining to the operating and capital expenditures, including acquiring and disposing of assets and investments. This includes proper procedures, guidelines, handbooks, policies and forms that are set forth and established for guidance, monitoring and review.

Meetings of Board and Board Committee

The Board holds at least two meetings each year to approve the half year and full year results announcement of the Group. The dates of all the Board and Board Committee meetings, as well as the Annual General Meeting (“**AGM**”), are scheduled in advance each year, in consultation with the Board. Ad-hoc meetings are convened as and when the circumstances require. In addition to these meetings, special corporate events and actions requiring the Board’s immediate approval were discussed over electronic mails and telephonic conference. The Board and Board Committees may also make decisions by way of circulating written resolutions. The Company’s Constitution allows the Board to hold teleconference and video-conference meetings.

CORPORATE GOVERNANCE REPORT

In line with the Government advisories amidst the continuing Covid-19 pandemic, the Board and Board Committee meetings this year were conducted through video-conferences. The number of Board and Board Committee meetings held in FY2021 and the attendance of each Director where relevant are set out below. Directors who are not members of the Board Committees had attended the Board Committees meetings by invitation:

Name	Board of Directors		Nominating Committee ("NC")		Remuneration Committee ("RC")		Audit Committee ("AC")	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Siaw Lu Howe	3	1	1	0	1	0	3	1*
Mr John Lee Yow Meng	3	3	1	1*	1	1*	3	3*
Mr Alan Chin Yu	3	3	1	1*	1	1*	3	3*
Mr Ng Keok Chai	3	3	1	1	1	1	3	3
Mr Tan Gim Kang, Arran	3	3	1	1	1	1	3	3
Mr Aris Muhammad Rizal	3	3	1	1	1	1	3	3

* By invitation

Multiple Board Representations

All Directors are required to declare their board representations. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that sufficient time and attention had been given by the Directors to the affairs of the Company during FY2021.

The Board is provided with Board papers in advance before each Board Meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Management team of the Group at all times and can communicate directly with the Management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if they deem necessary in the discharge of their responsibilities properly. Such expenses are to be borne by the Company.

The Company Secretary and/or representative(s) from the Secretary's office will attend the Board Meetings and Board Committees meetings and are responsible for recording the proceedings. In addition, the Company Secretary and/or her representative will assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

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

Board Composition and Independent Directors

The Board comprises six (6) Directors, two (2) of whom are Executive Directors, one (1) is a Non-Executive Director and three (3) are Independent Non-Executive Directors.

The Company has complied with provisions 2.3 of the Code, as non-executive directors make up the majority of the Board.

Provision 2.2 of the Code recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. In the case of the Company, the Chairman is not independent as he is a Non-Executive Director. In order to address the issue of independence given that the Chairman is not independent, the Independent Directors make up half of the Board. In addition, all members of the Board Committees are Independent Directors. The NC is of the view that the Independent Directors have been able to perform their duties effectively and the Board has been able to arrive at decisions in the best interests of the Company without disagreement, despite equality in the numbers of Independent and Non-Independent Directors and the Chairman being non-Independent. Taking this into account, the Board is of the view that the Company complies with Principle 2 of the Code as 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 small group of individuals exercising any considerable concentration of power or influence or dominates the Board's decision making.

The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and relevant skill sets for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. Taking into account the scope and nature of the Group's operations as well as the diversified background and experience of the Directors, the NC and the Board are satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making in the best interests of the Company. The NC is also of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

The Board is aware that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. 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 his independent business judgement in the best interests of the Company. Half of the Board is made up of Independent Directors, which brings a strong and independent element to the Board. The functions of examining and assessment of the Board are delegated to the NC and its responsibilities and assessment are further discussed under the Nominating Committee heading, Principle 4 and Principle 5 as below.

As part of good corporate governance, the NC also reviews annually the independence of Independent Directors to ascertain the compliance to the Code's definition of independence. Conversely, the NC has the discretion to determine that a Director is non-independent even if the Director does not fall under the circumstances set forth.

CORPORATE GOVERNANCE REPORT

In addition, the Non-Executive Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting on agreed objectives and monitoring the reporting of performance. On the effectiveness, the Independent Directors have the full access and co-operation from the Company's Management and officers including on a regular basis, presentation and review of the financial performance. The Independent Directors have full discretion to have separate meetings and to invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

During FY2021, the Independent Directors met at least once in the absence of key management personnel to discuss matters of significance. The meetings were conducted through video conferences and inter alia the impact of Covid-19 on the Group's operations and affairs was a key topic of discussion.

The Independent Directors namely Mr Ng Keok Chai, Mr Tan Gim Kang, Arran and Mr Aris Muhammad Rizal has each confirmed that they do not have any 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 Directors' independent business judgment with a view to the best interest of the Company.

The NC assesses the independence of each Director in accordance with the guidance provided in the Code and is satisfied that Mr Ng Keok Chai, Mr Tan Gim Kang, Arran and Mr Aris Muhammad Rizal each meets the criterion of independent as set forth and each of them exercise independent business judgement in the best interests of the Company and its shareholders, when discharging his duties as a Director of the Company.

As at the date of this Report, none of the Independent Director has served on the Board for more than nine years.

The Board continually reviews its size and composition with a view towards the refreshing of the Board and to strike the appropriate balance and diversify of skills, experience, gender, age and knowledge of the Company to support the Group's businesses and strategy.

Principle 3: Chairman and Chief Executive Officer ("CEO")

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

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Siaw Lu Howe is the Non-Executive Chairman ("**Chairman**") of the Company and he leads the Board and is responsible for the management of the Group. As Chairman, Mr Siaw encourages Board's interaction with the Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relationships among the Directors and ensures that the Group complies with the Code and maintains high standards of corporate governance. In addition, he also ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

The CEO is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.

Following the resignation of the Company's previous CEO in FY2020, the Company has yet to appoint a new CEO and Mr Alan Chin Yu, an Executive Director of the Company, continues to oversee the Group's overall operation without taking on the formal designation of CEO.

CORPORATE GOVERNANCE REPORT

The Board is of the view that there is a clear division of responsibilities between the Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

Mr Ng Keok Chai is the Lead Independent Director of the Company. The Lead Independent Director is available to shareholders when they have concerns in which contact through the normal channels of the Non-Executive Chairman and the CEO has failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors of the Company would meet when necessary, without the presence of the other Executive Directors.

All the Board Committees comprises of and are chaired by an Independent Director and the majority of the Board consists of Non-Executive Directors.

Principle 4: Board Membership

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

Nominating Committee

As at the date of this report, the NC of the Company comprises three (3) members, namely:

- Mr Tan Gim Kang, Arran (*Chairman*);
- Mr Ng Keok Chai; and
- Mr Aris Muhammad Rizal.

All members of the NC are Independent Directors and none of the NC members are associated with any substantial shareholders of the Company. The members meet at least once a year.

The Board is of the view that the current NC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on appointment and re-appointment of Directors and other relevant matters to the Board. The Board will constantly examine the NC composition from time to time.

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main principal functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- review and recommend the re-nomination of Directors in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- review of structure, composition and size of the Board;
- decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board; and
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board.
- reviewing and making recommendation to the Board on relevant matters relating to the succession plans of the Board in particular the Chairman, the CEO and key management personnel; and
- reviewing and making recommendations to the Board on the training and professional development programme for the Board and its Directors.

CORPORATE GOVERNANCE REPORT

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director. It also makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The Board has placed each individual Director such that he is able to devote sufficient time and attention to discharge his duties and responsibilities as Directors of the Company, bearing in mind his other commitments. In considering the nomination of Directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the Directors with multiple Board memberships.

In FY2021 only one (1) of the Directors hold multiple directorships in other listed companies. The NC has reviewed and is satisfied that sufficient time and attention had been given by all the Directors to the affairs of the Group. The NC is of the opinion that there is presently no need to implement internal guidelines to address their competing time commitments and that the current Board size is adequate for the effective functioning of the Board.

Pursuant to Rule 720(5) of the Listing Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting ("**AGM**") of the Company. All the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

On the nomination of re-election of retiring Directors, the NC would assess the performance and contribution of the Director and 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 approval.

The NC has reviewed and recommended to the Board that Mr Siaw Lu Howe and Mr John Lee Yow Meng be nominated for re-election at the forthcoming AGM in accordance with the Company's Constitution. Mr Siaw Lu Howe and Mr John Lee Yow Meng are retiring pursuant to Article 111 of the Company's Constitution. Both nominated Directors have offered themselves for re-election at the forthcoming AGM (the "**retiring Directors**"). The Board has accepted the NC's recommendations and agreed that the resolutions on the re-election of the retiring Directors be tabled for shareholders' approval at the forthcoming AGM.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the retiring Directors including the information required under Appendix 7F of the Listing Rules are disclosed in pages 108 to 113 of this Annual Report

Key information regarding the Directors, including their present and past three years' directorships in other listed companies are set out in the section headed "Board of Directors" of this Annual Report.

There is no alternate director appointed on the Board.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

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

The NC has adopted a formal process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director. This evaluation is to be carried out at least once a year. When a Director has multiple board representations, the Director would need to ensure that sufficient time and attention is given to the affairs of each company. Nevertheless, the NC will also review and assess whether the Director is able to and has been adequately carrying out the duties as a Director of the Company. Upon assessment, the NC will make recommendations for improvement, as and when required.

The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

For FY2021, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the Board also considered the qualitative measures such as the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The individual assessment would include and aim to assess efficiency and effectiveness of each Director's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Upon reviewing the assessment, the NC is of the opinion that the Board and all its members have sufficiently contributed to the Board and Group during the year.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

No external facilitator was used in the assessment/evaluation process.

Furthermore, the Board will continuously review and assess the current size and composition of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making. From time to time, the review of the appropriateness will be taking into consideration the changes in the nature and scope of the Group's operations as well as diversified background, experience of the Directors and regulatory environment.

CORPORATE GOVERNANCE REPORT

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

The Company had established a RC which comprises three (3) Directors, all of whom are Independent Directors.

The members of the RC are:

- Mr Ng Keok Chai (*Chairman*);
- Mr Tan Gim Kang, Arran; and
- Mr Aris Muhammad Rizal.

The Board is of the view that the current RC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on reviewing and recommending to the Board a remuneration framework for the Board, Management and key employees as well as other compensation related matters to the Board. The Board will examine the RC composition from time to time.

The RC is governed by the RC's Terms of Reference which describes the duties and responsibilities of the RC. The duties and functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Directors, Management and key employees of the Company;
- recommend specific remuneration packages for each Director and the key management personnel of the Group;
- review of service contracts and/or employee contracts, where applicable;
- oversee and review the administration of the Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") and Blumont Performance Share Plan ("**Blumont PSP**") as defined in the Blumont Employee Share Option Scheme and Blumont Performance Share Plan, respectively through Compensation Committee (comprise of Mr Ng Keok Chai, Mr Tan Gim Kang, Arran and Mr Aris Muhammad Rizal);
- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;
- review the Company's obligations arising in the event of termination of Executive Directors, Management and key employees' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- other acts as may be required by the SGX-ST and the Code from time to time.

The RC covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, compensation/termination and gratuities. The members of the RC shall not be involved in the discussion and decision of their own remuneration. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

Termination clauses are included in the service agreements for Directors and Key Management Personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any Directors and Key Management Personnel during FY2021.

CORPORATE GOVERNANCE REPORT

The RC may obtain independent professional advice if it deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2021.

The Non-Executive Directors are paid a fixed director's fee for their efforts, responsibilities, time spent and contribution to the Board. Directors' fees are recommended by the Board for approval by shareholders at the Company's AGMs.

The RC has proposed and recommended that the directors' fees of S\$103,500 for the financial year ending 31 December 2022, payable quarterly in arrears. The Board concurred with the RC's proposal and recommended that the said directors' fees be tabled for shareholders' approval at the forthcoming AGM.

Principle 7: Level and Mix of Remuneration

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

The review of the remuneration packages takes into consideration the long-term interests of the Group, the performance of the Group, overall assessment of the Board, the individual assessment of each Director, level of contribution to the Company and Board, taking into account factors such as, efforts, time spent, responsibilities and duties of the Directors, carefully evaluating the costs and benefits of each incentive before recommendation to the Board for review and approval. Nevertheless, the RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

During the year, the RC reviewed the compensation and remuneration packages such that the Directors and the Management were sufficiently compensated. In addition, the RC provided appropriate compensation packages at market rates for the Board and the Management of the Company to reward good performance, attract and motivate the Directors and the Management.

The Company does not use contractual provisions to allow the Company to claim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event such breach of fiduciary duties.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Key Management Personnel.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel of the required experience and expertise.

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All Executive Directors do not receive Directors' fees. The remuneration package of each of the Executive Director comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Director are for a fixed appointment period and do not contain onerous removal clauses. No Directors is involved in deciding his own remuneration. The RC reviews the fairness and reasonableness of the termination clauses contain in the service agreements of the Executive Directors to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Directors of the Company in FY2021.

Mr John Lee Yow Meng, the Executive Director and the Chief Financial Officer ("CFO") of the Company and Mr Alan Chin Yu, the Executive Director of the Company each has a service agreement with the Company. The service agreement can be terminated by either party giving not less than one (1) month notice and both parties have the option to pay salary in lieu of any required notice period.

