



2022

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

• Environmental, Social and Governance 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
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

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

SUBSIDIARY UNDER LIQUIDATION

• Malaysia

Raintree Rock Sdn. Bhd.
(voluntary liquidation
commenced on 1 November
2022)

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.

BOARD OF DIRECTORS

MR. NG KEOK CHAI***Lead Independent Director***

Mr. Ng Keok Chai was appointed as Lead Independent Director on 25 April 2019. He is the Chairman of the Audit Committee and Remuneration Committee, and a member of the Environmental, Social and Governance Committee and Nominating Committee. 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 Independent Non-Executive Director on 30 May 2014. He is the Chairman of the Environmental, Social and Governance Committee and 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. His working experience spans across Singapore, New Zealand, Indonesia, Vietnam, India and United Arab Emirates. Mr Tan has worked in various hospitality projects namely Bintan Lagoon Resort in Bintan/Indonesia, Premier Apartment in Surabaya/Indonesia, Summit Parkview Hotel in Yangon/Myanmar and Ananda In The Himalayas, Rishikesh/India. Mr. Tan has involved in various stages of the construction from conception, design and construction. Mr. Tan holds a Bachelor of Engineering (Civil) (2nd Class Honours) from the University of Canterbury in 1986.

MR. ARIS MUHAMMAD RIZAL***Independent Non-Executive Director***

Mr. Aris Muhammad Rizal was appointed as Independent Non-Executive Director on 10 October 2014. He is a member of the Audit Committee, Nominating Committee, Environmental, Social and Governance Committee, Remuneration Committee and Compensation Committee. 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 2022 ("FY2022").

As we emerge from the pandemic and with business conditions improving in the second half of 2022, the group achieved gross revenue of S\$4.84 million and recorded net profits before tax of S\$0.06 million. This is an improvement to the loss before tax in financial year 2021.

The Group's updates in FY2022 are as follows:

1. DISPOSAL OF A DEVELOPMENT PROPERTY

In FY2022, the Group completed the disposal of a development property ("Property") held by its wholly-owned subsidiary in Malaysia. The proceed from the disposal of the Property was S\$5.60 million and the Group reported a gain of S\$1.81 million on the disposal of the Property.

2. PROPOSED ACQUISITION OF HOSPITALITY AND WELLNESS ASSETS

In FY2021, the Company decided to venture into the hospitality and wellness industry. As at the date of this report, the proposed acquisition has been extended due to volatile market conditions. All parties have agreed to continue to negotiate on the terms and conditions. The Company will make announcements and update when there is material progress.

A review of the Group's existing businesses are as follows:

1. STERILISATION BUSINESS

In FY2022, the Group's wholly owned subsidiary, PT Rel-ion Sterilization Services ("PTRI") in Indonesia reported a gross revenue of S\$4.84 million, and reported a profit before tax of S\$3.01 million. The Group is optimistic that PTRI will maintain its performance in spite of having to upgrade the existing facilities and invest to fend off increasing competition.

2. HOSPITALITY & WELLNESS

The Group has a 27% share in Labrador Hill Pte. Ltd. ("LHPL") that operates the luxury boutique Villa Samadhi Hotel and rustic-luxe Tamarind Hill Restaurant, which specialises in authentic Thai-Shan Cuisine. This is set within the historic colonial bungalows perched atop Singapore's stunning Labrador Nature Reserve. Villa Samadhi Hotel comprise a 20-rooms colonial hotel with spa and wellness facilities.

In FY2022, LHPL reported an unaudited gross revenue of S\$4.00 million, and reported an unaudited loss before tax of S\$0.36 million. With progressive relaxation of the travel and gathering restrictions, SAL is cautiously optimistic that its performance will continue to improve in 2023.

The Singapore Tourism Board has forecasted that 12 to 14 million international travellers will arrive in 2023 and full recovery (19 million visitors in 2019 pre-pandemic) in 2024. The Singapore government has also allocated funds of S\$500 million to promote Singapore through leisure events over 2023 and 2024.

We expect to benefit from the reviving travel and leisure markets with this active support from the Singapore government.

CHAIRMAN'S STATEMENT

3. INVESTMENT HOLDINGS

In FY2022, the Group commenced voluntary liquidation of its subsidiary, Raintree Rock Sdn Bhd. which has ceased operations permanently.

As the Company continues to rebuild and restructure, the Group is on the lookout for suitable investment opportunities.

In a post pandemic environment, the world has changed and is changing. There will be vast opportunities ahead. The Group will work and build a new future towards adding value for SAL shareholders and stakeholders.

CONTINUED SUPPORT FROM MAJOR SHAREHOLDERS

The Group's major shareholders provided its support to the Group in FY2022, and will continue to do so as and when necessary.

THE WAY FORWARD

It has been a challenging year in 2022 and the Board is looking forward to a better year ahead in 2023.

On behalf of the Board, I would once again like to express my gratitude to my fellow Board members, management team and associated parties for their invaluable contributions and support throughout the year. Our management team has worked hard to put together the foundations that will eventually determine our future.

As we enter into the new financial year ahead, we will remain dedicated to maximise shareholders' returns by seeking and taking opportunities for further business development. We endeavour to work towards enhancing shareholders' value.

Yours sincerely,

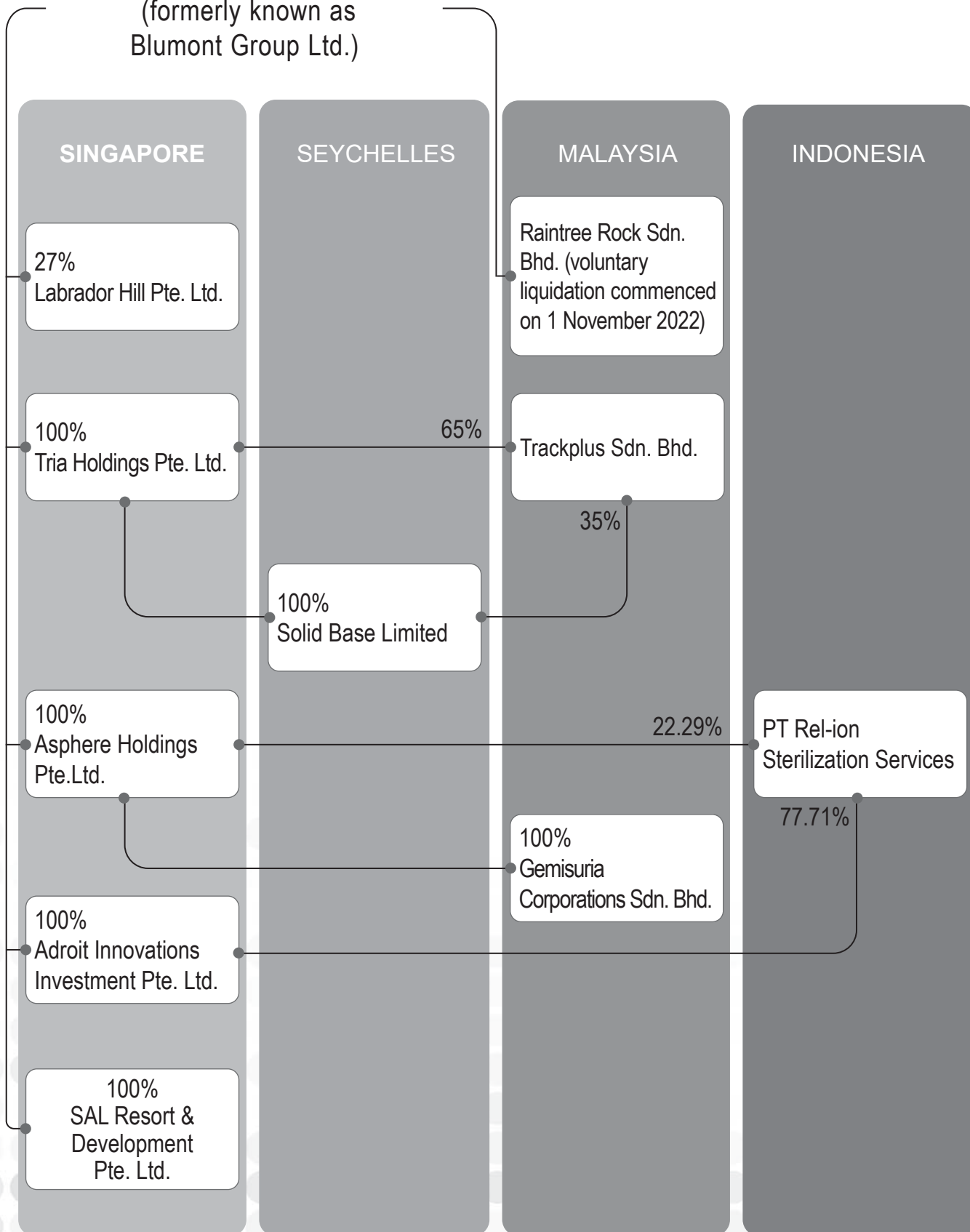
SIAW LU HOWE
Non-Executive Chairman

GROUP STRUCTURE

As at 31 December 2022

SOUTHERN ARCHIPELAGO LTD.

(formerly known as
Blumont Group Ltd.)



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 2022 12 months | 31 December 2021 12 months |
|-----------------------------|----------------------------------|----------------------------------|
| Operating Revenue | 4,837,194 | 3,904,220 |
| Other Gains/(Losses) – net | 2,351,741 | (950,295) |
| Interest Income | 95,418 | 4,027 |
| Total Expenses | (7,219,566) | (7,424,405) |
| Income Tax Expense | (553,693) | (439,286) |
| Total Losses: The Group | (488,906) | (4,905,739) |
| – Non-Controlling Interests | – | – |
| – Owners of the Company | (488,906) | (4,905,739) |

The Group

Statements of Financial Position – S\$

| | 31 December 2022 | 31 December 2021 |
|---------------------------------|---------------------|---------------------|
| Total Assets | 12,394,548 | 10,832,710 |
| Total Liabilities | (9,766,227) | (9,606,268) |
| Net Assets | 2,628,321 | 1,226,442 |
| Intangible Assets | – | – |
| Net Tangible Assets – The Group | 2,628,321 | 1,226,442 |
| Equity: The Group | 2,628,321 | 1,226,442 |
| – Non-Controlling Interests | – | – |
| – Owners of the Company | 2,628,321 | 1,226,442 |

Owners of the Company

Per Share Computation

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| Number of Shares | 27,570,762,183 | 27,570,762,183 |
| Net Assets Value per Share – in cents | 0.010 | 0.004 |
| Net Tangible Assets per Share – in cents | 0.010 | 0.004 |
| Weighted Average Number of Shares | 27,570,762,183 | 27,570,762,183 |
| Loss per Share – in cents | (0.002) | (0.018) |

The Group

Ratio Computation

| | 31 December 2022 | 31 December 2021 |
|------------------|---------------------|---------------------|
| Return on Assets | -4% | -45% |
| Return on Equity | -19% | -400% |

SUSTAINABILITY REPORT

ABOUT THE REPORT

Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) (“SAL” or the “Company”, and together with its subsidiaries, the “Group”) is pleased to present the sixth edition of our annual sustainability report, covering the financial year ended on 31 December 2022 (“FY2022”). This report reaffirms our commitment to advancing our sustainability ambitions and achieving our Environmental, Social, and Governance (“ESG”) targets, as we strive to meet the evolving needs of our stakeholders.

The scope of this report includes all the entities included in our Group Structure that we have a majority stake in or full operational control over, with a particular emphasis on the ESG impacts arising from our sole revenue-generating segment, the sterilisation, decontamination and polymerisation services provided by PT Rel-ion Sterilization Services (“PT Rel-ion”).

For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021. Since 2017, we have adopted the GRI reporting framework as it provides comprehensive guidance for reporting on our most significant impacts on the economy, environment, and people. We have included the GRI content index at the end of this report.

This report has also been prepared in compliance with the SGX-ST Listing Rules 711A and 711B and Practice Note 7.6 on the Sustainability Reporting Guide. This Report includes the six primary components of a sustainability report on a ‘comply or explain’ basis. While we have not included climate-related disclosures in this year’s report, we are cognisant of how the climate crisis poses a wide range of risks and opportunities to businesses. We remain committed to taking a precautionary approach to environmental risks, where applicable, and will work towards quantifying and disclosing the amount of greenhouse gas emissions generated in our business activities in our next report for FY2023.

At present, the Group has not sought external assurance for this sustainability report. We have utilised internal data monitoring and verification processes to ensure the accuracy of the data and information presented in this report.

Your feedback is important to us. We encourage all stakeholders to share their feedback and comments regarding this report or our sustainability policies, practices and initiatives either through our website, <https://www.southernarchipelago.com> or by email at: info@southernarchipelago.com.

In line with our commitment to going green, we will not be printing physical copies of this report. Instead, our FY2022’s Sustainability Report will be included in our Annual Report and a copy can be downloaded on SGXNet (www.sgx.com) or through our website (<https://www.southernarchipelago.com>).

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors (the “Board”), I am pleased to present SAL’s sixth annual sustainability report, which highlights the key sustainability initiatives we have undertaken over the past year. By aligning our business strategy and operations with our stakeholders’ expectations for good corporate governance, social responsibility and environmental management, we endeavour to deliver long-term value to all our stakeholders.

On 20 September 2022, we officially established an ESG Committee, comprising members of the Board, to oversee the Company’s sustainability reporting processes. Working closely with management, the ESG Committee will evaluate SAL’s sustainability-related risks and opportunities and continually monitor the Company’s ESG performance against its previously established metrics and targets. The Board recognises the vital role it plays in integrating sustainability into the Company’s strategic objectives, and will continue to provide oversight over identification, monitoring and management of material ESG factors across the Group’s core businesses.

We believe that our commitment to sustainability is critical to building a resilient and sustainable business, which is why we will continue to strive to improve our ESG performance across all aspects of our operations. For SAL, this means creating long-term economic value for all our stakeholders, safeguarding the wellbeing and safety of our employees, engaging in responsible waste disposal practices and minimising our environmental footprint, whilst promoting high standards of corporate governance.

We would hereby like to extend our appreciation to our stakeholders for their continual support as SAL advances in its sustainability journey. We look forward to sharing about the progress we have made, in the years to come.

Mr Siaw Lu Howe
Non-Executive Chairman
Southern Archipelago Ltd.



SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

We are committed to conducting our businesses in an environmentally friendly and socially responsible manner, while upholding a high standard of corporate governance across the Company and its subsidiaries. We recognise that this is crucial to safeguarding the interests of our stakeholders, promoting investor confidence, and maximising long-term shareholder value.













While the Board is collectively responsible for determining the overall direction for the Company's sustainability strategies, we have established a Board-level ESG Committee to maintain oversight over the Company's sustainability-related policies and practices.

The roles and responsibilities of the ESG Committee are as follows:

- To identify and prioritise material ESG topics for sustainability reporting;
- To guide and review the Group's overall ESG vision and strategy;
- To monitor the Group's performance against its sustainability targets and ambitions;
- To monitor and update the Board on regulatory changes in relation to sustainability that may impact the business of the Group or the implementation of its strategy; and
- To review and approve the annual Sustainability Report and other ESG related information disclosure of the Group.

The Directors have also attended the mandatory sustainability training to enhance their understanding of sustainability matters, except Mr Siaw Lu Howe, who will make the necessary arrangements to attend the training when he is available.

The following table describes the composition of our Board of Directors and the respective committees during FY2022.

| Directors | Nominating Committee | Remuneration Committee | Audit Committee | ESG Committee |
|--|---|---|---|---|
| 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) |  Member |  Chairman |  Chairman |  Member |
| Mr Tan Gim Kang, Arran (Independent Non-Executive Director) |  Chairman |  Member |  Member |  Chairman |
| Mr Aris Muhammad Rizal (Independent Non-Executive Director) |  Member |  Member |  Member |  Member |







Please refer to the Corporate Governance Report in the Company's FY2022 Annual Report for more details on our governance structure and composition, nomination and selection processes and remuneration policies for Board members.

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT

At SAL, we adopt an inclusive approach in interacting with our material stakeholders, whom we have identified as the parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities, and we strive to generate shared value for all.

Our stakeholders are critical partners in our value creation strategy, and we believe in the importance of fostering strong and resilient relationships with them. By engaging with them through various channels to understand their interests and concerns, as summarised in the following table, we are better able to identify emerging issues and address them effectively.

| Stakeholders | Engagement Channels | Key Interests & Concerns |
|---|---|---|
|  Customers | <ul style="list-style-type: none"> Daily interactions Enquiry and feedback channels Ad-hoc customer surveys | <ul style="list-style-type: none"> Top-notch customer service Quality management |
|  Employees | <ul style="list-style-type: none"> Annual performance appraisal Regular team meetings Regular medical check-ups Ad-hoc workplace radiation safety trainings | <ul style="list-style-type: none"> Labour rights and welfare Skills enhancement Occupational radiation protection, health and safety |
|  Investors | <ul style="list-style-type: none"> Regular investor meetings Annual and interim reports Periodic circulars to shareholders | <ul style="list-style-type: none"> Profitability and transparency Timely reporting and resolution of issues |
|  Suppliers | <ul style="list-style-type: none"> Periodic supplier evaluation Ad-hoc quotes comparison Periodic discussions | <ul style="list-style-type: none"> Compliance with contractual terms and conditions Maintenance of ethical standards Material quality and waste management |
|  Governments and Regulators | <ul style="list-style-type: none"> Annual compliance audits Participation in conferences and seminars, on an ad-hoc basis | <ul style="list-style-type: none"> Adherence to statutory disclosures and requirements Timely reporting and resolution of issues |
|  Community | <ul style="list-style-type: none"> Active participation in corporate volunteering programmes | <ul style="list-style-type: none"> Contribution to community development Compliance with socio-economic and environmental standards |

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

SAL's ESG strategy is shaped by a comprehensive materiality assessment process that considers feedback from both internal and external stakeholder groups, in line with the step-by-step guidance outlined in *GRI 3: Material Topics*.

While SAL's management is responsible for identifying and managing the Group's impacts as they evolve and as new ones arise, our ESG Committee provides guidance over the materiality assessment process. Ultimately, the Board of Directors maintains oversight over the process by validating and approving the list of material ESG factors to be included for disclosure in each year's sustainability report.

In FY2022, we conducted a materiality re-assessment, through which we have determined the following nine (9) ESG topics, mapped to the relevant GRI Topic Standards, as being most material to our business and our stakeholders. By directing our resources towards managing these material issues, we aim to generate sustainable value for our stakeholders over the long term.

| Material Topics | FY2021 | FY2022 | Associated Risk and Opportunities |
|--|--------|--------|--|
| Pillar 1: Our Business | | | |
| Anti-corruption (GRI 205) | ✓ | ✓ | We believe in the importance of implementing robust anti-corruption measures to protect the interests of our stakeholders, as this significantly enhances our organisation's reputation and helps to build our stakeholders' trust in us. Having effective internal controls in place reduces the likelihood of fraudulent activities or other unethical behaviour. |
| Economic Performance (GRI 201) | ✓ | ✓ | Sustainable financial performance means creating long-term economic value for all our stakeholders. We continuously monitor global market trends and keeping an eye on upcoming investment opportunities, with the aim of maximising returns for our shareholders, creating more jobs, and ensuring the continuity of our business. |
| Customer Privacy (GRI 418) | | ✓ | The loss or theft of customer data can lead to significant legal and reputational risks for the organisation. To maintain our customers' confidence in our business, we are committed to ensuring strict compliance with Singapore's 2012 Personal Data Protection Act, while also streamlining our data management processes in our day-to-day operations to improve our business efficiency. |
| Pillar 2: Our People | | | |
| Occupational Health & Safety (GRI 403) | ✓ | ✓ | Implementing comprehensive health and safety measures is key to ensuring the well-being of our workforce. We provide regular training and education to our employees to equip them with the necessary knowledge and skills to identify workplace hazards and prevent unnecessary accidents. |
| Employment (GRI 401) | | ✓ | We strive to establish a positive corporate culture that prioritises employee well-being and job satisfaction, with the aim of attracting and retaining top talent to further enhance our organisation's overall performance and success. |
| Training and Education (GRI 404) | ✓ | ✓ | We prioritise the professional growth and development of our employees, by providing them with training opportunities to enhance and upgrade their skills and competencies. |

SUSTAINABILITY REPORT

| Material Topics | FY2021 | FY2022 | Associated Risk and Opportunities |
|---------------------------------------|--------|--------|--|
| <i>Pillar 3: Our Environment</i> | | | |
| Energy (GRI 302) | | ✓ | Implementing effective energy management strategies is key to mitigating the risks associated with rising energy costs. Increasing energy efficiency would also lead to cost savings for the organisation. |
| Emissions (GRI 305) | | ✓ | Given the physical and transitional risks associated with climate change, we recognise the urgent need to reduce our GHG emissions, thereby mitigating associated reputational risks. |
| Waste & Resource Management (GRI 306) | ✓ | ✓ | Complying with local environmental regulations and industry standards on waste disposal and emission is key to avoiding litigation cases and associated penalties that could be imposed on the Company. |

ANTI-CORRUPTION

We prioritise balancing the needs of stakeholders with our sustainability goals and strive to maintain high standards of corporate governance for transparency and accountability. We believe that taking a strong stance against anti-corruption is key to building trust, protecting our stakeholders and enhance the organisation's reputation.