The Independent Directors and the Non-Executive Directors are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The Company's share incentive award plans, Blumont ESOS 2013 and Blumont PSP are as described below:

Blumont ESOS 2013

At the Extraordinary General Meeting held on 22 April 2013, the shareholders of the Company approved the Blumont ESOS 2013, for granting non-transferable options to employees (including Executive Directors) and Non-Executive Directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 5th anniversary from the date of grant for Non-Executive Directors and the 10th anniversary for group employees such as Executive Directors and staffs. Discounted Price Options may be exercised from the 2nd anniversary of the date of grant to the 5th anniversary from the date of grant for Non-Executive Directors and the 10th anniversary for group employees such as Executive Directors and staffs.

CORPORATE GOVERNANCE REPORT

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (a) fixed at the market price equal to the average of the last dealt prices for the share on the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

Key information on the Blumont ESOS 2013 is set out in the Annual Report under headings “Directors’ Statement” and “Note 25 Share Capital” in the “Financial Statements” section of this Annual Report.

Blumont PSP

At the Extraordinary General Meeting held on 22 April 2013, the shareholders of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including Executive Directors) and Non-Executive Directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants’ award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant’s performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

There was no performance shares granted under the Blumont PSP in FY2021.

Disclosure on Remuneration of individual Director

The Board has decided not to disclose the abovementioned information as recommended by the Code in light of confidentiality and competitive reasons in relation to the Directors and to avoid poaching of the Key Management Personnel of the Company.

The RC has reviewed and approved the remuneration packages of the Directors and Key Management Personnel, having regard to their contributions as well as the financial performance and the commercial needs of the Company and has ensured that the Directors and Key Management Personnel are adequately but not excessively remunerated.

CORPORATE GOVERNANCE REPORT

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2021 for the Group is as follows:

Remuneration Band Above S\$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Fair value of share options granted ⁽¹⁾	Total
Alan Chin Yu	—	32%	—	—	68%	100%
John Lee Yow Meng	—	33%	—	—	67%	100%

⁽¹⁾ Refers to the total fair value of share options granted to the executive directors during the financial year. The fair value of the options was estimated using the Black-Scholes Option Pricing model.

Remuneration Band Below S\$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Fair value of share options granted ⁽¹⁾	Total
Siaw Lu Howe	11%	—	—	—	89%	100%
Ng Keok Chai	27%	—	—	—	73%	100%
Tan Gim Kang, Arran	19%	—	—	—	81%	100%
Aris Muhammad Rizal	24%	—	—	—	76%	100%

⁽¹⁾ Refers to the total fair value of share options granted to the executive directors during the financial year. The fair value of the options was estimated using the Black-Scholes Option Pricing model.

As at the date of this Report, the Company has only one (1) Key Management Personnel (who is not a Director and/or CEO of the Company) and the remuneration of the Key Management Personnel in FY2021 is as follows:

Remuneration Band Above S\$250,000

Name of Key Management Personnel	Salary & Allowance	AWS	Bonus	Fair value of share options granted ⁽¹⁾	Total
Yusman SH	89%	—	—	11%	100%

⁽¹⁾ Refers to the total fair value of share options granted to the executive directors during the financial year. The fair value of the options was estimated using the Black-Scholes Option Pricing model.

There is no employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a Director or the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 for the FY2021.

CORPORATE GOVERNANCE REPORT

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

The Board is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board with the support of the AC, oversees the Management in the design, implementation and monitoring of the risk management and internal control systems including reviewing the adequacy and effectiveness of the Company's risk management and internal control systems.

The internal auditor and the external auditor conduct reviews and audits that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology risks.

At present, the Board relies on the internal auditor, the external auditors' reports and management letter prepared by the external auditor to highlight any material non-compliance or weaknesses in internal controls. There were no major weaknesses in internal controls highlighted by the Group's external auditor or the internal auditor for the attention of the AC for FY2021.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by Management and the AC, the Board with the concurrence of the AC, are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at FY2021. This is in turn supported by assurance from the Executive Director and CFO that:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the adequacy and effectiveness of the Group's risk management and internal controls and have discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process and report financial data. Accordingly, the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective;

In light of the Covid-19 crisis, risk mitigation action plans are also in place to mitigate and minimise the negative impact of Covid-19 on the Group's business such as operational disruptions, workplace and employee health and safety, employee availability, IT systems functionality, cyber security, access management, communication protocols and contractual and regulatory compliance.

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The Board notes that all internal control systems contain inherent limitations and no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the Management that there is any deficiency in the internal control systems that resulted in significant loss and/or material financial misstatements.

The Group is aware that each business transaction carries risk whether internally and/or externally in the form of environmental, operational, financial and/or Management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks include legal risk and strategic risk (the risk of loss arising from poor strategic business decisions). The Group's financial risk management and policies are further outlined under heading "Financial Risk Management" in the "Financial Statement" section of this Annual Report.

The Group regularly reviews and improves its business and operations activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

Principle 10: Audit Committee

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

As at the date of this report, the Audit Committee (the "AC") of the Company comprises three (3) members, namely:

- Mr Ng Keok Chai (*Chairman*);
- Mr Tan Gim Kang, Arran; and
- Mr Aris Muhammad Rizal.

All members of the AC are Independent Directors and do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members was previously partners or directors of the Company's external audit firm or hold any financial interest in the external audit firm.

The members meet at least two (2) times in a year.

The AC has specific written Terms of Reference setting out their duties and responsibilities. The AC's main principal functions are as follows:

- review the audit plan and reports of the Company's internal and external auditors and the assistance given by the Company's Management to the internal and external auditors;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review the effectiveness of the Group's internal control systems, including financial, operational, compliance, information technology controls and risk management;
- meet with the internal and external auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

CORPORATE GOVERNANCE REPORT

- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the external auditors;
- review the effectiveness of the Group's internal audit function;
- review the nature and extent of non-audit services provided by the external auditors;
- recommend to the Board the appointment, removal, remuneration and terms of engagement of the external auditors;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual; and
- Undertake generally such other functions and duties as may be required by law or the Listing Rules.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Management, officers, Company Secretary, Directors and relevant external regulator and/or professional parties and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC also reviews any arrangement by which staff of the Group, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or other similar matters. The AC's objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action and improvements, if necessary and required.

The Company has put in place the Whistle-Blowing Policy which provide the staff with well-defined and accessible channels within the Group to counter and mitigate any possible and/or suspected fraud. Proper written procedures, policies and guideline are in place for making such reports in good faith, with confidence and will be treated fairly and be protected from reprimand. As at the date of this report and to the best of their knowledge and belief, nothing has come to the attention of the AC that may require any follow up and/or action plan.

PKF-CAP LLP is the external auditor of the Group. The Company and its subsidiaries in Singapore are audited by PKF-CAP LLP whereas the overseas subsidiaries are audited by the member firms of PKF-CAP LLP.

The AC having regard the adequacy of the resources and experience of PKF-CAP LLP and the audit engagement partner assigned to the audit, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, is of the opinion that PKF-CAP LLP meets the auditing obligations of the Company and its significant subsidiaries. The Group has complied with Rules 712 and 715 of the Listing Rules in relation to the appointment of external auditors.

The AC assesses the independence of the external auditor annually. The aggregate amount of fees paid/payable to the external auditor for the financial year ended 31 December 2021 is S\$74,000 for audit fees and S\$126,000 for non-audit services rendered by the external auditors to the Group during FY2021.

Having reviewed, amongst others, the scope and quality of the audit and the independence of the external auditor, the AC had recommended and the Board approved the nomination for re-appointment of PKF-CAP LLP as the external auditor of the Company at the forthcoming AGM.

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The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management. For FY2021, the AC had met with the internal and external auditors once without the presence of the Management.

Throughout FY2021, the Board has assessed and reviewed, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board is opined that that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. During the FY2021, the AC held three (3) meetings to review and undertake the scope of work as set out above. The external auditor provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Internal Audit

The Company has engaged One e-Risk Services Pte Ltd (“One e-Risk Services”) as the internal auditor who reports directly to the AC and administratively to the CFO. The AC approved the engagement, evaluation, and compensation of the internal auditor.

The AC reviews and approves the internal audit plan to ensure adequacy of the scope of audit. During the FY2021, One e-Risk Services reviewed key internal controls in selected areas as advised by the AC and reported its findings together with recommendations on areas for improvement to the AC for review and approval, so as to improve the development of better and more effective internal controls. The AC after having reviewed the internal audit reports and the remedial actions taken by the Management, is satisfied that the Group’s internal audit function is independent, effective and adequately resourced. The AC is also satisfied that the internal auditor meets the standards set by internationally recognised professional bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

The Company facilitates the exercise of ownership rights by all shareholders. In particular, the shareholders of the Company are sufficiently informed of changes in the Group’s business and development that are price sensitive and would be likely to materially affect the price or value of the Company’s shares and that information are communicated to the shareholders on a timely basis via the SGXNet.

The Company also ensures that the shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

Shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Group. All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC and RC, will be present and available to address shareholders’ queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor’s report.

CORPORATE GOVERNANCE REPORT

Shareholders have the opportunity to participate effectively and to vote in AGMs. They are allowed to vote in person or by appointed proxy. The Constitution of the Company allow shareholders of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the AGMs. The Company does not implement voting in absentia by email, mail or fax due to authentication and other security related concerns.

During general meetings, the resolutions on separate issues are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal and clear explanation and reasons are to be provided together with its material implications.

Shareholders would be informed of the rules governing such meetings and voting procedures of the general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the voting procedures that govern the general meetings of shareholders. An announcement which includes the results of voting showing the number of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

The proceedings of all general meetings including substantial and relevant comments/queries from shareholders and responses exchanged between the Company and shareholders are recorded in the minutes book of the Company, and will be published on the Company's corporate website. Minutes of the 2021 AGM had been published by the Company on its corporate website and on the SGXNet within one month from the date of the 2021 AGM.

For the FY2021, the Company will continue to apply and adopt the alternative arrangements for convening, holding and conducting the AGM, as set out in the second column of the First Schedule of the COVID-19 Order. Minutes of the AGM to be held on 27 April 2022 will be published on the SGXNET and the Company's corporate website within one month after the AGM date.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may, in their absolute discretion, deem appropriate. The Board is not recommending any dividend for FY2021, as the Board deemed more appropriate to retain the cash for the Group's working capital purposes, after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the accumulated losses of the Company for the past years.

Principle 12: Engagement with Shareholders

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

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. In line with the continuous obligations of the Company pursuant to the Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

The Board provides shareholders with an assessment of the Company's performance, position and prospects via half-yearly and annual results announcements and other ad-hoc announcements as required by the SGX. The Company does not practise selective disclosure. Price sensitive information is first publicly released through the SGXNet. In addition, The Company has taken steps to solicit and understand the views of the shareholders through the Company's corporate website.

CORPORATE GOVERNANCE REPORT

Results and annual reports are announced and/or issued within the mandatory period. All the shareholders of the Company receive the annual report and the notice of the general meetings.

For FY2021, the Company will be relying on the COVID-19 Order. The Annual Report, notice of AGM and proxy form ("**AGM documents**") will be available to shareholders through electronic means via publication on the company's website and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the AGM documents will not be sent to shareholders.

The shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group on the Company's corporate website.

Though the Company does not currently have an investor relations policy it believes in regular, effective and fair communication with members of the investing community. As such, shareholders may contact the Company with their questions via emails and phone calls and the Company will respond to such questions in a timely manner.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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

The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. In addition, the Group also issue sustainability report to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders.

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under headings "Note 22 Borrowings" in the "Financial Statements" section of this Annual Report.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

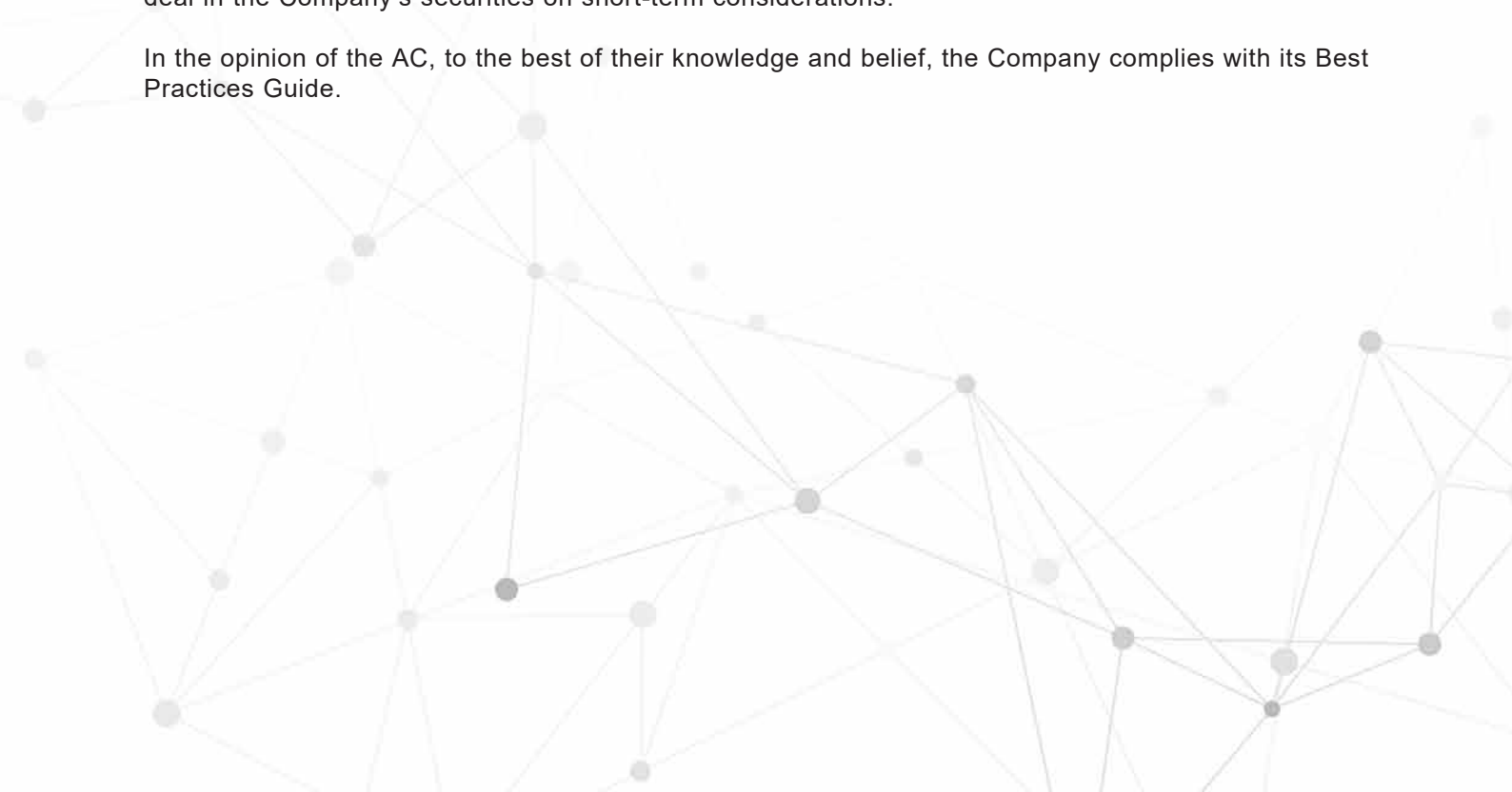
Except those as announced via SGXNet and as outlined in the Annual Report under headings "Note 14 Trade and Other Receivables", "Note 21 Trade and Other Payables" and "Note 29 Related Party Transactions" in the "Financial Statements" section, there is no other interested person transaction for FY2021.

Dealing in Securities

In line with SAL's Best Practices Guide in Dealing in Securities (the "**Best Practices Guide**") adopted and reviewed from time to time, the Company has in place a code of conduct on share dealings by Officers. This code sets out the statutory restrictions on insider trading as well as the recommendations of the Best Practices Guide on securities transactions. This has been made known to the Officers, including the Directors, staff, any relevant body corporate and officers of the Company and the Group, not to deal during the period commencing one (1) month before the announcement of the Company's half-yearly results and one (1) month before financial year, as the case may be, and ending on the date of the announcement of the relevant results.

The officers have been informed that to deal in the Company's securities, as well as securities of other listed companies, when they are in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities in relation to those securities and relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other are prohibited and is a subject to the law. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regards to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. In addition, an officer should also not deal in the Company's securities on short-term considerations.

In the opinion of the AC, to the best of their knowledge and belief, the Company complies with its Best Practices Guide.



CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 TO THE LISTING MANUAL OF THE SGX-ST

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST (“**Listing Rules**”), the information as set out in Appendix 7.4.1 of the Listing Rules relating to Mr Siaw Lu Howe and Mr John Lee Yow Meng, being the Directors who are retiring in accordance with the company’s Constitution at the forthcoming AGM, are set out below:

	Mr Siaw Lu Howe	Mr John Lee Yow Meng
Date of Appointment	5 September 2017 – as Interim Chief Executive Officer 6 December 2017 – re-designated to Chief Executive Officer and Executive Chairman 17 April 2019 – redesignated to Non-Executive Chairman	25 April 2019
Date of last re-appointment	24 June 2020	24 June 2020
Age	53	60
Country of principal residence	Malaysia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Siaw Lu Howe as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Siaw Lu Howe’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr John Lee Yow Meng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr John Lee Yow Meng’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Non-Executive Chairman and Director Committees	Executive Director and Chief Financial Officer
Professional qualifications	Nil	Associate member of the Institute of Commercial and Industrial Accountants (ICIA)

CORPORATE GOVERNANCE REPORT

<p>Working experience and occupation(s) during the past 10 years</p>	<p>Period: April 2019 to current Non-Executive Chairman, Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: December 2017 to April 2019 Executive Chairman and Chief Executive Officer, Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: September 2017 to December 2017 Interim Chief Executive Office, Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: July 2017 to present Group Managing Director, Sri Datai Mining Sdn Bhd</p> <p>Period: March 2017 to present Group Managing Director, Sri Datai Group of Companies</p> <p>Period: January 2015 to Present Advisor, Juara Cahya Sarawak Sdn Bhd</p> <p>Period: October 2009 to November 2010 Director, Juara Cahya Sarawak Sdn Bhd</p> <p>Period: March 2009 to Present Director, Modal Sempura</p> <p>Period: September 1995 to present Director, Sri Datai Construction (Sarawak) Sdn Bhd</p>	<p>Period: 25 April 2019 to current Executive Director and Chief Financial Officer, Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: June 2017 to April 2019 Head of Malaysian Operations – Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: March 2015 to June 2017 Chief Financial Officer, Malaysia Operations – Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.)</p> <p>Period: May 2004 to Present Founder and Managing Director – Bizsolve Services Sdn Bhd</p>
<p>Shareholding interest in the listed issuer and its subsidiaries</p>	<p>Nil</p>	<p>15,000,000 ordinary shares in the Company</p>
<p>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</p>	<p>No</p>	<p>No</p>
<p>Conflict of Interests (including any competing business)</p>	<p>No</p>	<p>No</p>

CORPORATE GOVERNANCE REPORT

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	Golden Regime Sdn Bhd	None
Present	<ol style="list-style-type: none"> 1. Sri Datai Holdings (Sarawak) Sdn Bhd 2. Sri Datai Construction (Sarawak) Sdn Bhd 3. Sri Datai Properties (Sarawak) Sdn Bhd 4. Sri Datai Trading (Sarawak) Sdn Bhd 5. Sri Datai Mining Sdn Bhd 6. Modal Sempurna Sdn Bhd 7. Sri Jaya M&E Sdn Bhd 8. Striker Borneo Sdn Bhd 9. Sri Datai Shipping (Sarawak) Sdn Bhd 10. Sri Datai Properties (Labuan) Sdn Bhd 11. SDDN Capital Sdn Bhd 12. Merdeka Waterfront Hotel Sdn Bhd 13. Star Development Sdn Bhd 14. STC Borneo Sdn Bhd 15. Juara Cahya Development Sdn Bhd 16. Wai Leong Construction (Sarawak) Sdn Bhd 17. Digiharta Sdn Bhd 18. Kota Dedikasi Sdn Bhd 19. Rahmat Majumas Sdn Bhd 20. Maglead Power Sdn Bhd 21. Dynamic Mining Management Services Sdn Bhd 22. Mukah Mining Services Sdn Bhd 23. Sungai Plan Gas Distribution Sdn Bhd 24. Nadim Istimewa Sdn Bhd 25. Datai Bay Development Sdn Bhd 26. Borneo Archipelago Tourism Sdn Bhd 27. Ultimate Horizon Limited 28. Ultimate Horizon Pte. Ltd. 29. Sri Datai (Singapore) Pte Ltd 	<ol style="list-style-type: none"> 1. Ezee Link Pte. Ltd. 2. Bizsolve Services Sdn. Bhd.

CORPORATE GOVERNANCE REPORT

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

(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
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <ul style="list-style-type: none"> 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 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 iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? 	No	No

CORPORATE GOVERNANCE REPORT

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes. Mr Siaw Lu Howe is currently the Non-Executive Chairman and Director of the Company.</p>	<p>Yes. Mr John Lee Yow Meng is currently the Executive Director and Chief Financial Officer of the Company.</p>



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited consolidated financial statements of Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

OPINION OF THE DIRECTORS

In the opinion of the directors:

- (i) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Siaw Lu Howe	Non-Executive Chairman
John Lee Yow Meng	Executive Director and Chief Financial Officer
Alan Chin Yu	Executive Director
Ng Keok Chai	Lead Independent Director
Tan Gim Kang, Arran	Independent Non-Executive Director
Aris Muhammad Rizal	Independent Non-Executive Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed under "Share Options" in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At	At	At	At	At	At
	1.1.2021	31.12.2021	21.1.2022	1.1.2021	31.12.2021	21.1.2022
The Company						
<i>Number of ordinary shares</i>						
Siaw Lu Howe	—	—	—	8,131,184,204	—	—
John Lee Yow Meng	15,000,000	15,000,000	15,000,000	—	—	—
Alan Chin Yu	10,000,000	10,000,000	10,000,000	—	—	—
Tan Gim Kang, Arran	15,000,000	15,000,000	15,000,000	—	—	—
Aris Muhammad Rizal	10,000,000	10,000,000	10,000,000	—	—	—

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Company's share option scheme, as set out below and under "Share Options" below.

	Number of unissued ordinary shares under option		
	At	At	At
	1.1.2021	31.12.2021	21.1.2022
The Company			
Siaw Lu Howe	—	100,000,000	100,000,000
John Lee Yow Meng	—	147,000,000	147,000,000
Alan Chin Yu	—	147,000,000	147,000,000
Ng Keok Chai	—	60,000,000	60,000,000
Tan Gim Kang, Arran	—	65,000,000	65,000,000
Aris Muhammad Rizal	—	40,000,000	40,000,000

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SHARE OPTIONS

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary for group employees such as executive directors and staffs. Discount Price Options may be exercised from the 2nd anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary for group employees such as executive directors and staffs.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

On 17 June 2021, 1,160,000,000 options were granted by the Committee pursuant to the Blumont ESOS 2013, of which 580,000,000 were granted as Market Price Options of S\$0.004 per ordinary share and 580,000,000 were granted as Discounted Options of S\$0.0032 per ordinary share.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SHARE OPTIONS (cont'd)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (cont'd)

Details of options granted to directors of the Company and employees who received 5% or more of the total number of options available under Blumont ESOS 2013 are as follows:

	Options granted during the year	Aggregate options granted	Aggregate options cancelled/ lapsed/ not accepted	Aggregate options exercised	Aggregate options outstanding
<u>Name of director</u>					
Siaw Lu Howe	100,000,000	100,000,000	—	—	100,000,000
John Lee Yow Meng	147,000,000	147,000,000	—	—	147,000,000
Alan Chin Yu	147,000,000	147,000,000	—	—	147,000,000
Ng Keok Chai	60,000,000	60,000,000	—	—	60,000,000
Tan Gim Kang, Arran	65,000,000	65,000,000	—	—	65,000,000
Aris Muhammad Rizal	40,000,000	40,000,000	—	—	40,000,000
<u>Name of employee</u>					
Chia Xilin	95,000,000	95,000,000	—	—	95,000,000
Ng Kim Huatt	480,000,000	480,000,000	—	—	480,000,000

The number of unissued ordinary shares of the Company under outstanding at the end of the financial year were as follows:

<u>Date of options granted</u>	<u>No. of unissued ordinary shares under option as at 31.12.2021</u>	<u>Exercise price</u>	<u>Exercise period</u>
17 June 2021	447,500,000	S\$0.0040	17/06/2022 to 16/06/2031
17 June 2021	447,500,000	S\$0.0032	17/06/2023 to 16/06/2031
17 June 2021	132,500,000	S\$0.0040	17/06/2022 to 16/06/2026
17 June 2021	132,500,000	S\$0.0032	17/06/2023 to 16/06/2026

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year which amounts to more than 5% of the total number of options available under Blumont ESOS 2013;
- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and
- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SHARE OPTIONS (cont'd)

Blumont Performance Share Plan (the "Blumont PSP")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2021 and 2020.

AUDIT COMMITTEE

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

Ng Keok Chai (Chairman)
Tan Gim Kang, Arran
Aris Muhammad Rizal

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- (i) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- (ii) reviewed the assistance given by the Company's management to the independent auditors;
- (iii) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

AUDIT COMMITTEE (cont'd)

- (iv) reviewed the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's performance;
- (v) reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls and risk management;
- (vi) met with the independent auditors, other committees, and/or the management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (viii) reviewed the scope and results of the external audit, cost effectiveness and independence and objectivity of the independent auditors;
- (ix) reviewed the nature and extent of non-audit services provided by the independent auditors;
- (x) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation and terms of engagement of the auditors;
- (xi) reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- (xii) reviewed interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group is satisfied that the nature and extent of such services would not affect the independence and objectivity of the independent auditors. The AC has also conducted a review of interested person transactions.

The AC convened three meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meetings are disclosed in the Corporate Governance Report in the Company's Annual Report.