All levels of management within the organisation, including higher management, executives and non-executive personnel, are expected to uphold our corporate values and Code of Conduct in their work. The implementation of our commitments will be monitored through the observation of daily responsibilities and by considering reporting lines to senior decision-making levels. Through these efforts, we aim to foster a culture of integrity and responsible business practices that benefit all our stakeholders and contribute to a more sustainable future.

We have in place effective anti-corruption measures to combat fraud, dishonesty and corruption, which includes the following:

Whistleblowing Policy

Our Whistleblowing Policy provides employees with an independent platform to anonymously report any suspected incidents of misconduct or fraud without fear of reprisal. All cases that are reported will be directed to the Chairman of our Audit Committee ("AC") and will be investigated thoroughly. Disciplinary action and follow-up measures will be taken accordingly should there be a substantiated case.

In FY2022, we are pleased to announce our whistleblowing channel did not receive any reported cases of fraud, misconduct, or breaches. Our group remains committed to maintaining zero reported cases in the upcoming financial years.

Interested Persons Transactions Policy

Our company has established procedures to ensure that all interested person transactions are reported promptly to the AC and these interested persons transactions are conducted on an arm's length basis, and do not prejudicial to the interests of our 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. Any material interested persons transactions will be promptly announced on SGXNet and in the Corporate Governance Report of the Company's Annual Report.

There were no material interested persons transactions for FY2022 under Chapter 9 of the Listing Manual.

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

We remain committed to maintaining our core sterilisation business. The Group's external revenues has increased by S\$0.94 million to S\$4.84 million for FY2022 (FY2021: S\$3.90 million). PT Rel-ion is expected to sustain its improved performance in FY2023, and we anticipate that this segment will continue to be a significant contributor to our overall revenue.

The total economic value generated and distributed by the Group over the past two financial years is as follows:

| (GRI 201-1) | FY2022 | FY2021 |
|--|--------|---------|
| Economic Value Generated | | |
| External revenues (S\$'000) | 4,837 | 3,904 |
| Interest income (S\$'000) | 95 | 4 |
| Other gains (S\$'000) | 2,352 | – |
| Economic Value Distributed | | |
| Cost of raw materials and consumables used (S\$'000) | 91 | 45 |
| Employee wages and benefits (S\$'000) | 4,131 | 3,639 |
| Payments to government (S\$'000) | 554 | 439 |
| Other losses (S\$'000) | 2,997 | 4,691 |
| Economic Value Retained | | |
| Loss for the year (S\$'000) | (489) | (4,906) |

The Company remains focused on maintaining the strength and success of our core sterilisation business. We believe that these efforts will position us for long-term growth and success in the evolving post-pandemic economy.

Please refer to the Company's FY2022 Annual Report for more information on our economic performance in FY2022 and our business outlook for FY2023.

CUSTOMER PRIVACY

As a Group, we consider safeguarding the personal data of our customers and employees as critical to maintaining their trust in us. We acknowledge that each person has the right to data privacy, and we consider it our responsibility to ensure that any data entrusted to us is utilised only for valid and reasonable purposes. We consistently enhance our data management protocols to guarantee that data is appropriately collected, stored, used, and disclosed.

Data breaches and leaks that result in the loss or theft of customer data can lead to legal and reputational risks for the organisation. To uphold our customers' confidence in our business, we are committed to improving our business efficiency by streamlining our data management processes in our day-to-day operations, while also ensuring strict compliance with Singapore's 2012 Personal Data Protection Act ("PDPA"). We also aim to maintain strict adherence to non-disclosure agreements with all our business partners.

In FY2022, there were no complaints concerning breaches of customer privacy and breaches of customer data. Our commitment to protecting personal data extends to ensuring all employees are knowledgeable on personal data protection policies, and data protection protocols are integrated into our day-to-day operations. We will continually aim to maintain our good track record of having zero reported cases in relation to PDPA violations or breaches of customer privacy.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

To accomplish our goal of achieving zero incidents related to health and safety in our workplace, we have established an Occupational Safety and Health (“OSH”) program to promote physical, mental, and social well-being for all workers and prevent the occurrence of safety accidents and health issues.

At PT Rel-ion, we take proactive measures to ensure the safety of our workforce, which includes periodic health checks, the provision of radiation protection equipment to workers in irradiation areas, and fogging exercises around our premises. During the COVID-19 pandemic, we also installed plastic barriers in the meeting room, established temperature checks before entering the premises, had our employees undergo COVID-19 Antigen Rapid Tests, and coordinated their vaccinations. Our OSH policies and procedures have been communicated to our employees through internal trainings, and everyone is equally committed to keeping our premises a safe work environment for all.

We have a designated Radiation Protection Officer at PT Rel-ion to ensure our compliance with all applicable government regulations relating to radiation security and safety, which falls under the purview of the Nuclear Energy Regulatory Agency (BAPETEN). As an added guarantee of protection, all our employees are registered under the BPJamsostek programme, as part of Indonesia’s Employees Social Security System.

As testament to our commitment to providing quality services and continuous improvement, our operations are certified under ISO 9001:2015. We have also obtained an Operational Permit and received an award from BAPETEN in recognition of our stringent management of nuclear radiation exposure conditions at our manufacturing operations.

Throughout FY2022, we continued to maintain a track record of having zero health and safety incidents in our workplace. We are also pleased to share that our business operations have been fully compliant with all applicable environmental legislation and regulations, as listed below:

- Law Number 10 of 1997: Nuclear Power
- Government Regulation No. 29/2008 Ionizer Radiation Source Utilisation License
- Government Regulation No. 33/2007 Ionizer Radiation Safety and Radioactive Source Security
- BAPETEN Chairman’s Regulation No. 6 of 2015 Radioactive Source Security
- BAPETEN Chairman’s Regulation No. 6 of 2010 Health Monitoring of Radiation Workers
- BAPETEN Head Regulation No. 3 of 2020 Radiation Safety in the Use of Irradiators for Irradiations
- BAPETEN Chairman’s Regulation No. 16 of 2014 Working License of Ionizer Radiation Sources

The safety, health, and well-being of our people remains our top priority. We target to maintain our record of having zero workplace health and safety accidents or incidents of non-compliance with government regulations. In the coming year, we intend to provide regular OSH training to our employees to increase their awareness of potential workplace hazards and ensure they are equipped with the necessary knowledge and skills to prevent incidents from occurring. At the same time, we will continue to monitor the effectiveness of our OSH programme by conducting radiation safety inspections, compliance audits, and engaging appraisal services. In this way, we hope to implement continual improvements in our OSH programme.

SUSTAINABILITY REPORT

EMPLOYMENT

We are committed to providing our employees with equal opportunities as we strongly believe that every individual has the potential to make a valuable contribution to the organisation with their unique skills and abilities. We embrace diversity in our workforce by hiring employees from different backgrounds, regardless of their personal characteristics such as race, age, religion, and cultural background.

As of 31 December 2022, our workforce comprised 72 employees (31 December 2021: 62 employees), all of whom are based in Singapore and Indonesia. A breakdown of our employee figures, by gender and geographic region, is as follows:

| (GRI 2-7) | By Gender | | By Region | |
|--------------------------------|-----------|-----------|-----------|-----------|
| | Male | Female | Singapore | Indonesia |
| Permanent, Full-time Employees | 50 (78%) | 14 (22%) | 6 (9%) | 58 (91%) |
| Temporary Employees | 7 (87.5%) | 1 (12.5%) | 0 (0%) | 8 (100%) |
| All Employees | 57 (79%) | 15 (21%) | 6 (8%) | 66 (92%) |

A breakdown of the Group's new hires and employee resignees, by gender and age group, are as follows:

| (GRI 401-1) | By Gender | | By Age Group | | |
|--------------------|-----------|--------|--------------|---------------|------------|
| | Male | Female | < 30 years | 30 – 50 years | > 50 years |
| New Employee Hires | 6 | 1 | 3 | 4 | 0 |
| Employee Resignees | 3 | 1 | 2 | 2 | 0 |

Our employees are our greatest resource and are essential to the long-term success of our businesses. In recognition of their contributions, we provide all our employees with full-time benefits that include life insurance, healthcare, disability and invalidity coverage and parental leave, as outlined in the Employee Handbook. While a total of nine female employees were entitled to parental leave during this reporting period, two of them took parental leave and returned to work afterwards, marking a 100% return to work rate in FY2022.

We strive to provide our employees with a conducive work environment and continual opportunities for their personal and professional growth. We are pleased to report that our turnover rate has remained relatively low at 6% in FY2022, and we aim to maintain the current turnover rate in the years to come. In the longer term, we hope to be able to grow our workforce in support of our business development strategies.

TRAINING & EDUCATION

We invest in our employees by providing them with equal opportunities for training and development, to enhance their skills and competencies. Not only does this promote inclusivity and collaboration, but it also allows them to perform their work in an efficient and safe manner.