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational, compliance and information technology risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

The Company confirms that Rules 712 and 715 of the SGX-ST's Listing Manual have been complied with.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

John Lee Yow Meng
Executive Director and Chief Financial Officer

Alan Chin Yu
Executive Director

Singapore
31 March 2022



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. (FORMERLY KNOWN AS
BLUMONT GROUP LTD.) AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. (FORMERLY KNOWN AS BLUMONT GROUP LTD.) AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
Share based payment	
<p>At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.</p> <p>Under the Blumont ESOS 2013, options may be exercised after the 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.</p> <p>As at 17 June 2021, the Company has resolved to grant a total of 1,160,000,000 options to various group employees.</p> <p>We focused on this area given the involvement of significant estimates and judgements on the determination of fair value of share options and application of valuation methodology.</p> <p>Management engaged an independent valuer to perform the valuation and determine the fair value of the Company's share option as at grant date.</p>	<p>Our procedures included the following:</p> <p>We assessed the competency and capabilities of the independent professional valuer and noted that the valuer has good standing in the industry and has the relevant expertise and experience. We also considered whether there were any matters that might have affected the valuer's objectivity or may have imposed scope limitations upon the valuer's work.</p> <p>We considered the appropriateness of the valuation method used. We checked the accuracy of the inputs to the option pricing model used and assessed the reasonableness of the key assumptions used in the valuation. We also considered the adequacy of the disclosures in the financial statements.</p>

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. (FORMERLY KNOWN AS
BLUMONT GROUP LTD.) AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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 SOUTHERN ARCHIPELAGO LTD. (FORMERLY KNOWN AS BLUMONT GROUP LTD.) AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (cont'd)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Titus Kuan Tjian.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore
31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021 S\$	2020 S\$
Revenue	5	3,904,220	3,499,251
Other (losses)/gains – net	6	(950,295)	326,839
Interest income		4,027	4,697
Expenses			
– Raw materials and consumables used	15	(45,065)	(54,884)
– Employee benefits	7	(3,639,213)	(1,943,407)
– Fair value loss on financial assets, at fair value through profit or loss (“FVPL”)	13	(120,060)	–
– Loss allowance on trade receivables	14	–	(461)
– Impairment loss on investment in associate	19	(689,577)	–
– Depreciation of property and equipment	20	(615,030)	(647,923)
– Others	8	(2,061,848)	(875,616)
– Finance costs	9	(214,189)	(219,141)
Total expenses		(7,384,982)	(3,741,432)
Share of results of an associate	19	(39,423)	–
(Loss)/Profit before tax		(4,466,453)	89,355
Income tax expense	10	(439,286)	(467,739)
Loss for the year		(4,905,739)	(378,384)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain/(loss) on defined benefit plan	23	70,764	(54,596)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation			
– Gain/(Loss) on translating foreign operations		1,202,727	(292,785)
Other comprehensive profit/(loss), net of tax		1,273,491	(347,381)
Total comprehensive loss		(3,632,248)	(725,765)
Loss per share (S\$ cents)			
– Basic	11	(0.0178)	(0.0013)
– Diluted	11	(0.0178)	(0.0013)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 S\$	2020 S\$	2021 S\$	2020 S\$
ASSETS					
Current assets					
Cash and bank balances	12	1,454,993	917,355	306,225	215,023
Other financial assets	13	—	120,259	—	120,259
Trade and other receivables	14	403,627	519,400	—	185,303
Other assets	15	250,942	44,795	23,179	16,437
Income tax receivable		171,866	163,174	—	—
		2,281,428	1,764,983	329,404	537,022
Asset held for sale	17	4,499,715	—	—	—
		6,781,143	1,764,983	329,404	537,022
Non-current assets					
Investments in subsidiaries	18	—	—	108,169	104,456
Investment in associate	19	—	—	—	—
Loans to subsidiaries	18	—	—	9,956,453	10,733,221
Property and equipment	20	3,795,450	4,245,613	71,786	97,048
Other assets	15	—	200,000	—	200,000
Development property	16	—	4,578,950	—	—
Deferred tax assets	24	256,117	277,649	—	—
		4,051,567	9,302,212	10,136,408	11,134,725
Total Assets		10,832,710	11,067,195	10,465,812	11,671,747
LIABILITIES					
Current liabilities					
Trade and other payables	21	3,029,842	1,555,111	4,081,932	2,646,052
Borrowings	22	5,510,098	499,702	5,332,335	—
Loan from a subsidiary	18	—	—	5,590,000	5,590,000
Lease liabilities	30	53,263	48,332	53,263	48,332
		8,593,203	2,103,145	15,057,530	8,284,384
Non-current liabilities					
Lease liabilities	30	19,230	56,248	19,230	56,248
Defined benefit plan	23	993,835	971,425	—	—
Borrowings	22	—	4,953,563	—	4,832,335
		1,013,065	5,981,236	19,230	4,888,583
Total Liabilities		9,606,268	8,084,381	15,076,760	13,172,967
Net Assets/(Liabilities)		1,226,442	2,982,814	(4,610,948)	(1,501,220)
EQUITY					
Equity attributable to owners of the Company					
Share capital	25	127,338,850	127,338,850	127,338,850	127,338,850
Reserves	26	(508,587)	(4,094,843)	1,875,876	—
Accumulated losses		(125,603,821)	(120,261,193)	(133,825,674)	(128,840,070)
Total Equity		1,226,442	2,982,814	(4,610,948)	(1,501,220)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company					Total equity S\$
	Share capital S\$	Share option reserve S\$	Currency translation reserve S\$	Other reserves S\$	Accumulated losses S\$	
Group						
2021						
Balance at 1 January 2021	127,338,850	–	(5,829,841)	1,734,998	(120,261,193)	2,982,814
Loss for the year	–	–	–	–	(4,905,739)	(4,905,739)
Other comprehensive income, net of tax:						
Foreign currency translation gain	–	–	1,202,727	–	–	1,202,727
Actuarial gain on defined benefit plan (Note 23)	–	–	–	–	70,764	70,764
Total comprehensive income/(loss) for the year	–	–	1,202,727	–	(4,834,975)	(3,632,248)
Share based payment	–	1,875,876	–	–	–	1,875,876
Reclassification between reserves	–	–	507,653	–	(507,653)	–
Balance at 31 December 2021	127,338,850	1,875,876	(4,119,461)	1,734,998	(125,603,821)	1,226,442

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company					Total equity S\$
	Share capital S\$	Share option reserve S\$	Currency translation reserve S\$	Other reserves S\$	Accumulated losses S\$	
Group						
2020						
Balance at 1 January 2020	127,338,850	–	(5,537,056)	1,734,998	(119,828,213)	3,708,579
Loss for the year	–	–	–	–	(378,384)	(378,384)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	–	–	(292,785)	–	–	(292,785)
Actuarial loss on defined benefit plan (<i>Note 23</i>)	–	–	–	–	(54,596)	(54,596)
Total comprehensive loss for the year	–	–	(292,785)	–	(432,980)	(725,765)
Balance at 31 December 2020	127,338,850	–	(5,829,841)	1,734,998	(120,261,193)	2,982,814

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 S\$	2020 S\$
Cash Flows from Operating Activities:			
(Loss)/Profit before tax		(4,466,453)	89,355
Adjustments for:			
Unrealised foreign exchange loss/(gain)		1,177,506	(185,074)
Write-off of property and equipment	6	–	2,876
Depreciation of property and equipment	20	615,030	647,923
Deposit payable written off (non-trade)	6	(161,950)	–
Loss on disposal of property and equipment	6	1,086	–
Loss on disposal of financial assets, at FVPL	6	72	–
Share of results of an associate	19	39,423	–
Impairment loss on investment in associate	19	689,577	–
Fair value loss on financial assets, at FVPL	13	120,060	–
Interest expense	9	214,189	219,141
Interest income		(4,027)	(4,697)
Share-based payment expense	7	1,875,876	–
Loss allowance on trade receivables	14	–	461
Operating cash flows before working capital changes		100,389	769,985
Changes in working capital:			
Receivables		(154,682)	87,201
Payables		1,600,605	(582,083)
Cash flows generated from operations		1,546,312	275,103
Tax paid		(443,761)	(693,892)
Net cash flows generated from/(used in) operating activities		1,102,551	(418,789)
Cash Flows from Investing Activities			
Purchase of property and equipment		(140,837)	(162,988)
Proceeds from disposal of asset held-for-sale		–	984,250
Proceeds from disposal of financial assets, at FVPL		127	–
Proceeds from disposal of property and equipment		14,490	–
Investment in associate	19	(398,194)	–
Interest received		4,027	4,697
Net cash flows (used in)/generated from investing activities		(520,387)	825,959
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(50,520)	(48,868)
Repayment of borrowings	22(c)	(442,631)	(306,645)
Proceeds from borrowings	22(c)	500,000	–
Interest paid		(55,575)	(73,774)
Net cash flows used in financing activities		(48,726)	(429,287)
Net increase/(decrease) in cash and bank balances		533,438	(22,117)
Cash and bank balances at beginning of the year		917,355	944,690
Effect of changes in foreign exchange rates on cash and bank balances		4,200	(5,218)
Cash and cash balance at end of the year	12	1,454,993	917,355

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1. Corporate information

With effect from 14 March 2022, the name of the Company was changed from Blumont Group Ltd. to Southern Archipelago Ltd. (the "Company").

The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered office and principal place of business is Apex @ Henderson, 201 Henderson Road, #03-26/27, Singapore 159545.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 18.

The ultimate controlling party of the Group is Mr. Mark Wee Liang Yee.

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

(a) Application of new and revised SFRS(I)s and SFRS(I) INTs

On 1 January 2021, the Group and the Company adopted all the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's and Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
Amendments to SFRS(I) 16 Leases	Covid-19-Related Rent Concession beyond 30 June 2011	1 April 2021
Amendments to SFRS(I) 3	Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
Various	Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022
Amendments to SFRS(I) 1-1	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective (cont’d)

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group’s accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted (cont’d):

		Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1	Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)	1 January 2023
Amendments to SFRS(I) 1-8	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and 1-28	Consolidated Financial Statements and Investments in Associate and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

3. Summary of Significant Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements are presented in Singapore dollars (“S\$”), which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(b) Going Concern Assumption

As at 31 December 2021, the Group and Company is in a net current liability position of S\$1,812,060 and S\$14,728,126 (2020: S\$338,162 and S\$7,747,362) respectively. The Company is in a net liability position of S\$4,610,948 (2020: S\$1,501,220). These conditions may cast significant doubt on the ability of the Group and Company to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, the directors of the Group and Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2021 remains appropriate after taking into account the following factors:

- The Group expects the sterilisation business segment to continue generating positive operating cash flows in the next 12 months from the date of approval of the financial statements;
- The Group has implemented various cost containing measures to generate savings and conserve financial resources such as cost reductions;
- Following shareholders' approval at the EGM held on 14 March 2022, the disposal of land, currently recorded as asset held for sale, is expected to realise cash proceeds of approximately S\$6.47 million (RM 20 million); and
- The Board and the management are currently exploring possible fundraising options to secure financing commitments to allow the Group to have access to additional working capital where required. As announced on 1 October 2021, the Company has proposed a renounceable non-underwritten rights cum warrants issue to raise funds to strengthen the Group's financial position and expand the capital base of the Group.

Management has assessed the cash flow forecasts of the Group for the next 12 months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future. The Board has assessed the ability of the Group to meet its short-term obligations as and when it falls due and is also of the opinion that the Group will be able to raise the necessary funds for its working capital purposes when required.

(c) Group Accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The acquisition method of accounting is used to account for business combinations entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Subsidiaries (cont'd)

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

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

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

Please refer to the paragraph "Investments in subsidiaries and associate" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Associate

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Associate (cont'd)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate equals to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates. If the associates subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss. Please refer to the paragraph "Investments in subsidiaries and associates" for the accounting policy on investments in associates in the separate financial statements of the Company.

(d) Investments in Subsidiaries and Associate

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associate, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Revenue Recognition

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

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(e) Revenue Recognition (cont'd)

(i) Rendering of services

Revenue is recognised when the sterilisation process of customer products is completed. The amount of revenue recognised is based on the pre-negotiated price, which comprises the contractual price, net of any pre-negotiated upfront volume discounts and adjusted for expected returns. The Group recognises the refunds due to expected returns from customers as refund liabilities. The corresponding amounts are adjusted against revenue in the period in which the returns occur. Payment of the transaction price is due within the credit terms given by the Group upon completion of sterilisation of customers' products.

(ii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line method over the lease term as set out in specific rental agreements.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Leases

When the Group is the lessee

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

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(f) Leases (cont'd)

When the Group is the lessee (cont'd)

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "Property and equipment".

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(g) Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("SGD" or "\$"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented in the income statement within "other losses".

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.

(iii) Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing rates at the statement of financial position date;
- Income and expenses are translated at average exchange rate (unless the average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transaction); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Employee Benefits

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

(i) Defined contribution plans

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined benefit plan

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Labour Agreement and Labour Law No. 13/2003 of Indonesia. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related postemployment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period. Past service costs are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(i) Employee Benefits (cont'd)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(j) Income Tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(j) Income Tax (cont'd)

Deferred income tax is measured:

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

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

(k) Property and Equipment

(i) Measurement

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Construction-in-progress are carried at cost less any impairment losses. Depreciation of construction-in-progress, on the same basis as other assets, commences when the assets are ready for their intended use.

Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values (if any) over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(k) Property and Equipment (cont'd)

(ii) Depreciation (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at the statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

The following useful lives are used in the calculation of depreciation:

	<u>Useful lives</u>
Building	20 years
Leasehold property	4 years
Renovations	3 years
Furniture and fittings	5 years
Office, computer and other equipment	3, 5 and 8 years
Cobalt isotope	10 years
Motor vehicles	7 and 8 years

(iii) Subsequent expenditure

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

(iv) Disposal

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

(l) Development Property

Development property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes and land that is held for long-term capital appreciation or for a current indeterminate use), are measured initially at its cost, including transaction costs.

Subsequently to initial recognition, development property is carried at cost less accumulated impairment losses.

Development property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

The carrying value of development property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered. The residual value, useful life and depreciation method are reviewed, and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(l) Development Property (cont'd)

Development property is derecognised when either they have been disposed of or when the development property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of a development property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

(m) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value, using the weighted average method. Inventories comprise materials and supplies to be consumed in the rendering of sterilisation services.