Through internal courses and on-the-job training, we are able to boost our employees' productivity and ensure that they are updated on our latest policies and procedures. Our training program is extensive and covers a broad range of topics, from the proper handling of radioactive substances and radiation working training to fire evacuation drills. To encourage a consistent learning approach, we target to carry out training activities at least twice a year for each department.

SUSTAINABILITY REPORT

We encourage regular performance and career development reviews between employees and their managers, who are responsible for supporting employees in achieving their career development goals. As such, all our employees are to undergo a formal performance appraisal every year. These appraisals serve as a platform to not only recognise our employees' achievements and contributions to the Group's growth throughout the year, but also helps us identify areas for improvement and assess employees' training needs. Across the Group, 100% of all employees, regardless of their gender or employee category, underwent a formal performance appraisal in FY2022.

In FY2022, we managed to carry out the same number of trainings as the previous year. Moving forward, we target to develop more effective training and development programs to provide more extensive training for our employees to boost their productivity. In addition, we hope to foster a culture of inclusivity and collaboration to encourage the continuous regeneration of knowledge in the long term.

ENERGY

At SAL, we believe that our efforts in energy conservation will not only benefit the environment but also contribute to cost savings in the long run.

As such, our organisation is committed to promoting sustainable energy consumption practices by optimising our building systems, reducing our reliance on non-renewable energy sources, and investing in energy-efficient technologies. We are currently in the midst of gathering quantitative data on the Group's energy consumption levels, which would inform the energy management strategies we later develop and implement to mitigate the risks associated with fluctuations in energy prices.

By reducing our energy consumption wastage and maintaining energy efficiency, we are taking a proactive stance towards creating a sustainable future for ourselves and future generations. The Group will continue to monitor energy consumption rates in our offices and business operations before setting specific goals and targets for this topic.

EMISSIONS

Given the growing urgency of the climate crisis, countries all over the world have begun pricing carbon taxes, and consumers have also been expressing their preference for green products and services. Cutting down on our greenhouse gas emissions is thus a top priority for the Group.

Our ESG Committee will play a crucial role in establishing and implementing policies to reduce the Group's greenhouse gas ("GHG") emissions. We are committed to integrating environmental considerations into our daily operations and are working on embedding industry best-practices in our operational procedures. Given that we are still in the process of preparing the Group's GHG inventory, we plan to disclose quantitative information on the Group's emissions in next year's sustainability report.

Upon computing our emissions, the ESG Committee will be involved in identifying relevant key performance indicators and discussing our GHG mitigation plans, as we work towards reducing the Group's total emissions over the next few years.

SUSTAINABILITY REPORT

WASTE & RESOURCE MANAGEMENT

Hazardous by-products are produced from the sterilisation, decontamination and polymerisation activities under PT Rel-ion, with much of the waste consisting of radioactive Cobalt-60 pencils. Given that these pencils pose a significant threat to the environment and human health, we are committed to ensuring the responsible transportation, storage, treatment, and disposal of our waste by-products.

We have engaged BAPETEN, the regulatory and licensing body overseeing all activities involving the use of nuclear energy in Indonesia, to inspect our operations for compliance to regulatory standards. Accordingly, we have been receiving an award from BAPETEN for our efforts to uphold high standards of nuclear safety and security in our operations.

Cobalt-60 pencils at the end of their useful lives are treated before disposal, via either one of the following options:

- It will be returned to the manufacturer to be managed at their radioactive waste management installation facility according to our purchase agreement.
- It will be reused for calibration in facilities, laboratory practicums for education and the logging industry.
- It will be recycled for other uses in the oil and coal mining sector, pending the results of a comprehensive safety study.

In FY2022, PT Rel-ion purchased 22 Cobalt-60 pencils in total, and we safely disposed of 13 Cobalt-60 pencils via the aforementioned processes.

Our perpetual goal has been to maintain our record of having zero radiation accidents and zero incidents of non-compliance with local safety regulations.

To improve our compliance posture, we have procured irradiation equipment and supplies, such as survey meter, ozone meters, water treatment, conductivity meters and demineralised water, to monitor radiation levels at our facilities. In the event where meter readings exceed the normal activity, this will be promptly reported to the Radiation Protection Officer ("RPO") to ensure that all necessary actions are taken as early as possible.

In addition, the RPO also provides routine internal trainings to educate our employees on all relevant environmental laws and regulations. In the event of a radiation accident, relevant details about the incident will be provided to all stakeholders in an accurate and transparent manner. We will also inform them of the results of the investigation, the corrective action taken, and our prevention plan to prevent similar incidents from happening again.

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

This report outlines the main corporate governance practices and procedures adopted by Southern Archipelago 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 2022 (“**FY2022**”), 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.

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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, (d) Environmental, Social and Governance Training and (e) 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**").

The Board acknowledges the dynamic nature of the business landscape and the increasing need for companies to adopt sustainable practices. In line with this, the Board highly values the continuous professional development of its members and encourages them to attend relevant seminars and courses to stay abreast of the latest developments and changes in financial and regulatory requirements, as well as global sustainability trends and their impact on the business environment. The Company recognises the importance of supporting its members' efforts and is committed to covering the associated costs of these events. By promoting ongoing education and awareness, the Board and Company aim to foster a culture of sustainability and responsible business practices.

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.

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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 the interests of the Company at all times. To support this, the Board practices a code of conduct and ethics that all Directors generally follow.

The Board recognises the importance of setting the right tone-from-the-top and fostering a culture of integrity and accountability throughout the organisation. Directors facing conflicts of interest are expected to recuse themselves from discussions and decisions involving such issues to avoid any potential bias or influence on the decision-making process. By adhering to these standards, the Board ensure that their decisions are always made with the Company's best interests in mind, and that the operations are conducted in a transparent and responsible manner.

The Board has established and delegated certain specific responsibilities to the following four (4) Board Committees to support the role of the Board:

- Nominating Committee ("**NC**");
- Remuneration Committee ("**RC**");
- Audit Committee ("**AC**"); and
- Environmental, Social and Governance Committee ("**ESGC**")

These committees' function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis or at least once a year. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these Board 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.

CORPORATE GOVERNANCE REPORT

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.

The Board and Board Committee meetings this year were conducted through a mixture of physical sessions and video-conferences, as safe management measures as part of Government advisories amidst the COVID-19 pandemic continued to ease. The number of Board and Board Committee meetings held in FY2022 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 | | NC | | RC | | AC | | ESGC | |
|-------------------------|--------------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|
| | No. of Meetings | | No. of Meetings | | No. of Meetings | | No. of Meetings | | No. of Meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Mr. John Lee Yow Meng | 3 | 3 | 1* | 1* | 1* | 1* | 3* | 3* | 1* | 1* |
| Mr. Siaw Lu Howe | 3 | 1 | 1* | 0* | 1* | 0* | 3* | 0* | 1* | 0* |
| Mr. Ng Keok Chai | 3 | 3 | 1 | 1 | 1 | 1 | 3 | 3 | 1 | 1 |
| Mr. Tan Gim Kang, Arran | 3 | 3 | 1 | 1 | 1 | 1 | 3 | 3 | 1 | 1 |
| Mr. Aris Muhammad Rizal | 3 | 3 | 1 | 1 | 1 | 1 | 3 | 3 | 1 | 1 |
| Mr. Alan Chin Yu | 3 | 3 | 1* | 1* | 1* | 1* | 3* | 3* | 1* | 1* |

* 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 FY2022.

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.

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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.

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.

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The Company has built a diverse, inclusive and collaborative culture. The Company continues to recognise and practice diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In reviewing the Board composition and appointments, the NC takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver.

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.

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 FY2022, the Independent Directors met at least once in the absence of key management personnel to discuss matters of significance. As safe management measures which form part of Government advisories amidst the COVID-19 pandemic continued to ease, the meetings were conducted through a mixture of physical sessions and video-conferences. Nevertheless, the impact of COVID-19 on the Group's operations and affairs continue to be 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 have served on the Board for more than nine (9) years. However, in accordance with the latest legislative amendments to the 9-year rule, Mr. Tan Gim Kang, Arran, and Mr. Aris Muhammad Rizal will exceed the 9-year tenure. The Board has assessed their independence and determined that they are still able to provide independent judgement and objective advice.

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As such, Mr. Tan Gim Kang, Arran, and Mr. Aris Muhammad Rizal will remain as Independent Directors until the conduct of the 2024 Annual General Meeting for the financial year ending 31 December 2023. The Board will continue to review the composition of the Board to ensure that it remains balanced and effective, and that it has the necessary skills and experience to support the Company's growth 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 the 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 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.

The Board is of the view that there is a clear division of responsibilities between the Chairman and Mr. Yu, 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 communication with the Non-Executive Chairman or the Management has failed to resolve, or for which such contact is inappropriate or inadequate.

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.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

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

Nominating Committee (“NC”)

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 Non-Executive Directors and none of the NC members are associated with any substantial shareholders of the Company. Mr. Ng Keok Chai, the Lead Independent Director, is also a member of the NC. 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;
- ensure that new Directors are aware of their duties and obligations and decides if a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- review and recommend the re-nomination/re-election/re-appointment of Directors in accordance with the Constitution and Listing Rules at each annual general meeting and having regard to the Director’s contribution and performance;
- determine annually whether a Director of the Company is independent;
- review of structure, composition, size and diversity 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 taking into consideration the changes in the nature and scope the Group’s operations as well as diversified background, qualification, experience of the Directors and regulatory environment;
- decide whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when Directors serve on multiple boards;
- decide how the Board’s performance may be evaluated and propose objective performance criteria, subject to the approval of the Board. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholders’ value. These performance criteria should not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes;

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- individual evaluation should aim to assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and committee meetings, and any other duties). The Chairman of the Board should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC;
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;
- review and make recommendation to the Board on relevant matters relating to the succession plans of the Board, in particular, the Chairman, Directors, the CEO and/or key management personnel; and
- review and make recommendations to the Board on the training and professional development programme for the Board.

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

- the NC evaluates the balance of skills, knowledge, experience and diversity 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 future 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 representations.

In FY2022, Mr. Ng Keok Chai is the only director holding multiple directorships in other listed companies. Majority of the Directors and Board Committee members had attended all Board and Board Committees meetings respectively. 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.

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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. Alan Chin Yu and Mr. Ng Keok Chai be nominated for re-election at the forthcoming AGM, who are retiring pursuant to Regulation 111 of the Company's Constitution. Both nominated Directors have expressed their willingness 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 122 to 127 of this Annual Report.

Key information regarding the Directors are set out in the section headed "Board of Directors" of this Annual Report.

There is no alternate director appointed on the Board.

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 FY2022, 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 the Chairman and 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.

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An external facilitator to evaluate and assess the Board, its Board Committees and each Director has not been appointed as the Board believes that the quality and objectivity of the current process and evaluations implemented are sufficient and adequate.

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.

(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 Non-Executive 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 management personnel of the Company 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, the framework of remuneration for the Board (including non-executive directors and executive directors), the CEO (or executive of equivalent rank) and key management personnel of the Company;
- recommend specific remuneration packages for each of the Directors and key management personnel of the Group, including payment of fees to non-executive directors taking into consideration of their effort, time spent, responsibilities and contribution;
- review service contracts and/or employee contracts, where applicable;
- review the Company's obligations arising in the event of termination of Executive Directors, the CEO and key management personnel's contract of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- oversee and review the administration of the employees share option scheme (and such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said employee share option scheme and to recommend the award of share options according to the share plan. It has delegated to the Compensation Committee (comprise of Mr. Ng Keok Chai, Mr. Tan Gim Kang, Arran and Mr. Aris Muhammad Rizal) to administer the Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") and Blumont Performance Share Plan ("**Blumont PSP**");

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- engage such professional services as RC may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
- other acts as may be required to comply with 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 FY2022.

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 FY2022.

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.

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.

For FY2022, the RC reviewed the compensation and remuneration packages such that the Directors and key management personnel were sufficiently compensated. In addition, the RC provided appropriate compensation packages at market rates for the Board and key management personnel of the Company to reward good performance, attract and motivate the Directors and key management personnel.

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.

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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 with the required experience and expertise.

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 contribution. 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 Directors are for a fixed appointment period and do not contain onerous removal clauses. No Directors are involved in deciding their own remuneration. The RC reviews the fairness and reasonable of the termination clauses contain in the service agreements of the Executive Directors to ensure that such contracts of service 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 FY2022.

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 RC has proposed and recommended that the Directors' fees of S\$103,500 (similar to FY2022) for the financial year ending 31 December 2023, 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.

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.

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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.

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” 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 FY2022.

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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.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Directors and key management personnel in FY2022. 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 2022 of 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 | — | 34% | — | — | 66% | 100% |
| John Lee Yow Meng | — | 32% | — | — | 68% | 100% |

Remuneration Band Below S\$250,000

| Name | Director Fees | Salary & Allowance | AWS | Bonus | Fair value of share options granted ¹ | Total |
|---------------------|---------------|--------------------|-----|-------|--|-------|
| Siaw Lu Howe | 10% | — | — | — | 90% | 100% |
| Ng Keok Chai | 24% | — | — | — | 76% | 100% |
| Tan Gim Kang, Arran | 17% | — | — | — | 83% | 100% |
| Aris Muhammad Rizal | 22% | — | — | — | 78% | 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.

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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 FY2022 is as follows:

Remuneration Band Above S\$250,000

| Name | 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 FY2022.

(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 FY2022.

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 FY2022. 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

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- (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 and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

In ensuring that the Group's risks are managed adequately and effectively, risk mitigation action plans are in place to deal with matters 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, so as to mitigate and minimise the negative impact on the Group's operations.

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 Non-Executive Directors and do not have any management and business relationships with the Company or any substantial shareholder of the Company. At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. 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.

CORPORATE GOVERNANCE REPORT

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

- assist the Board to fulfil its responsibilities for overseeing the Group's financial reporting, operation of acceptable risk management processes and advise on internal control issues;
- serve as an independent and objective party to review financial information prepared by management prior to its release to shareholders and the general public;
- maintain channels of communication with the Board and direct communication channels with the external auditors, internal auditors and financial management, to discuss and review specific issues as appropriate;
- review the audit plan and reports of the Company's internal and external auditors, and evaluate their reports on any recommendations on internal accounting controls arising from the audit;
- review 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 at least annually the adequacy and effectiveness of the Group's internal control systems, including financial, operational, compliance, information technology controls and risk management systems;
- ensure that the scope of the internal and external auditors' examination has not been unreasonably restricted by the Management;
- meet with 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;
- meet with the external auditor, and with the internal auditor, without the presence of the Company's Management, at any time and preferably at least once a year;
- 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;
- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- recommend to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- report to the Board the outcome of its reviews with the external auditors into any suspected fraud or irregularity or infringement of any Singapore law, rule and regulations of which the AC is aware of, which has, or is likely to have a material impact of the listed issuer's operating results or financial position;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

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- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and properly followed up on. The Company publicly discloses, and clearly communicate to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- review the assurance from the Executive Directors and CFO on the financial records and financial statements;
- review compliance with accounting standards, Companies Act 1967 of Singapore (the “**Act**”) and SGX-ST Listing Rules requirements;
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST’s Listing Rules; and
- undertake generally such other functions and duties as may be required by law or the SGX-ST 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.

PKF-CAP LLP is the external auditors of the Group. The Company’s 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 2022 is S\$82,000 for audit fees and S\$35,000 for non-audit services rendered by the external auditors to the Group during FY2022.

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, and to authorise the Directors to fix their remuneration.

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 FY2022, the AC had met with the internal and external auditors once without the presence of the Management.

CORPORATE GOVERNANCE REPORT

Throughout FY2022, 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 FY2022, 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.

Whistle Blowing

The Company has in place a whistle-blowing framework, which provides an avenue for the staff of the Company to access the AC members and Chairman to raise concerns about improprieties. Contact details of these persons have been made available to all staff, and staff are encouraged to either call or email as part of the procedure to raise concerns, if any.

The Group undertakes to investigate complaints of suspected fraud and unethical behaviour in an objective manner. With the AC's endorsement, 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.

The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken directly by the AC. 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.

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 is responsible for approving 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. As at the date of this report, the internal audit review is in progress. One e-Risk will be reporting 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 has reviewed and 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.

CORPORATE GOVERNANCE REPORT

Shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Group at the AGM. All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC, RC and ESGC, 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.

Shareholders have the opportunity to participate effectively and to vote in AGMs. They are allowed to vote in person at a physical meeting, or by electronic means for a virtual meeting, or by their duly appointed proxy(ies). The Constitution of the Company allow shareholders of the Company to appoint not more than two (2) proxies to attend, speak 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 the 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 SGXNet as well as the Company's website. Minutes of the 2022 AGM had been published by the Company on its corporate website at URL <https://www.southernarchipelago.com/announcements/> and on the SGXNet at URL <https://www.sgx.com/securities/company-announcements> within one month from the date of the 2022 AGM.

For 2023 AGM, 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 26 April 2023) will be published on the SGXNET and the Company's website within one month after the date of AGM.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends declarations by the Company 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 FY2022, 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.

CORPORATE GOVERNANCE REPORT

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-year and full year results announcements for each financial year, 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 website.

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 which are available in the SGXNet and the Company's website.

In accordance with the COVID-19 Order, the FY2022 Annual Report, notice of AGM and proxy form ("**AGM documents**") will be made available to shareholders through electronic means via publication on the Company's website at the URL <https://www.southernarchipelago.com/announcements/> 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 the 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 at info@southernarchipelago.com and phone calls at +65 6332 9488, 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 sustainable environment/community for the stakeholders.

CORPORATE GOVERNANCE REPORT

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 FY2022 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 “Borrowings” in the “Financial Statements” section of this Annual 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 “Trade and Other Payables” and “Related Party Transactions”, there is no other interested person transaction for FY2022.

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------|--|---|
| | Nil | Nil |

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. Alan Chin Yu and Mr. Ng Keok Chai, being the Directors who are retiring in accordance with the Company’s Constitution at the forthcoming AGM, are set out below:

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|---|--|--|
| Date of Appointment | 6 November 2020 | 25 April 2019 |
| Date of last re-appointment | 27 April 2021 | 24 June 2020 |
| Age | 65 | 64 |
| Country of principal residence | Australia | Malaysia |
| The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | The re-election of Mr. Alan Chin Yu as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Alan Chin Yu’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr. Ng Keok Chai as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Ng Keok Chai’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 | Executive. Responsible for the overall management and monitoring of the performance of all Subsidiaries of Southern Archipelago Ltd. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member, etc) | Executive Director | Lead Independent Director, Chairman of Audit and Remuneration Committees and member of the Nominating, and Environmental, Social and Governance Committees |
| Professional qualifications | Bachelor of Commerce, Double Major Degree in Accounting and Economics (UWA) Fellow member of The Institute of Chartered Accountants in Australia and New Zealand | Bachelor of Laws (Hons.), University of Wolverhampton, London Certificate in Legal Practice, Legal Profession Qualifying Board |

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|---|---|--|
| Working experience and occupation(s) during the past 10 years | <p>Period: 6 November 2020 to present Executive Director, Southern Archipelago Ltd.</p> <p>Period: 2001 to present Principal, Alan Yu & Co Chartered Accountant</p> <p>Period: 2007 to present Nominee Director, Tallahesse Pty Ltd</p> <p>Period: 2007 to present Nominee Director, JC Milton & Co. Pty Ltd</p> <p>Period: 2010 to present Nominee Director, Worldwide Venture Pty Ltd</p> <p>Period: 2013 to present Nominee Director, Emerald Equities Pty Ltd</p> <p>Period: 2004 to April 2020 Non-Executive Director, Equity Finance & Mortgages Pty Ltd</p> <p>Period: 2006 to September 2020 Non-Executive Director, Equity Smartplan Financial Services Pty Ltd</p> <p>Period: 2013 to October 2019 Executive Director, Maven Equity Pty Ltd</p> <p>Period: May 2017 to December 2017 Blumont Group Ltd: Executive Director and Chief Financial Officer (May 2017 to December 2017) Non-Executive Director (June 2016 to May 2017)</p> | <p>Period: 25 April 2019 to current Independent Director, Southern Archipelago Ltd</p> <p>Period: February 2016 to March 2019 Rank: Assistant Commissioner of Police Post: Principal Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police</p> <p>Period: November 2014 to February 2016 Rank: Superintendent of Police Post: Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police</p> <p>Period: February 2014 to November 2014 Rank: Superintendent of Police Post: Deputy Head of Commercial Crime Investigation Department, Johor Contingent Headquarter, Royal Malaysia Police</p> <p>Period: June 2008 to February 2014 Rank: Superintendent of Police Post: Deputy Head of Commercial Crime Investigation Department, Selangor Contingent Headquarter, Royal Malaysia Police</p> |
| Shareholding interest in the listed issuer and its subsidiaries | 10,000,000 ordinary shares in the Company | Nil |