Net realisable value is the estimated selling price of sterilisation services less all estimated costs of completion and cost necessary to make the sale. Allowance for stock obsolescence is made for obsolete or slow moving inventories.

(o) Asset Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell, except for specified assets in SFRS(I) 5 which continue to be measured in accordance with the Group's accounting policies, including deferred tax assets, assets arising from employee benefits, investment property measured at fair value, financial assets within the scope of SFRS(I) 9 and contractual rights under insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(o) Asset Held for Sale (cont'd)

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Non-current assets that cease to be classified as held for sale is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

(p) Financial Assets

(i) Classification and measurement

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

- those to be measured subsequently at fair value through profit or loss (FVPL), and
- those to be measured at amortised cost.

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

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

Initial Recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(p) Financial Assets (cont'd)

(i) Classification and measurement (cont'd)

Subsequent Measurement

(a) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables. Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

FVPL

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

(b) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. Dividends from equity investments are recognised in profit or loss as "dividend income".

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Group determines whether there has been a significant increase in credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(p) Financial Assets (cont'd)

(ii) Impairment (cont'd)

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.

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

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

Offsetting of financial instruments

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

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

(r) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(s) Trade and other payables

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

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

(t) Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

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

- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the Group and the company if any of the following conditions applies:

- i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- iii. both entities are joint ventures of the same third party;
- iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- vi. the entity is controlled or jointly controlled by a person identified in (a);
- vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(u) Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Summary of Significant Accounting Policies (cont'd)

(v) Cash and Cash Equivalents

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

(w) Share Capital

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

(x) Government grants

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

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

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

(a) Critical judgments in applying accounting policies

(i) Impairment of investments in subsidiaries

Investments in subsidiaries (including loans to subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance, financial position and the overall economic environment in which the subsidiaries operate.

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2021 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 18.

(ii) Impairment of investment in an associate

Investment in an associate is tested for impairment whenever there is any objective evidence or indication that the investment may be impaired. The recoverable amount of the investment in an associate is determined based on the higher of fair value less costs of disposal and value in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(a) Critical judgments in applying accounting policies (cont'd)

(iii) Loss allowance for trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 14.

(iv) Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty as at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Defined Benefit Plan

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(i) Defined Benefit Plan (cont'd)

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different. A 1% increase or decrease in the discount rate used in calculating the employee compensation would have no significant impact on the amount recognised by the Group during the financial year. The carrying amount of the Group's defined benefit plan as at 31 December 2021 is disclosed in Note 23.

(ii) Share-based payment transactions

Management engaged an independent professional valuer to perform the valuation and determine the fair value of the Company's share option as at grant date. In determining the fair value, the valuer used an option pricing model which involves certain estimates and assumption. In relying on the valuation, management has exercised its judgement and is satisfied that the valuation method is appropriate and the assumptions used are reasonable.

5. Revenue

	Group	
	2021 S\$	2020 S\$
Revenue from sterilisation services	3,904,220	3,495,382
Rental income	–	3,869
	3,904,220	3,499,251

The Group derives revenue from the transfer of services at a point in time, when the Group satisfies a performance obligation and the customers obtain control of the services.

6. Other (Losses)/Gains – Net

	Group	
	2021 S\$	2020 S\$
Currency exchange (loss)/gain – net	(1,168,518)	256,926
Write-off of property and equipment	–	(2,876)
Loss on disposal of financial assets, at FVPL	(72)	–
Loss on disposal of property and equipment	(1,086)	–
Deposit payable written off (non-trade)	161,950	–
Government grant income		
– Jobs Support Scheme	9,583	44,455
– Wage Credit Scheme	–	1,249
Miscellaneous income	47,848	27,085
	(950,295)	326,839

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. Employee Benefits

	Group	
	2021 S\$	2020 S\$
Short-term employee benefits	1,532,340	1,637,863
Contribution to defined contribution plans	31,648	27,521
Defined benefits plans (<i>Note 23</i>)	199,349	278,023
Share-based payment expense	1,875,876	–
	3,639,213	1,943,407

The share-based payment expense relates to the fair value recognised for employee services received during the year in return for share options granted.

8. Other Expenses

	Group	
	2021 S\$	2020 S\$
Audit fees:		
– auditor of the Company	74,000	55,000
– other auditors	12,879	17,593
Other fees paid/payable to auditor of the Company	126,000	–
Legal, professional and consultancy fees	1,107,462	105,891
Upkeep expenses	119,215	109,413
Directors' fees (<i>Note 29</i>)	100,000	100,000
Travelling expenses	22,194	15,453
Postage and telecommunication expenses	15,348	18,149
Printing and stationery expenses	22,817	50,870
Staff training and welfare expenses	62,797	60,506
Marketing and advertising	1,216	3,659
Provision for withholding tax expense	102,620	94,788
Sundry expenses	55,603	52,343
SGX expenses	43,000	39,225
Others	196,697	152,726
	2,061,848	875,616

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the Audit Committee's opinion, affect their independence.

9. Finance Costs

	Group	
	2021 S\$	2020 S\$
Interest expense		
– loans from bank	50,645	66,878
– loan from a shareholder	158,614	145,367
– lease liabilities (<i>Note 30(c)</i>)	4,930	6,892
– others	–	4
	214,189	219,141

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. Income tax expense

	Group	
	2021 S\$	2020 S\$
Income tax expense comprised:		
Current income tax	436,228	373,430
Deferred tax (<i>Note 24</i>)	(24,902)	57,977
	411,326	431,407
Under provision in prior years:		
Current income tax	–	(7,634)
Deferred tax (<i>Note 24</i>)	27,960	43,966
	27,960	36,332
	439,286	467,739

The reconciliation of the income tax expense and the product of accounting (loss)/profit multiplied by the Singapore statutory income tax rate is as follows:

	Group	
	2021 S\$	2020 S\$
(Loss)/Profit before tax	(4,466,453)	89,355
Tax at the statutory tax rate of 17% (2020: 17%)	(759,297)	15,190
Effect of different tax rates in other countries	81,354	62,380
Tax effect of non-taxable income	(67,898)	(40,999)
Tax effect of non-deductible expenses	1,157,167	363,153
Deferred tax assets not recognised	–	31,683
Under provision of income tax in prior years	27,960	36,332
	439,286	467,739

The income tax rate used for the reconciliation above is the corporate income tax rate of 17% payable by the Company and other Singapore companies of the Group on taxable profits under tax laws in that jurisdiction. The applicable corporate tax rates in Indonesia and Malaysia are 22% (2020: 22%) and 24% (2020: 24%) respectively.

11. Loss per Share

(a) Basic loss per share

Basic loss per share is calculated on the net loss attributable to owners of the Company of S\$4,905,739 (2020: S\$378,384) divided by the weighted average number of ordinary shares of 27,570,762,183 (2020: 27,570,762,183) outstanding during the financial year.

(b) Diluted loss per share

Diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Cash and Bank Balances

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Cash at bank and on hand	1,454,993	917,355	306,225	215,023

13. Other Financial Assets

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Equity investments measured at fair value through profit or loss				
Balance at the beginning of the year	120,259	120,259	120,259	120,259
Disposals	(199)	–	(199)	–
Fair value loss	(120,060)	–	(120,060)	–
Balance at the end of the year	–	120,259	–	120,259

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

14. Trade and Other Receivables

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Trade receivables				
– third parties (a)	293,431	225,272	–	–
Less: Loss allowance	(455)	(463)	–	–
Trade receivables – net	292,976	224,809	–	–
Other receivables				
– third parties (b)	110,651	230,989	–	121,701
– related party (c)	–	185,303	–	185,303
Less: Loss allowance (b)	–	(121,701)	–	(121,701)
Other receivables – net	110,651	294,591	–	185,303
Total trade and other receivables	403,627	519,400	–	185,303

- (a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2020: 30 to 60 days).
- (b) In 2020, the Group and the Company impaired a receivable from a third party, previously included under other receivables – third parties, with a carrying amount of S\$121,701. In the current financial year, this amount has been written off.
- (c) Other receivables from related party relates to reimbursement of expenses from shareholder.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. Trade and Other Receivables (cont'd)

The movements in credit loss allowance for impairment of trade and other receivables during the year are as follows:

	Group	
	2021 S\$	2020 S\$
<i>Trade receivables</i>		
Balance as at the beginning of the year	463	317
Loss allowance recognised in profit or loss during the year	–	461
Write-off	–	(317)
Currency translation differences	(8)	2
Balance as at end of the year	455	463
<i>Other receivables</i>		
Balance as at the beginning of the year	121,701	121,701
Write-off	(121,701)	–
Balance as at end of the year	–	121,701

	Company	
	2021 S\$	2020 S\$
<i>Other receivables</i>		
Balance as at the beginning of the year	121,701	121,701
Write-off	(121,701)	–
Balance as at end of the year	–	121,701

15. Other Assets

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Inventories	1,061	1,054	–	–
Deposits	19,929	210,936	17,610	208,650
Prepayments	229,952	32,805	5,569	7,787
Total other assets	250,942	244,795	23,179	216,437
Classified as:				
Current	250,942	44,795	23,179	16,437
Non-current	–	200,000	–	200,000
Total other assets	250,942	244,795	23,179	216,437

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S\$45,065 (2020: S\$54,884) during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Development Property

	Group	
	2021 S\$	2020 S\$
Balance at the beginning of the year	4,578,950	4,576,173
Transfer to asset held for sale (<i>Note 17</i>)	(4,499,715)	–
Currency exchange difference	(79,235)	2,777
Balance at the end of the year - property for development representing leasehold land, at cost	–	4,578,950

Details of the Group's development property are as follows:

Description and Location	Usage	Tenure, (unexpired terms) and Land Area (square metre)	Stage of Completion and (Expected Year of Completion)	Effective Interest in Property	Net Book Value	
					2021 S\$	2020 S\$
				%		
Leasehold land Malaysia Title No. PN 12245, Lot No. 1719, Section 13, Town of Shah Alam, District of Petaling, Selangor.	Commercial	Leasehold, (80 years) 7,863 sq. metre	–	100	–	4,578,950

The Group had entered into a sales and purchase agreement with third party to dispose the abovementioned land which was approved at the extraordinary general meeting ("EGM") which convened on 14 March 2022. Accordingly, the carrying amount of S\$4.5 million was reclassified from development property to asset held for sale.

17. Asset Held for Sale

	Group	
	2021 S\$	2020 S\$
Development property		
Balance at the beginning of the year	–	–
Transfer from development property (<i>Note 16</i>)	4,499,715	–
Balance at end of the year	4,499,715	–

On 15 September 2021, the Group entered into a sales and purchase agreement for the disposal of the Shah Alam land for a total cash consideration of RM20 million (approximately S\$6.47 million). The sale was not concluded as at 31 December 2021. Accordingly, the development property was reclassified to asset held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary

	Company	
	2021 S\$	2020 S\$
Investments in subsidiaries (a)	146,918	104,456
Less: Allowance for impairment loss	(38,749)	–
	108,169	104,456
Loans to subsidiaries (b)	10,705,063	13,588,811
Less: Allowance for impairment loss	(748,610)	(2,855,590)
	9,956,453	10,733,221
Loan from a subsidiary (c)	(5,590,000)	(5,590,000)

(a) Investments in subsidiaries

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows:

	Company	
	2021 S\$	2020 S\$
<i>Unquoted equity shares, at cost</i>		
Balance at the beginning of the year	104,456	104,456
Addition during the year (i)	10,000	–
	114,456	104,456
Equity contribution from share-based transaction	32,462	–
Balance at the end of the year	146,918	104,456
<i>Allowance for impairment loss</i>		
Balance at the beginning of the year	–	–
Impairment recognised during the year	38,749	–
Balance at the end of the year	38,749	–
Carrying amounts of investments in subsidiaries	108,169	104,456

- (i) During the year, the Company incorporated a wholly owned subsidiary, SAL Resorts & Development Pte. Ltd., which is an investment holding company for a paid-up share capital of S\$10,000.

(b) Loans to subsidiaries

As at 31 December 2021, the loans to subsidiaries consist of interest-free loan receivables of S\$10,705,063 (2020: S\$13,588,811).

The loans receivables are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Investments in Subsidiaries/Loans to Subsidiaries/Loan from Subsidiary (cont'd)

(b) Loans to subsidiaries (cont'd)

Movements in the allowance for impairment loss of loans to subsidiaries during the financial year are as follows:

	Company	
	2021 S\$	2020 S\$
Balance at the beginning of the year	2,855,590	2,840,515
(Write-back of)/Allowance for impairment during the year	(736,403)	15,075
Written off during the year	(1,370,577)	–
Balance at the end of the year	748,610	2,855,590

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at between 9% and 10% (2020: between 9% and 10%) per annum and is repayable on demand or when the cashflow permits (repayment term) and the interest will continue to accrue until repayment of the respective principal is made.

(d) Details of the Group's subsidiaries are as follows:

Name of companies		Effective equity held by the Group	
Country of business/incorporation	Principal activities	2021 %	2020 %
<u>Held by the Company</u>			
Adroit Innovations Investment Pte. Ltd. ^(a) Singapore	Investment holding	100	100
Tria Holdings Pte. Ltd. ^(a) Singapore	Investment holding	100	100
Asphere Holdings Pte. Ltd. ^(a) Singapore	Investment holding	100	100
<u>Held by the Company</u>			
Raintree Rock Sdn. Bhd. ^(b) Malaysia	Investment holding	100	100
SAL Resorts & Development Pte. Ltd. ^(e) Singapore	Investment holding	100	—
<u>Held by Adroit Innovations Investment Pte. Ltd.</u>			
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation and polymerisation services	77.71	77.71

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Investments in Subsidiaries/Loans to Subsidiaries/Loan from Subsidiary (cont'd)

(d) Details of the Group's subsidiaries are as follows: (cont'd)

Name of companies Country of business/incorporation	Principal activities	Effective equity held by the Group	
		2021 %	2020 %
<u>Held by Tria Holdings Pte. Ltd.</u> Trackplus Sdn. Bhd. ^(b) Malaysia	Property development	65	65
Solid Base Limited ^(d) Seychelles	Investment holding	100	100
<u>Held by Solid Base Limited</u> Trackplus Sdn. Bhd. ^(b) Malaysia	Property development	35	35
<u>Held by Asphere Holdings Pte. Ltd.</u> Gemisuria Corporation Sdn. Bhd. ^(b) Malaysia	Property development	100	100
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation and polymerisation services	22.29	22.29

(a) Audited by PKF, Singapore.

(b) Audited by PKF, Malaysia.

(c) Audited by PKF, Indonesia (Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, Indonesia.)

(d) No audit requirement in the country of incorporation.

(e) Incorporated during the year.

19. Investment in Associate

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Balance at the beginning of the year	—	—	—	—
Addition during the year	729,000	—	729,000	—
Share of loss of associate	(39,423)	—	—	—
Balance at end of the year	689,577	—	729,000	—
Less: Allowance for impairment loss	(689,577)	—	(729,000)	—
	—	—	—	—

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investment in Associate (cont'd)

On 1 April 2021, the Company completed the acquisition of 27% interest in Labrador Hill Pte Ltd, which manages a hotel and food and beverage operation. As at 31 December 2020, the Company has paid a deposit of S\$200,000 for the acquisition recognised as "Other assets". As at 31 December 2021, the Company has paid S\$398,194 and S\$130,806 remains outstanding recognised under "Trade and other payables".

Details of the Group's associate is as follows:

Name of entity Country of business/incorporation	Principal activities	Effective equity held by the Group	
		2021 %	2020 %
Labrador Hill Pte. Ltd. ^(a) Singapore	Hoteliers and restaurateurs	27	—

(a) Audited by Stone Ray and Associates

As at 31 December 2021, the recoverable amount of the associate was determined to be nil on the basis that the associate is in a net liability position. Consequently, the Group and the Company fully impaired its investment in an associate as at 31 December 2021.

There are no contingent liabilities relating to the Group's interest in the associate.

Summarised financial information in respect of the Group's investment in an associate is set out below.

Summarised statement of financial position:

	Group 2021 S\$
Current assets	1,091,455
Non-current assets	2,803,594
	<u>3,895,049</u>
Current liabilities	<u>(7,197,547)</u>
Net liabilities	<u>(3,302,948)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investment in Associate (cont'd)

Summarised statement of comprehensive income:

	Group 2021 S\$
Revenue	3,315,913
Loss for the year	(286,991)
Other comprehensive loss	-
Total comprehensive loss	<u>(286,991)</u>

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts).

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

	Group 2021 S\$
Net liabilities as at 31 December	(3,302,948)
Proportion of the Group's ownership	27.00%
Group's share of net liabilities	-
Carrying amount of the investment in associate	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Property and Equipment

Group 2021 Cost	Freehold land S\$	Building S\$	Leasehold property S\$	Renovations S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Cobalt isotope S\$	Motor vehicles S\$	Construction in-progress S\$	Total S\$
At 1 January	803,172	1,717,859	225,527	67,563	3,700	1,733,926	3,690,881	620,088	98,805	8,961,521
Additions	-	46,834	-	-	-	41,978	-	37,643	32,815	159,270
Disposal/Write-off	-	-	-	-	-	(52,829)	-	(22,318)	-	(75,147)
Transfer	-	112,507	-	-	-	-	-	-	(112,507)	-
Currency translation differences	4,951	12,159	-	-	-	10,473	22,749	3,973	(177)	54,128
At 31 December	808,123	1,889,359	225,527	67,563	3,700	1,733,548	3,713,630	639,386	18,936	9,099,772
Accumulated depreciation										
At 1 January	-	580,312	129,401	67,563	3,700	1,238,885	2,276,400	419,647	-	4,715,908
Depreciation during the year	-	88,327	44,366	-	-	120,638	297,772	63,927	-	615,030
Disposal/Write-off	-	-	-	-	-	(52,829)	-	(6,742)	-	(59,571)
Currency translation differences	-	4,448	-	-	-	8,391	16,966	3,150	-	32,955
At 31 December	-	673,087	173,767	67,563	3,700	1,315,085	2,591,138	479,982	-	5,304,322
Net carrying amount										
At 31 December	808,123	1,216,272	51,760	-	-	418,463	1,122,492	159,404	18,936	3,795,450

As at 31 December 2021, the Group's loans from bank are secured by the Group's freehold land and building, which have a carrying amount of S\$2,024,395 (2020: S\$1,940,719).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Property and Equipment (cont'd)

	Freehold land S\$	Building S\$	Leasehold property S\$	Renovations S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Cobalt isotope S\$	Motor vehicles S\$	Construction in-progress S\$	Total S\$
Group										
2020										
<u>Cost</u>										
At 1 January	828,010	1,770,984	225,527	67,563	3,700	1,733,019	3,805,020	639,263	–	9,073,086
Additions	–	–	–	–	–	63,803	–	–	99,185	162,988
Write-off	–	–	–	–	–	(12,672)	–	–	–	(12,672)
Currency translation differences	(24,838)	(53,125)	–	–	–	(50,224)	(114,139)	(19,175)	(380)	(261,881)
At 31 December	803,172	1,717,859	225,527	67,563	3,700	1,733,926	3,690,881	620,088	98,805	8,961,521
<u>Accumulated depreciation</u>										
At 1 January	–	509,711	85,035	63,445	3,700	1,147,119	2,025,558	365,094	–	4,199,662
Depreciation during the year	–	86,223	44,366	4,118	–	134,658	312,802	65,756	–	647,923
Write-off	–	–	–	–	–	(9,796)	–	–	–	(9,796)
Currency translation differences	–	(15,622)	–	–	–	(33,096)	(61,960)	(11,203)	–	(121,881)
At 31 December	–	580,312	129,401	67,563	3,700	1,238,885	2,276,400	419,647	–	4,715,908
<u>Net carrying amount</u>										
At 31 December	803,172	1,137,547	96,126	–	–	495,041	1,414,481	200,441	98,805	4,245,613

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Property and Equipment (cont'd)

	Renovations S\$	Leasehold property S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Total S\$
Company					
2021					
<u>Cost</u>					
At 1 January	67,563	225,527	3,700	65,219	362,009
Additions	–	–	–	22,911	22,911
Write-off	–	–	–	(52,829)	(52,829)
At 31 December	67,563	225,527	3,700	35,301	332,091
<u>Accumulated depreciation</u>					
At 1 January	67,563	129,401	3,700	64,297	264,961
Depreciation during the year	–	44,366	–	3,807	48,173
Write-off	–	–	–	(52,829)	(52,829)
At 31 December	67,563	173,767	3,700	15,275	260,305
<u>Net carrying amount</u>					
At 31 December	–	51,760	–	20,026	71,786
2020					
<u>Cost</u>					
At 1 January & 31 December	67,563	225,527	3,700	65,219	362,009
<u>Accumulated depreciation</u>					
At 1 January	63,445	85,035	3,700	58,966	211,146
Depreciation during the year	4,118	44,366	–	5,331	53,815
At 31 December	67,563	129,401	3,700	64,297	264,961
<u>Net carrying amount</u>					
At 31 December	–	96,126	–	922	97,048

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. Trade and Other Payables

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<u>Current</u>				
Other payables (a)	947,962	624,424	947,962	624,424
Amounts due to directors (b)	8,250	50,000	8,250	50,000
Deposit payable (c)	647,400	164,700	–	–
Interest payable (d)	623,588	464,974	2,422,349	1,750,635
Accrued operating expenses	802,642	251,013	703,371	220,993
Total trade and other payables	3,029,842	1,555,111	4,081,932	2,646,052

- (a) The Group's other payables include professional fees and general legal advice of S\$813,909 (2020: S\$620,509).
- (b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.
- (c) The deposit received from a third party was in relation to the sales and purchase agreement entered for the sale of the Group's leasehold land in Malaysia.
- (d) Interest payable relates to loan from shareholders and loan from subsidiary.

22. Borrowings

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<u>Current</u>				
Loans from bank (a)	177,763	499,702	–	–
Loan from shareholder (b)	5,332,335	–	5,332,335	–
	5,510,098	499,702	5,332,335	–
<u>Non-current</u>				
Loans from bank (a)	–	121,228	–	–
Loan from shareholder (b)	–	4,832,335	–	4,832,335
	–	4,953,563	–	4,832,335
Total borrowings	5,510,098	5,453,265	5,332,335	4,832,335

- (a) Loans from bank are secured over the Group's freehold land and building (Note 20). The loans from bank bear an interest between 10% and 11% (2020: between 10% and 11%) per annum. The loans will mature in June 2022.
- (b) Loans from shareholders are unsecured and bear interest between 3% and 4% (2020: 3%) per annum. During the year, the Company obtained additional loan from its major shareholder amounting to S\$500,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. Borrowings (cont'd)

- (c) The reconciliation of movements of the Group's liabilities to the Group's cash flows arising from financing activities is presented below:

	Cash flows			Non-cash changes			
	At 1 January S\$	Proceeds S\$	Repayments S\$	Accretion of interest S\$	Addition during the year S\$	Foreign Exchange Difference S\$	At 31 December S\$
2021							
Loans from bank	620,930	–	(442,631)	–	–	(536)	177,763
Loan from shareholders	4,832,335	500,000	–	–	–	–	5,332,335
Lease liabilities (Note 30)	104,580	–	(55,450)	4,930	18,433	–	72,493
	5,557,845	500,000	(498,081)	4,930	18,433	(536)	5,582,591
2020							
Loans from bank	955,049	–	(306,645)	–	–	(27,474)	620,930
Loan from shareholders	4,832,335	–	–	–	–	–	4,832,335
Lease liabilities (Note 30)	153,448	–	(55,760)	6,892	–	–	104,580
	5,940,832	–	(362,405)	6,892	–	(27,474)	5,557,845

23. Defined Benefit Plan

	Group	
	2021 S\$	2020 S\$
Present value of unfunded obligations	993,835	971,425

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group	
	2021 S\$	2020 S\$
Defined benefit obligations at the beginning of the year	971,425	1,252,968
Benefits paid by the plan	(93,275)	(586,186)
Current service costs	104,854	92,841
Excess of benefit paid	31,791	110,742
Interest on obligations	62,051	72,569
Actuarial (gain)/loss	(90,722)	65,522
Deferred tax expense (Note 24)	19,958	(10,926)
Actuarial (gain)/loss recognised in other comprehensive income	(70,764)	54,596
Currency translation differences	(12,247)	(26,105)
Defined benefit obligations at the end of the year	993,835	971,425

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. Defined Benefit Plan (cont'd)

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2021 S\$	2020 S\$
Current service costs	104,854	92,841
Interest on obligations	62,051	72,569
Amortisation of past services cost – non vested	653	1,871
Excess of benefit paid	31,791	110,742
Total included in "Employee Benefits" (Note 7)	199,349	278,023

Principal actuarial assumptions at the end of the financial year are as follows:

	Group 2021 and 2020
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2019 (2020: TMI 2019)
Discount rate	7.1% (2020: 6.65%)
Future salary increases	10%
Disability rate	1% from TMI 2019 (2020: 1% from TMI 2019)
Resignation rate	3% per annum up to age 25 years old, decrease linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

24. Deferred Taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2021 S\$	2020 S\$
To be settled after one year – Deferred tax assets	(256,117)	(277,649)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. Deferred Taxes (cont'd)

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

	Group	
	2021 S\$	2020 S\$
Balance at the beginning of the year	(277,649)	(379,708)
Tax credited to:		
– profit or loss (<i>Note 10</i>)	3,058	101,943
– other comprehensive income (<i>Note 23</i>)	19,958	(10,926)
	23,016	91,017
Currency translation differences	(1,484)	11,042
Balance at the end of the year	(256,117)	(277,649)

Deferred tax assets are recognised for employee benefit provision and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable.

The Group and the Company had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Capital allowances	73,282	74,573	–	–
Tax losses	32,784,934	32,822,644	31,557,393	31,557,393
	32,858,216	32,897,217	31,557,393	31,557,393

The tax losses have no expiry date. The Group's and the Company's deferred tax benefits arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements as the Group and the Company have assessed that it is not probable that taxable profits will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised.

25. Share Capital

	Group and Company			
	2021		2020	
	Number of ordinary shares	S\$	Number of ordinary shares	S\$
<i>Ordinary shares issued and fully paid</i>				
Balance at the beginning and end of the year	27,570,762,183	127,338,850	27,570,762,183	127,338,850

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. Share Capital (cont'd)

(a) Share options

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

Under the Blumont ESOS 2013, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary for group employees such as executive directors and staffs. Discount Price Options may be exercised from the 2nd anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary for group employees such as executive directors and staffs.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

Particulars of the Blumont ESOS 2013 and the options granted in 2021 under the Blumont ESOS 2013 are set out under "Share Options" of this Directors' Report.

As at 31 December 2021, the total number of shares under Options granted is 1,160,000,00 which 580,000,000 were granted as Market Price Options of S\$0.004 per ordinary share and 580,000,000 were granted as Discounted Options of S\$0.0032 per ordinary share.