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|--|---|--|
| 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 | No | No |
| Conflict of Interests (including any competing business) | No | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments* Including Directorships# | | |
| <p>* "Principal Commitments" has the same meaning as defined in the Code.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).</p> | | |
| Past (for the last 5 years) | <ol style="list-style-type: none"> Equity Finance & Mortgages Pty Ltd Equity Smartplan Financial Services Pty Ltd Perth QG Pty Ltd Maven Equity Pty Ltd | <ol style="list-style-type: none"> Dynaciate Group Bhd Green Packet Berhad Csh Alliance Berhad Hong Seng Consolidated Berhad |
| Present | <ol style="list-style-type: none"> Adroit Innovations Investment Pte Ltd Asphere Holdings Pte. Ltd. Tria Holdings Pte. Ltd. SAL Resorts & Development Pte. Ltd. Emerald Equities Pty Ltd Worldwide Venture Pty Ltd Tallahesse Pty Ltd JC Milton & Co. Pty Gemisuria Corporation Sdn Bhd Solid Base Limited Labrador Hill Pte. Ltd. | <ol style="list-style-type: none"> Classita Holdings Berhad |

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|---|------------------|------------------|
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “Yes”, full details must be given. | | |
| (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 |

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|--|------------------|------------------|
| (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 |
| (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 |

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|--|---------------------|---------------------|
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| <p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> | <p>No</p> <p>No</p> | <p>No</p> <p>No</p> |

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

| | Mr. Alan Chin Yu | Mr. Ng Keok Chai |
|---|--|--|
| Disclosure applicable to the appointment of Director only | | |
| <p>Any prior experience as a director of an issuer listed on the Exchange?</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.</p> <p>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. Alan Chin Yu is currently the executive director of the Company. He was also formerly a Deputy Managing Director of a public company listed on Bursa Malaysia Securities Berhad.</p> | <p>Yes. Mr. Ng Keok Chai is currently the Independent Director of the Company.</p> |

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 and the statement of financial position of the Company as at 31 December 2022.

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 2022 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 2022

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

| | Holdings registered in the name of director | | | Holdings in which a director is deemed to have an interest | | |
|--------------------------------------|--|------------|------------|---|------------|-----------|
| | At | At | At | At | At | At |
| | 1.1.2022 | 31.12.2022 | 21.1.2023 | 1.1.2022 | 31.12.2022 | 21.1.2023 |
| The Company | | | | | | |
| <i>Number of ordinary shares</i> | | | | | | |
| 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 |
| | 1.1.2022 | 31.12.2022 | 21.1.2023 |
| The Company | | | |
| 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 |

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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. 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.

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.

The Company granted options under the Scheme to subscribe for 1,160,000,000 ordinary shares of the Company on 17 June 2021. Particulars of these options were set out in the Directors' statement for the financial year ended 31 December 2021.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2022.

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

| Date of options granted | No. of unissued ordinary shares under option as at 31.12.2022 | Exercise price | Exercise period |
|--------------------------------|--|---------------------------|--------------------------|
| 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 |

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SHARE OPTIONS (cont'd)

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

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;
- 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.

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 2022 and 2021.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 1967, 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 financial information prepared by management for internal reporting to the board and/or prior to its release to shareholders and the general public;
- (iv) reviewed the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 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;
- (v) 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;
- (vi) reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls and risk management;
- (vii) 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;
- (viii) 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;
- (ix) reviewed the scope and results of the external audit, cost effectiveness and independence and objectivity of the independent auditors;
- (x) reviewed the nature and extent of non-audit services provided by the independent auditors;
- (xi) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation and terms of engagement of the auditors;
- (xii) reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- (xiii) 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

AUDIT COMMITTEE (cont'd)

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.

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 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Archipelago 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 2022, 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 1967 (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 of the Company as at 31 December 2022 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. AND ITS SUBSIDIARIES

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

Key Audit Matters (cont'd)

| Key Audit Matters | How our audit addressed the key audit matter |
|--|--|
| Revenue recognition (Refer to Note 3 (e) and Note 5) | |
| <p>The Group generated revenue of S\$4,837,194 for the financial year ended 31 December 2022 (FY2021: S\$3,904,220).</p> <p>We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. The potential existence of management override controls also increases the risk of material misstatement in the amount of revenue reported.</p> | <p>Our key audit procedures performed includes but not limited to:</p> <ul style="list-style-type: none"> • Obtained samples of contracts with customers and reviewed the terms and conditions, along with discussion with management, to assess the Group's revenue recognition policy in accordance to SFRS (I) 15, in particular the identification of performance obligations, the timing of revenue recognition (i.e., at a point in time or over time); • Discussed with management on the processes involved in the sale cycle and performed walkthrough test to consolidate our understanding; • Performed test of controls over the sale cycle to ascertain the effectiveness of key controls; • Performed test of details including sales cut-off tests to ascertain that the sales have been accurately taken up in the correct financial year; • Performed analytical review by comparing the current financial year performance to prior financial year; and • Reviewed the adequacy of disclosures in the notes to the financial statements. |

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO 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. 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group | |
|--|------|--------------------|-------------|
| | | 2022 S\$ | 2021 S\$ |
| Revenue | 5 | 4,837,194 | 3,904,220 |
| Other gains/(losses) – net | 6 | 2,351,741 | (950,295) |
| Interest income | | | |
| – Interest on proceeds from disposal of asset held for sale | | 65,873 | – |
| – Interest from bank deposits | | 29,545 | 4,027 |
| Expenses | | | |
| – Raw materials and consumables used | 15 | (90,731) | (45,065) |
| – Employee benefits | 7 | (4,131,275) | (3,639,213) |
| – Fair value loss on financial assets, at fair value through profit or loss (“FVPL”) | 13 | – | (120,060) |
| – Impairment loss on investment in associate | | – | (729,000) |
| – Depreciation of property and equipment | 20 | (597,962) | (615,030) |
| – Other expenses | 8 | (2,161,572) | (2,061,848) |
| – Finance costs | 9 | (238,026) | (214,189) |
| Total expenses | | (7,219,566) | (7,424,405) |
| Profit/(Loss) before tax | | 64,787 | (4,466,453) |
| Income tax expense | 10 | (553,693) | (439,286) |
| Loss for the year | | (488,906) | (4,905,739) |
| Other comprehensive (loss)/income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Actuarial gain on defined benefit plan | 23 | 14,877 | 70,764 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation | | | |
| – (Loss)/Gain on translating foreign operations | | (259,217) | 1,202,727 |
| – Reclassification of currency translation reserves upon liquidation of subsidiary | 6 | (78,042) | – |
| Other comprehensive (loss)/income, net of tax | | (322,382) | 1,273,491 |
| Total comprehensive loss | | (811,288) | (3,632,248) |
| Loss per share (S\$ cents) | | | |
| – Basic | 11 | (0.0018) | (0.0178) |
| – Diluted | 11 | (0.0018) | (0.0178) |

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|--------------------|--------------------|
| | | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 12 | 7,343,327 | 1,454,993 | 5,120,845 | 306,225 |
| Other financial assets | 13 | — | — | — | — |
| Trade and other receivables | 14 | 485,992 | 403,627 | — | — |
| Other assets | 15 | 124,214 | 250,942 | 102,874 | 23,179 |
| Income tax receivable | | — | 171,866 | — | — |
| | | 7,953,533 | 2,281,428 | 5,223,719 | 329,404 |
| Asset held for sale | 17 | — | 4,499,715 | — | — |
| | | 7,953,533 | 6,781,143 | 5,223,719 | 329,404 |
| Non-current assets | | | | | |
| Investments in subsidiaries | 18 | — | — | 80,759 | 108,169 |
| Investment in associate | 19 | — | — | — | — |
| Loans to subsidiaries | 18 | — | — | 5,496,347 | 9,956,453 |
| Property and equipment | 20 | 4,176,610 | 3,795,450 | 49,048 | 71,786 |
| Development property | 16 | — | — | — | — |
| Deferred tax assets | 24 | 264,405 | 256,117 | — | — |
| | | 4,441,015 | 4,051,567 | 5,626,154 | 10,136,408 |
| Total Assets | | 12,394,548 | 10,832,710 | 10,849,873 | 10,465,812 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 1,200,364 | 3,029,842 | 3,470,424 | 4,081,932 |
| Borrowings | 22 | 6,587,243 | 5,510,098 | 6,432,335 | 5,332,335 |
| Loan from a subsidiary | 18 | — | — | 5,590,000 | 5,590,000 |
| Lease liabilities | 30 | 22,786 | 53,263 | 22,786 | 53,263 |
| Income tax payable | | 148,278 | — | — | — |
| | | 7,958,671 | 8,593,203 | 15,515,545 | 15,057,530 |
| Non-current liabilities | | | | | |
| Lease liabilities | 30 | 9,205 | 19,230 | 9,205 | 19,230 |
| Defined benefit plan | 23 | 932,202 | 993,835 | — | — |
| Borrowings | 22 | 866,149 | — | — | — |
| | | 1,807,556 | 1,013,065 | 9,205 | 19,230 |
| Total Liabilities | | 9,766,227 | 9,606,268 | 15,524,750 | 15,076,760 |
| Net Assets/(Liabilities) | | 2,628,321 | 1,226,442 | (4,674,877) | (4,610,948) |
| EQUITY | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 25 | 127,338,850 | 127,338,850 | 127,338,850 | 127,338,850 |
| Reserves | 26 | 1,367,321 | (508,587) | 4,089,043 | 1,875,876 |
| Accumulated losses | | (126,077,850) | (125,603,821) | (136,102,770) | (133,825,674) |
| Total Equity | | 2,628,321 | 1,226,442 | (4,674,877) | (4,610,948) |