Movements in the number of share options and their exercise prices are as follows:

	Company	
	Weighted average exercise price	No. of options
	As at 31 Dec 2021	As at 31 Dec 2021
	S\$	'000
Outstanding at the beginning of the year	—	—
Granted during the year	0.0036	1,160,000
Outstanding at the end of the year	0.0036	1,160,000

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. Share Capital (cont'd)

(a) Share options (cont'd)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (cont'd)

Date of grant of options	Group 17 June 2021
Fair value of share options and assumptions	
Fair value at measurement date	S\$0.0039 – S\$0.0040
Share price	S\$0.0040
Exercise price	S\$0.0032 – S\$0.0040
Expected volatility	258.6% – 274.5%
Expected option life	3.0 – 6.0 years
Expected dividend yield	0.0%
Exercise period	17/06/2022 – 16/06/2031
Risk-free interest rate	0.74% – 1.06%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Blumont Performance Share Plan (the "Blumont PSP")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. Share Capital (cont'd)

(b) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

The Group and the Company are not subject to externally imposed capital requirements.

The net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Net debt	8,151,275	7,167,026	14,770,535	12,957,944
Total equity	1,226,442	2,982,814	(4,610,948)	(1,501,220)
Adjusted capital	9,377,717	10,149,840	10,159,587	11,456,724
Net debt-to-adjusted capital ratio	86.9%	70.6%	145.4%	113.1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. Reserves

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
(a) Composition:				
Currency translation reserve (i)	(4,119,461)	(5,829,841)	—	—
Other reserves (ii)	1,734,998	1,734,998	—	—
Share option reserve (iii)	1,875,876	—	1,875,876	—
	(508,587)	(4,094,843)	1,875,876	—

(i) Currency translation reserve

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

(ii) Other reserves

The other reserves represent the effects of changes in ownership interests in subsidiaries.

(iii) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire or are forfeited, the amount from the share option reserve is transferred to retained earnings.

27. Financial Risk Management

The Group's and the Company's activities is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's and the Company's business. The Group's and the Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. Risk management is carried out by the Group's executive management.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group and the Company operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah ("IDR"), Malaysian Ringgit ("RM"), United States Dollar ("USD") and Australian Dollar ("AUD"). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

The Group and the Company has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's and the Company's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group and the Company does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group and the Company, primarily in Singapore Dollar, IDR, RM, USD and AUD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group and the Company monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

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

	Singapore Dollar S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	Australian Dollar S\$	United States Dollar S\$	Total Dollar S\$
2021						
Group						
Trade and other receivables	–	403,375	252	–	–	403,627
Cash and cash equivalents	314,864	1,019,009	119,276	–	1,844	1,454,993
Trade and other payables	(2,276,305)	(25,887)	(709,385)	(4,748)	(13,517)	(3,029,842)
Borrowings	(5,332,335)	(177,763)	–	–	–	(5,510,098)
Lease liabilities	(72,493)	–	–	–	–	(72,493)
Net financial (liabilities)/ assets	(7,366,269)	1,218,734	(589,857)	(4,748)	(11,673)	(6,753,813)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	7,375,749	(1,218,734)	589,857	–	–	6,746,872
Currency exposure	9,480	–	–	(4,748)	(11,673)	(6,941)
Company						
Cash and cash equivalents	306,225	–	–	–	–	306,225
Other asset (deposits)	17,610	–	–	–	–	17,610
Loans to subsidiaries	9,956,454	–	–	–	–	9,956,454
Loan from a subsidiary	(5,590,000)	–	–	–	–	(5,590,000)
Borrowings	(5,332,335)	–	–	–	–	(5,332,335)
Trade and other payables	(4,063,781)	–	–	(4,748)	(13,517)	(4,082,046)
Lease liabilities	(72,493)	–	–	–	–	(72,493)
Net financial liabilities	(4,778,320)	–	–	(4,748)	(13,517)	(4,796,585)
Less: Net financial liabilities denominated in the Company's functional currency	4,778,320	–	–	–	–	4,778,320
Currency exposure	–	–	–	(4,748)	(13,517)	(18,265)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

	Singapore Dollar S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	Australian Dollar S\$	United States Dollar S\$	Total Dollar S\$
2020						
Group						
Trade and other receivables	185,303	333,841	256	–	–	519,400
Cash and cash equivalents	222,817	169,327	523,319	–	1,892	917,355
Other financial assets	120,060	–	–	199	–	120,259
Trade and other payables	(1,347,640)	(16,089)	(173,231)	(4,930)	(13,221)	(1,555,111)
Borrowings	(4,832,335)	(620,930)	–	–	–	(5,453,265)
Lease liabilities	(104,580)	–	–	–	–	(104,580)
Net financial (liabilities)/ assets	(5,756,375)	(133,851)	350,344	(4,731)	(11,329)	(5,555,942)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	5,764,165	133,851	(350,344)	–	–	5,547,672
Currency exposure	7,790	–	–	(4,731)	(11,329)	(8,270)
Company						
Trade and other receivables	185,303	–	–	–	–	185,303
Cash and cash equivalents	215,023	–	–	–	–	215,023
Other assets (deposits)	208,650	–	–	–	–	208,650
Loans to subsidiaries	10,733,221	–	–	–	–	10,733,221
Other financial assets	120,060	–	–	199	–	120,259
Loan from a subsidiary	(5,590,000)	–	–	–	–	(5,590,000)
Borrowings	(4,832,335)	–	–	–	–	(4,832,335)
Trade and other payables	(2,627,901)	–	–	(4,930)	(13,221)	(2,646,052)
Lease liabilities	(104,580)	–	–	–	–	(104,580)
Net financial liabilities	(1,692,559)	–	–	(4,731)	(13,221)	(1,710,511)
Less: Net financial liabilities denominated in the Company's functional currency	1,692,559	–	–	–	–	1,692,559
Currency exposure	–	–	–	(4,731)	(13,221)	(17,952)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) *Currency risk (cont'd)*

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the reporting date would not have a significant impact to the Group and the Company.

(ii) *Price risk*

The Group and the Company is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss. However, the exposure is not significant to the Group and the Company.

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company has no significant interest-bearing assets and liabilities at variable rates, the Group and the Company income is substantially independent of changes in market interest rates.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company, and arises principally from the Group's and the Company's trade and other receivables and cash and bank balances.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. For trade and other receivables, the Group and the Company has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

(i) *Trade receivables*

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

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

(i) Trade receivables (cont'd)

The maximum exposure to credit risk for trade receivables as at the reporting date by geographic region is as follows:

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Singapore	–	185,303	–	185,303
Malaysia	252	256	–	–
Indonesia	403,375	333,841	–	–
	403,627	519,400	–	185,303

The trade receivables of the Group comprised 9 individual debtors (2020: 7 individual debtors) that aggregate represent 53% (2020: 54%) of trade and other receivables.

(ii) Cash and bank balances

The Group and the Company held cash and bank balances with banks with good credit ratings.

The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

The Group and the Company monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund-raising exercise will be considered through right issues and private placements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(c) Liquidity Risk (cont'd)

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

	Carrying amounts S\$	Contractual amounts S\$	< 1 year S\$	1 – 5 years S\$
Group				
<u>2021</u>				
Trade and other payables	3,029,842	3,029,842	3,029,842	–
Borrowings	5,510,098	5,665,475	5,665,475	–
Lease liabilities	72,493	76,250	55,800	20,450
	8,612,433	8,771,567	8,751,117	20,450
<u>2020</u>				
Trade and other payables	1,555,111	1,555,111	1,555,111	–
Borrowings	5,453,265	5,789,463	686,904	5,102,559
Lease liabilities	104,580	110,700	52,650	58,050
	7,112,956	7,455,274	2,294,665	5,160,609
Company				
<u>2021</u>				
Trade and other payables	4,081,932	4,081,932	4,081,932	–
Borrowings	5,332,335	5,483,661	5,483,661	–
Loan from a subsidiary	5,590,000	5,590,000	5,590,000	–
Lease liabilities	72,493	76,250	55,800	20,450
	15,076,760	15,231,843	15,211,393	20,450
<u>2020</u>				
Trade and other payables	2,646,052	2,646,052	2,646,052	–
Borrowings	4,832,335	5,122,275	144,970	4,977,305
Loan from a subsidiary	5,590,000	5,590,000	5,590,000	–
Lease liabilities	104,580	110,700	52,650	58,050
	13,172,967	13,469,027	8,433,672	5,035,355

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Financial Risk Management (cont'd)

(d) Fair Value Measurement

The Group and the Company categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's and the Company's assets and liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Group and Company				
2021				
Financial assets at fair value through profit or loss				
– Equity securities	–	–	–	–
2020				
Financial assets at fair value through profit or loss				
– Equity securities	120,259	–	–	120,259

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These financial instruments are included in Level 1.

(e) Fair Value Measurement

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

(ii) Other financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. Financial Instruments by Category

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

	Group		Company	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	1,454,993	917,355	306,225	215,023
Trade and other receivables	403,627	519,400	–	185,303
Other assets	19,929	210,936	17,610	208,650
	1,878,549	1,647,691	323,835	608,976
<u>Fair value through profit or loss</u>				
Other financial assets	–	120,259	–	120,259
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	3,029,842	1,555,111	4,081,932	2,646,052
Borrowings	5,510,098	5,453,265	5,332,335	4,832,335
Loan from a subsidiary	–	–	5,590,000	5,590,000
Lease liabilities	72,493	104,580	72,493	104,580
	8,612,433	7,112,956	15,076,760	13,172,967

29. Related Party Transactions

There are no other related party transactions other than as disclosed elsewhere in the financial statements and below.

Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

	Group	
	2021 S\$	2020 S\$
Directors' fees	100,000	100,000
Short-term employee benefits	503,434	562,139
Defined benefits plans	–	5,940
Share-based payment expense	932,848	–
	1,536,282	668,079
<i>Comprised:</i>		
Directors of the Company	1,234,786	426,125
Directors of the Group's subsidiaries	301,496	241,954
	1,536,282	668,079

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. Lease Liabilities

	Group and Company	
	2021	2020
	S\$	S\$
<u>Current</u>		
Buildings	49,835	47,291
Office equipment	3,428	1,041
	53,263	48,332
<u>Non-current</u>		
Buildings	6,413	56,248
Office equipment	12,817	–
	19,230	56,248
Total lease liabilities	72,493	104,580

The Group as lessee

(a) Nature of the Group's leasing activities

The Group has entered into leases of its office premise and office equipment. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition.

(b) Carrying amount of right-of-use assets classified within Property and Equipment

	Group and Company	
	2021	2020
	S\$	S\$
Building	51,760	96,126
Office equipment	15,976	922
	67,736	97,048

(c) Amounts recognised in profit or loss

	2021	2020
	S\$	S\$
Depreciation charged for the year:		
– Building	44,366	44,366
– Office equipment	2,458	3,686
Interest on lease liabilities (<i>Note 9</i>)	4,930	6,892

(d) Other disclosures

	2021	2020
	S\$	S\$
Total cash outflow for leases	37,017	55,760

Addition of Right-of-use assets during the year was S\$18,433 (2020: Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. Lease Liabilities (cont'd)

- (e) Future cash outflow which are not capitalised in lease liabilities

The lease of office premise contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise this extension option. The Group negotiates extension option to optimise operational flexibility in terms of managing the asset used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

31. Commitments

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

32. Operating Segments

The Executive Directors ("EDs") are the Group's chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the EDs that are used to make strategic decisions, allocate resources and assess performance. The Group's reportable segments are as follows:

- Investment holding – investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation – providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property – development of property for sale, long-term holding of property for rental and related income.
- Hospitality and wellness – provision of hotel management and wellness services

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Operating Segments (cont'd)

Information about reportable segments

Group	Investment holding S\$	Sterilisation S\$	Property S\$	Hospitality and wellness S\$	Total S\$
2021					
External revenues	–	3,904,220	–	–	3,904,220
Segment results	(5,127,788)	2,328,937	7,085	(435)	(2,792,201)
Interest income	1	4,026	–	–	4,027
Finance costs	(163,544)	(50,645)	–	–	(214,189)
Depreciation	(48,173)	(566,857)	–	–	(615,030)
Fair value loss on financial assets, at FVPL	(120,060)	–	–	–	(120,060)
Impairment loss on investment in associate	(689,577)	–	–	–	(689,577)
Share of loss of associate	–	–	–	(39,423)	(39,423)
Reportable segment (loss)/ profit before income tax	(6,149,141)	1,715,461	7,085	(39,858)	(4,466,453)
Other material items					
Capital expenditure – property and equipment	22,911	136,359	–	–	159,270
Segment assets	433,656	5,328,475	4,813,462	1,000	10,576,593
Unallocated assets – deferred tax assets					256,117
Consolidated total assets					10,832,710
Segment liabilities	7,699,398	1,197,485	709,385	–	9,606,268
Consolidated total liabilities					9,606,268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Operating Segments (cont'd)

Information about reportable segments (cont'd)

	Investment holding S\$	Sterilisation S\$	Property S\$	Total S\$
Group				
2020				
External revenues	–	3,495,382	3,869	3,499,251
Segment results	(976,723)	1,962,749	(34,304)	951,722
Interest income	2	4,695	–	4,697
Finance costs	(152,259)	(66,878)	(4)	(219,141)
Depreciation	(53,815)	(594,108)	–	(647,923)
Reportable segment (loss)/profit before income tax	(1,182,795)	1,306,458	(34,308)	89,355
Other material items				
Capital expenditure				
– property and equipment	–	162,988	–	162,988
Segment assets	834,074	4,852,947	5,102,525	10,789,546
Unallocated assets – deferred tax assets				277,649
Consolidated total assets				11,067,195
Segment liabilities	6,302,705	1,608,445	173,231	8,084,381
Consolidated total liabilities				8,084,381

Geographical segments

The Group's four business segments operate in three main geographical areas – Singapore (country of domicile), Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Operating Segments (cont'd)

Geographical information

	External revenues S\$	Non-current assets* S\$
Group		
2021		
Singapore	–	71,786
Indonesia	3,904,220	3,723,664
	3,904,220	3,795,450
2020		
Singapore	–	297,048
Malaysia	3,869	4,578,950
Indonesia	3,495,382	4,148,565
	3,499,251	9,024,563

* Non-current assets exclude deferred tax assets.

Information about major customers

Included in revenue arising from sterilisation services are revenues of approximately S\$1.47 million (2020: S\$1.04 million) which arose from sales to the Group's nine (2020: four) largest customers.

33. Events after reporting period

Change of name of the Company

Subsequent to the year end, the proposed change of name of the Company was approved by shareholders of the Company via a special resolution at the extraordinary general meeting ("EGM") held on 14 March 2022.

Following the aforesaid approval by shareholders of the Company, the Company has on 14 March 2022 lodged the requisite notification with the Accounting and Corporate Regulatory Authority ("ACRA"), and been notified by ACRA that the name of the Company has been successfully changed from "Blumont Group Ltd." to "Southern Archipelago Ltd." with effect from 14 March 2022.

Sale of asset

At the same EGM held on 14 March 2022, shareholders of the Company have approved the proposed sale of the Shah Alam land, which was classified as asset held for sale at financial year end (Note 17), for a total cash consideration of RM20 million (approximately S\$6.47 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. Events after reporting period (cont'd)

Proposed Acquisition

As announced on 1 October 2021, share sale agreements were entered between the Company and the relevant vendors (collectively, "Parties") for the proposed acquisition of (i) 100% of the issued and paid-up share capital in Mendol Investments Pte. Ltd. and Hinako Investments Pte. Ltd. and (ii) 60% of the issued and paid-up share capital in Prime Holdings Pte. Ltd., Enggano Investments Pte. Ltd. and Mesawak Investments Pte. Ltd., for an aggregate consideration of S\$78,363,393 ("SPA").

On 31 March 2022, the Company has entered into first supplemental agreements to the SPAs ("First Supplemental Agreements") with the vendors whereby the Parties have agreed to extend the Cut-Off Date for the fulfilment of the conditions precedent set out in the SPAs by three (3) months from 31 March 2022 to 30 June 2022 (or such later date as the Parties may mutually agree in writing). Save as expressly provided for in the First Supplemental Agreements, the other clauses in the SPAs remain unchanged.

Impact of COVID-19

In March 2020, the World Health Organisation declared the Coronavirus Disease (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economy and this has impacted the Group's operations and its financial performance.

As the situation evolves, the directors and management do not consider it practicable to provide a quantitative estimate of the potential impact of the outbreak on the Group's subsequent financial statements. Notwithstanding this, the directors and management have assessed that the Group and Company will still be able to maintain sufficient liquidity at least for the next 12 months from the date of authorisation of these financial statements.

34. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors of Southern Archipelago Ltd. on 31 March 2022.



STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

Issued share capital	:	S\$127,338,850
Class of shares	:	Ordinary shares
Number of shares	:	27,570,762,183
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting Rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders %	No. of Shares Held	Percentage of Shares Held %
1 – 99	56	1.00	615	0.00
100 – 1,000	383	6.82	354,936	0.00
1,001 – 10,000	1,017	18.10	6,502,264	0.02
10,001 – 1,000,000	3,693	65.73	735,727,329	2.67
1,000,001 and above	469	8.35	26,828,177,039	97.31
Total	5,618	100.00	27,570,762,183	100.00

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. of Shares	(%)
Mark Wee Liang Yee	14,162,024,558	51.37	–	–
Ultimate Horizon Pte. Ltd.	8,131,184,204	29.49	–	–
Mezzanotte Capital Pte Ltd ⁽¹⁾	–	–	8,131,184,204	29.49
Lee Teck Yuen ⁽¹⁾	–	–	8,131,184,204	29.49

(1) Mezzanotte Capital Pte Ltd and Mr Lee Teck Yuen are deemed interested in the shares of the Company held through Ultimate Horizon Pte Ltd as Ultimate Horizon Pte Ltd is wholly owned by Mezzanotte Capital Pte Ltd, which is wholly owned by Mr Lee Teck Yuen.

PUBLIC FLOAT

Based on information available to the Company as at 29 March 2022, approximately 18.96% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	Percentage %
1	Citibank Nominees Singapore Pte Ltd	22,285,351,655	80.83
2	DBS Nominees Pte Ltd	411,448,708	1.49
3	Phillip Securities Pte Ltd	383,618,314	1.39
4	UOB Kay Hian Pte Ltd	351,520,308	1.28
5	Ho Beng Siang	312,300,000	1.13
6	OCBC Securities Private Ltd	304,001,098	1.1
7	CGS-CIMB Securities (Singapore) Pte Ltd	222,551,499	0.81
8	HSBC (Singapore) Nominees Pte Ltd	178,482,700	0.65
9	ABN AMRO Clearing Bank N.V.	102,603,200	0.37
10	Lim And Tan Securities Pte Ltd	100,209,743	0.36
11	Raffles Nominees (Pte) Limited	85,715,600	0.31
12	Maybank Securities Pte. Ltd.	75,407,889	0.27
13	iFAST Financial Pte Ltd	61,195,200	0.23
14	Bushar Tomi Or Oey Mi Ling @ Mery Widjaya	54,000,000	0.2
15	Khoo Khar Lee	39,052,300	0.14
16	United Overseas Bank Nominees Pte Ltd	36,250,750	0.13
17	Fong Chee Khuen	35,000,000	0.13
18	Ee Kwanson	31,000,000	0.11
19	Lim Cheng Bin	30,200,000	0.11
20	Soo Nam Yuen	27,554,400	0.1
Total:		25,127,463,364	91.14



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the Company will be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Wednesday, 27 April 2022 at 2:00 p.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESSES:

- | | |
|---|---------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors’ Statement and Auditors’ Report thereon. | Resolution 1 |
| 2. To approve the payment of Directors’ fees of S\$103,500 for the year ending 31 December 2022, payable quarterly in arrears. [FY2021: S\$100,000] | Resolution 2 |
| 3. To re-elect Mr. Siaw Lu Howe, a Director retiring pursuant to Article 111 of the Company’s Constitution. [See Explanatory Note 1] | Resolution 3 |
| 4. To re-elect Mr. John Lee Yow Meng, a Director retiring pursuant to Article 111 of the Company’s Constitution. [See Explanatory Note 1] | Resolution 4 |
| 5. To re-appoint Messrs PKF-CAP LLP as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | Resolution 5 |
| 6. To transact any other business which may properly be transacted at an Annual General Meeting. | |



NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

7. AUTHORITY TO ALLOT AND ISSUE SHARES

Resolution 6

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual (“**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company (the “**Directors**”) to (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force, provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (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) (as calculated in accordance with sub-paragraph (2) below), or such other limit as may be prescribed by the Listing Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Listing Rules as at the date this Resolution is passed;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

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

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing 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) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 2]

8. **AUTHORITY TO ISSUE SHARES UNDER THE BLUMONT EMPLOYEE SHARE OPTION SCHEME 2013 AND THE BLUMONT PERFORMANCE SHARE PLAN**

Resolution 7

That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") and/or to grant awards in accordance with the Blumont Performance Share Plan (the "Blumont PSP") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

[See Explanatory Note 3]

BY ORDER OF THE BOARD

Siaw Lu Howe
Non-Executive Chairman

12 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

1. Mr Siaw Lu Howe will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company. Detailed information on Mr Siaw Lu Howe can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2021. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Siaw Lu Howe and the other Directors or the Company or its shareholders.

Mr John Lee Yow Meng will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Financial Officer of the Company. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr John Lee Yow Meng and the other Directors or the Company or its shareholders. Further information on both the abovementioned directors can be found under the section title "Board of Directors", "Corporate Governance Report" and "Additional Information of Directors nominated for re-election" of the Annual Report 2021.

2. Ordinary Resolution 6, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the capital of the Company and to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares pursuant to such Instruments. The aggregate number of shares (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, fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 6 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 6 is passed and any subsequent consolidation or subdivision of shares.

3. Ordinary Resolution 7, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

Notes:

1. The AGM will be convened and held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM (the "Notice") and the Company's annual report ("AR") will not be sent to members. Instead, this Notice, Proxy Form and AR will be sent to members by electronic means via publication on the Company's website at the URL <https://www.southernarchipelago.com> and made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM of the Company to be held on Wednesday, 27 April 2022 at 2:00 p.m. are set out in the Company's announcement dated 12 April 2021 (the "Announcement"), which has been uploaded together with this Notice of AGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day. The Announcement may also be accessed at the Company's website at URL <https://www.southernarchipelago.com>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM.

In particular, the AGM will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the AGM through a "live" webcast ("**LIVE WEBCAST**") via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**") via telephone. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 2:00 p.m. on 20 April 2022, at the URL <https://complete-corp.com/sa-agm>. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the AGM, by 2:00 p.m. on 26 April 2022.

NOTICE OF ANNUAL GENERAL MEETING

3. A member of the Company who registers to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 2:00 p.m. on 20 April 2022 via the following:

- (a) pre-registration link at the URL: <https://complete-corp.com/sa-agm>; or
- (b) email to: sa-agm@complete-corp.com; or
- (c) post to the office of Complete Corporate Services Pte Ltd., 10 Anson Road, #29-07 International Plaza, Singapore 079903

The Company will endeavor to address all substantial and relevant questions received from Shareholders prior to the AGM and publish its response on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and at the Company's website at the URL <https://www.southernarchipelago.com> by 21 April 2022. Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM. The Company will publish the minutes as well as responses to the questions received for the AGM on the SGXNet and on the Company's corporate website within one (1) month after the date of the AGM.

4. Shareholders (whether individual or corporate) who wish to exercise his/her/its voting rights at the AGM may appoint the Chairman of the meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must: (a) If sent personally or by post, be lodged at the office of Complete Corporate Services Pte. Ltd., 10 Anson Road, #29-07 International Plaza, Singapore 079903; or (b) If submitted by email, be received by Complete Corporate Services Pte Ltd. at sa-agm@complete-corp.com in either case, by 2:00 p.m. on 24 April 2022, being not less than seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or officer duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore is applicable at the AGM.

For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares, to submit their votes at least seven (7) working days before the AGM that is, by 2:00 p.m. on 18 April 2022.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting (a) a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, or (b) Shareholder particulars for pre-registration to participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM or the Announcement, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- i. processing and administration by the Company (or its agents, advisers or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- ii. processing of pre-registration for participation at the AGM for purpose of granting access to Shareholders to the LIVE WEBCAST or AUDIO ONLY MEANS and providing them with any technical assistance where necessary;
- iii. addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- iv. enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a Shareholder (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purpose.



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SOUTHERN ARCHIPELAGO LTD.

(Formally known as Blumont Group Ltd.)
(Company Registration No.: 199302554G)
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL <https://www.southernarchipelago.com>. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 12 April 2022 ("Announcement") which has been uploaded together with the Notice of AGM dated 12 April 2022 on SGXNET on the same day. The Announcement may also be accessed at the Company's corporate website at the URL: <https://www.southernarchipelago.com>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 12 April 2022 in respect of the AGM.
2. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. Please read the notes to this proxy form.

*I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address) being a *member/members* of **SOUTHERN ARCHIPELAGO LTD.** (the "**Company**", and together with its subsidiaries, the "**Group**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**"), as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on 27 April 2022 at 2:00 p.m. and at any adjournment thereof. I/We* direct the Chairman of the AGM to vote for or against, or abstain from voting on 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 at any adjournment thereof, the appointment of the Chairman of the AGM as my/our* proxy will be treated as invalid.**

All resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and the Auditor's Report thereon.			
2.	Approval of payment of Directors' fees of S\$103,500 for the financial year ending 31 December 2022, payable quarterly in arrears.			
3.	Re-election of Mr. Siaw Lu Howe as a Director of the Company.			
4.	Re-election of Mr. John Lee Yow Meng as a Director of the Company.			
5.	Re-appointment of Messrs PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
6.	Authority to allot and issue shares.			
7.	Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.			

Dated this _____ day of _____ 2022

Total Number of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Members	

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



* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES FOR PROXY FORM

1. Please insert the total number of shares in the capital of the Company ("**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 (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and 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 the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The instrument appointing the Chairman of the AGM as proxy must:
 - (a) If sent personally or by post, be lodged at the office of Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - (b) If submitted by email, be received by Complete Corporate Services Pte Ltd at sa-agm@complete-corp.com.in either case, by 2:00 p.m. on 24 April 2022, being not less than seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.
4. This proxy form must be under the hand of the appointor or on his/her attorney duly authorised in writing.
 - i. Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this AGM.
 - ii. Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
5. For investors who hold Shares through relevant intermediaries, including CPF and SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) to submit their votes at least seven (7) working days before the AGM, that is by 2.00 p.m. on 18 April 2022.

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2022.



SOUTHERN ARCHIPELAGO LTD.

(formerly known as Blumont Group Ltd.)

Company Registration No.199302554G

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