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Attributable to equity holders of the Company | | | | | Total equity S\$ |
|--|---|-----------------------------|-------------------------------------|-----------------------|---------------------------|---------------------|
| | Share capital S\$ | Share option reserve S\$ | Currency translation reserve S\$ | Other reserves S\$ | Accumulated losses S\$ | |
| Group | | | | | | |
| 2022 | | | | | | |
| Balance at 1 January 2022 | 127,338,850 | 1,875,876 | (4,119,461) | 1,734,998 | (125,603,821) | 1,226,442 |
| Loss for the year | - | - | - | - | (488,906) | (488,906) |
| Other comprehensive loss, net of tax: | | | | | | |
| Foreign currency translation loss | - | - | (337,259) | - | - | (337,259) |
| Actuarial gain on defined benefit plan (Note 23) | - | - | - | - | 14,877 | 14,877 |
| Total comprehensive loss for the year | - | - | (337,259) | - | (474,029) | (811,288) |
| Share based payment (Note 7) | - | 2,213,167 | - | - | - | 2,213,167 |
| Balance at 31 December 2022 | 127,338,850 | 4,089,043 | (4,456,720) | 1,734,998 | (126,077,850) | 2,628,321 |

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Attributable to equity holders 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 loss, 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 loss for the year | – | – | 1,202,727 | – | (4,834,975) | (3,632,248) |
| Share based payment (Note 7) | – | 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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group 2022 S\$ | 2021 S\$ |
|---|-------|----------------------|------------------|
| Cash Flows from Operating Activities: | | | |
| Profit/(Loss) before tax | | 64,787 | (4,466,453) |
| Adjustments for: | | | |
| Unrealised foreign exchange loss | | 284,678 | 1,177,506 |
| Write-off of property and equipment | 6 | 2,669 | – |
| Depreciation of property and equipment | 20 | 597,962 | 615,030 |
| Gain on disposal of asset held for sale | 6 | (1,808,832) | – |
| Write-off of other payables | 6 | (569,719) | (161,950) |
| (Gain)/Loss on disposal of property and equipment | 6 | (200) | 1,086 |
| Loss on disposal of financial assets, at FVPL | 6 | – | 72 |
| Gain on voluntary liquidation of a dormant subsidiary | 6 | (78,042) | – |
| Impairment loss on investment in associate | 19 | – | 729,000 |
| Fair value loss on financial assets, at FVPL | 13 | – | 120,060 |
| Interest expense | 9 | 238,026 | 214,189 |
| Interest income | | (95,418) | (4,027) |
| Share-based payment expense | 7 | 2,213,167 | 1,875,876 |
| Operating cash flows before working capital changes | | 849,078 | 100,389 |
| Changes in working capital: | | | |
| Receivables | | 44,363 | (154,682) |
| Payables | | (648,160) | 1,600,605 |
| Cash flows generated from operations | | 245,281 | 1,546,312 |
| Tax paid | | (274,898) | (443,761) |
| Net cash flows (used in)/generated from operating activities | | (29,617) | 1,102,551 |
| Cash Flows from Investing Activities | | | |
| Purchase of property and equipment | | (1,371,858) | (140,837) |
| Proceeds from disposal of asset held-for-sale | | 5,594,931 | – |
| Proceeds from disposal of financial assets, at FVPL | | – | 127 |
| Proceeds from disposal of property and equipment | | 200 | 14,490 |
| Investment in associate | | – | (398,194) |
| Interest received | | 95,418 | 4,027 |
| Net cash flows generated from/(used in) investing activities | | 4,318,691 | (520,387) |
| Cash Flows from Financing Activities | | | |
| Principal repayment of lease liabilities | 22(d) | (53,262) | (50,520) |
| Repayment of borrowings | 22(d) | (676,520) | (442,631) |
| Proceeds from borrowings | 22(d) | 2,697,672 | 500,000 |
| Interest paid | | (155,024) | (55,575) |
| Net cash flows generated from/(used in) financing activities | | 1,812,866 | (48,726) |
| Net increase in cash and bank balances | | 6,101,940 | 533,438 |
| Cash and bank balances at beginning of the year | | 1,454,993 | 917,355 |
| Effect of changes in foreign exchange rates on cash and bank balances | | (213,606) | 4,200 |
| Cash and cash balance at end of the year | 12 | 7,343,327 | 1,454,993 |

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. Corporate Information

Southern Archipelago Ltd. (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) 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.

(b) Application of new and revised SFRS(I)s and INT SFRS(I)

On 1 January 2022, the Group and the Company adopted all the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) 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 INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(c) SFRS(I)s and INT SFRS(I) 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 2023 and which the Group has not early adopted:

| | | Effective for annual periods beginning on or after |
|-----------------------------------|---|---|
| Amendments to SFRS(I) 1-12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to SFRS(I) 1-8 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to SFRS(I) 1-1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to SFRS(I) 1-1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to SFRS(I) 10 and 1-28 | 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) Going concern assumption

As at 31 December 2022, the Group and Company are in a net current liability position of S\$5,138 and S\$10,291,826 (2021: S\$1,812,060 and S\$14,728,126) respectively. The Company is in a net liability position of S\$4,674,877 (2021: S\$4,610,948). The Group is in a net loss position of S\$488,906 (2021: S\$4,905,739) and the Group is in a net operating cash out flow of S\$29,617 (2021: S\$1,102,551 in-flow). These conditions may cast significant doubt on the ability of the Group and Company to continue as going concern and to realise their assets and discharge their 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 2022 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; 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 and 31 October 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(a) Going concern assumption (cont'd)

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.

(b) 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.

Acquisition

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

The consideration transferred for the acquisition of a subsidiary 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 (b) the fair value of the identifiable net assets acquired is recorded as goodwill.

Disposal

When a change in the Group's ownership interest in a subsidiary result 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(b) Group accounting (cont'd)

Subsidiaries (cont'd)

Disposal (cont'd)

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.

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 equal 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 report 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(b) Group accounting (cont'd)

Associate (cont'd)

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.

(c) 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.

(d) 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.

(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) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(e) Leases

When the Group is the lessee

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

Right-of-use assets

The Group recognises 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.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property and equipment".

Lease liabilities

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 a contract 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 prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(e) Leases (cont'd)

When the Group is the lessee (cont'd)

Lease liabilities (cont'd)

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 modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(f) 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 reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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 gains/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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(f) Foreign currencies (cont'd)

(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 exchange rates at the reporting 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 currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

(g) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(h) 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

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(h) Employee Benefits (cont'd)

(ii) Defined benefit plan (cont'd)

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. 11/2020 and Governance Regulation No. 35/2021 of Indonesia. 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 post-employment 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.

(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 reporting 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.

(i) 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(i) Income tax (cont'd)

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.

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 reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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.

(j) Property and equipment

(i) Measurement

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

Components of costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(j) Property and equipment (cont'd)

(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.

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 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 |

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

(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 and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses)". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(k) Development property (cont'd)

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.

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.

(l) 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.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(m) Inventories

Inventories are carried 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.

(n) Asset held for sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. 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.

(o) Financial assets

(i) Classification and measurement

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

- fair value through profit or loss (FVPL), and
- 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 2022

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

(o) 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.

Amortised cost

Debt instruments 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. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Equity instruments

FVPL

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 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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(o) Financial assets (cont'd)

(ii) Impairment (cont'd)

Recognition and derecognition (cont'd)

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.

(p) Provisions

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

(q) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting 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.

(r) 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 non-current liabilities.

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

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(s) Related parties (cont'd)

- 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(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 reporting 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.

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 2022 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 | |
|---|------------------|------------------|
| | 2022 S\$ | 2021 S\$ |
| Revenue from sterilisation services – Indonesia | <u>4,837,194</u> | <u>3,904,220</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Other Gains/(Losses) – Net

| | Group | |
|---|------------------|------------------|
| | 2022 S\$ | 2021 S\$ |
| Currency exchange loss – net | (247,270) | (1,168,518) |
| Write-off of property and equipment | (2,669) | – |
| Write-off of other payables | 569,719 | 161,950 |
| Loss on disposal of financial assets, at FVPL | – | (72) |
| Gain/(Loss) on disposal of property and equipment | 200 | (1,086) |
| Gain on disposal of asset held for sale | 1,808,832 | – |
| Gain on voluntary liquidation of a dormant subsidiary | 78,042 | – |
| Government grant income | 24,418 | 9,583 |
| Miscellaneous income | 120,469 | 47,848 |
| | 2,351,741 | (950,295) |

Voluntary liquidation of a dormant subsidiary

| | Group 2022 S\$ |
|---|----------------------|
| Net assets disposed of as at the date of disposal | – |
| Reclassification of currency translation reserve | 78,042 |
| Gain on voluntary liquidation | 78,042 |

7. Employee Benefits

| | Group | |
|--|------------------|------------------|
| | 2022 S\$ | 2021 S\$ |
| Short-term employee benefits | 1,701,856 | 1,532,340 |
| Contribution to defined contribution plans | 36,469 | 31,648 |
| Defined benefits plans (Note 23) | 179,783 | 199,349 |
| Share-based payment expense | 2,213,167 | 1,875,876 |
| | 4,131,275 | 3,639,213 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Other Expenses

| | Group | |
|---|------------------|------------------|
| | 2022 S\$ | 2021 S\$ |
| Audit fees: | | |
| – auditor of the Company | 82,000 | 74,000 |
| – other auditors | 14,681 | 12,879 |
| Other fees paid/payable to auditor of the Company | 34,666 | 126,000 |
| Legal, professional and consultancy fees | 288,377 | 1,107,462 |
| Upkeep expenses | 217,276 | 119,215 |
| Directors' fees (Note 29) | 103,500 | 100,000 |
| Travelling expenses | 77,639 | 22,194 |
| Postage and telecommunication expenses | 12,581 | 15,348 |
| Printing and stationery expenses | 6,081 | 22,817 |
| Staff training and welfare expenses | 59,743 | 62,797 |
| Marketing and advertising | 67,426 | 1,216 |
| Provision for withholding tax expense | 102,620 | 102,620 |
| Sundry expenses | 95,485 | 55,603 |
| SGX expenses | 35,000 | 43,000 |
| Real property gains tax | 481,971 | – |
| Others | 482,526 | 196,697 |
| | 2,161,572 | 2,061,848 |

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 | |
|----------------------------------|----------------|----------------|
| | 2022 S\$ | 2021 S\$ |
| Interest expense | | |
| – loans from banks | 129,089 | 50,645 |
| – loan from shareholders | 106,400 | 158,614 |
| – lease liabilities (Note 30(c)) | 2,537 | 4,930 |
| | 238,026 | 214,189 |

10. Income Tax Expense

| | Group | |
|---------------------------------|----------------|----------------|
| | 2022 S\$ | 2021 S\$ |
| Income tax expense comprised: | | |
| Current income tax | 529,865 | 436,228 |
| Deferred tax (Note 24) | (4,338) | (24,902) |
| | 525,527 | 411,326 |
| Under provision in prior years: | | |
| Current income tax | 61,164 | – |
| Deferred tax (Note 24) | (32,998) | 27,960 |
| | 28,166 | 27,960 |
| | 553,693 | 439,286 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Income Tax Expense (cont'd)

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

| | Group | |
|--|----------------|----------------|
| | 2022 S\$ | 2021 S\$ |
| Profit/(Loss) before tax | 64,787 | (4,466,453) |
| Tax at the statutory tax rate of 17% (2021: 17%) | 11,014 | (759,297) |
| Effect of different tax rates in other countries | 229,131 | 81,354 |
| Tax effect of non-taxable income | (743,190) | (67,898) |
| Tax effect of non-deductible expenses | 886,309 | 1,157,167 |
| Deferred tax assets not recognised | 142,263 | — |
| Under provision of income tax in prior years | 28,166 | 27,960 |
| | 553,693 | 439,286 |

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% (2021: 22%) and 24% (2021: 24%) respectively.

11. Loss per Share

(a) Basic loss per share

Basic loss per share is calculated on the net loss attributable to equity holders of the Company of S\$488,906 (2021: S\$4,905,739) divided by the weighted average number of ordinary shares of 27,570,762,183 (2021: 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 2022 and 2021.

12. Cash and Bank Balances

| | Group | | Company | |
|--------------------------|------------------|-------------|------------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Cash at bank and on hand | 7,343,327 | 1,454,993 | 5,120,845 | 306,225 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Other Financial Assets

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| <i>Equity investments measured at fair value through profit or loss</i> | | | | |
| <u>Equity investments – Singapore</u> | | | | |
| Balance at the beginning of the year | – | 120,259 | – | 120,259 |
| Disposals | – | (199) | – | (199) |
| Fair value loss | – | (120,060) | – | (120,060) |
| Balance at the end of the year | – | – | – | – |

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

14. Trade and Other Receivables

| | Group | | Company | |
|-----------------------------------|----------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Trade receivables | | | | |
| – third parties (a) | 352,667 | 293,431 | – | – |
| Less: Loss allowance | (428) | (455) | – | – |
| Trade receivables – net | 352,239 | 292,976 | – | – |
| Other receivables – third parties | 133,753 | 110,651 | – | – |
| Total trade and other receivables | 485,992 | 403,627 | – | – |

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2021: 30 to 60 days).

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

| | Group | |
|---|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| <i>Trade receivables</i> | | |
| Balance as at the beginning of the year | 455 | 463 |
| Currency translation differences | (27) | (8) |
| Balance as at the end of the year | 428 | 455 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. Other Assets

| | Group | | Company | |
|--------------------|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Inventories | – | 1,061 | – | – |
| Deposits | 51,945 | 19,929 | 49,830 | 17,610 |
| Prepayments | 72,269 | 229,952 | 53,044 | 5,569 |
| Total other assets | 124,214 | 250,942 | 102,874 | 23,179 |

The cost of inventories recognised as an expense and included in “Raw materials and consumables used” amounted to S\$90,731 (2021: S\$45,065) during the financial year.

16. Development Property

| | Group | |
|---|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Leasehold land, at cost | | |
| Balance at the beginning of the year | – | 4,578,950 |
| Transfer to asset held for sale (Note 17) | – | (4,499,715) |
| Currency exchange difference | – | (79,235) |
| Balance at the end of the year | – | – |

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 | |
|--|------------|---|---|--------------------------------------|----------------|-------------|
| | | | | | 2022 S\$ | 2021 S\$ |
| Leasehold land Malaysia Title No. PN 12245, Lot No. 1719, Section 13, Town of Shah Alam, District of Petaling, Selangor. | Commercial | Leasehold, (79 years) 7,863 sq. metre | – | 100 | – | – |

On 15 September 2021, the Group entered into a sales and purchase agreement for the disposal of the Shah Alam land. Accordingly, the carrying amount of S\$4.5 million was reclassified from development property to asset held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Asset Held for Sale

| | Group | |
|--|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| <u>Development property</u> | | |
| Balance at the beginning of the year | 4,499,715 | – |
| Transfer from development property (Note 16) | – | 4,499,715 |
| Disposal | (4,414,198) | – |
| Currency translation differences | (85,517) | – |
| 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 based on an illustrative exchange rate of S\$1.00: RM3.0902). A deposit of RM2.0 million (approximately S\$0.65 million) was received in the financial year ended 31 December 2021. Accordingly, the development property was reclassified to asset held for sale as at 31 December 2021.

In the current financial year, the sale was completed and the Group received the full settlement of the remaining RM18.0 million (approximately S\$5.6 million).

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

| | Company | |
|-------------------------------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Investments in subsidiaries (a) | 185,209 | 146,918 |
| Less: Allowance for impairment loss | (104,450) | (38,749) |
| | 80,759 | 108,169 |
| Loans to subsidiaries (b) | 5,496,347 | 10,705,063 |
| Less: Allowance for impairment loss | – | (748,610) |
| | 5,496,347 | 9,956,453 |
| 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 | |
|--|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| <u>Unquoted equity shares, at cost</u> | | |
| Balance at the beginning of the year | 146,918 | 104,456 |
| Incorporation | – | 10,000 |
| | 146,918 | 114,456 |
| Equity contribution from share-based transaction | 38,291 | 32,462 |
| Balance at the end of the year | 185,209 | 146,918 |
| <u>Allowance for impairment loss</u> | | |
| Balance at the beginning of the year | 38,749 | – |
| Impairment recognised during the year (i) | 65,701 | 38,749 |
| Balance at the end of the year | 104,450 | 38,749 |
| Carrying amounts of investments in subsidiaries | 80,759 | 108,169 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(a) Investments in subsidiaries (cont'd)

- (i) As at 31 December 2022, the Company has fully impaired its investment in a subsidiary to profit or loss following the voluntary liquidation of the subsidiary on 1 November 2022. The liquidation process is still ongoing as at year end.

(b) Loans to subsidiaries

As at 31 December 2022, the loans to subsidiaries consist of interest-free loan receivables of S\$5,496,347 (2021: S\$10,705,063).

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.

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

| | Company | |
|--|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Balance at the beginning of the year | 748,610 | 2,855,590 |
| Write-back of impairment during the year (i) | (748,610) | (736,403) |
| Written off during the year | – | (1,370,577) |
| Balance at the end of the year | – | 748,610 |

As at 31 December 2022, the Company had written back an allowance for impairment loss of S\$748,610 (2021: S\$736,403) due to an improvement in the financial position of the subsidiary resulting in the recoverable amount being higher than the carrying amount of the loan to subsidiary.

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at between 9% and 10% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(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 | 2022 % | 2021 % |
| <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 |
| Raintree Rock Sdn. Bhd. ^(e) Malaysia | Investment holding | — | 100 |
| SAL Resorts & Development Pte. Ltd. ^(a) Singapore | Investment holding | 100 | 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 |
| <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) Undergoing liquidation.

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19. Investment in Associate

| | Group | | Company | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Balance at the beginning of the year | 689,577 | — | 729,000 | — |
| Addition during the year | — | 729,000 | — | 729,000 |
| Share of loss of associate | (96,218) | (39,423) | — | — |
| Balance at end of the year | 593,359 | 689,577 | 729,000 | 729,000 |
| Less: Allowance for impairment loss | (593,359) | (689,577) | (729,000) | (729,000) |
| | — | — | — | — |

Details of the Group's associate is as follows:

| Name of entity Country of business/incorporation | Principal activities | Effective equity held by the Group | |
|---|-----------------------------|------------------------------------|-----------|
| | | 2022 % | 2021 % |
| Labrador Hill Pte. Ltd. ^(a) Singapore | Hoteliers and restaurateurs | 27 | 27 |

(a) Audited by Stone Ray and Associates

As at 31 December 2022, the Group and the Company have continued to fully impaired its investment in an associate to profit or loss, the recoverable amount of which was determined to be S\$ Nil (2021: S\$ Nil) on the basis that the associate is in a net liabilities position as at 31 December 2022.

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:

| | Labrador Hill Pte. Ltd. | |
|-------------------------|-------------------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Current assets | 415,661 | 725,385 |
| Non-current assets | 1,482,723 | 2,121,089 |
| | 1,898,384 | 2,846,474 |
| Current liabilities | (5,518,586) | (1,323,294) |
| Non-current liabilities | — | (4,787,018) |
| | (5,518,586) | (6,110,312) |
| Net liabilities | (3,620,202) | (3,263,838) |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. Investment in Associate (cont'd)

Summarised statement of comprehensive income:

| | Labrador Hill Pte. Ltd. | |
|--------------------------|--------------------------------|-------------|
| | 2022 | 2021 |
| | S\$ | S\$ |
| Revenue | 4,003,912 | 3,346,848 |
| Loss for the year | (356,364) | (248,331) |
| Other comprehensive loss | – | – |
| Total comprehensive loss | (356,364) | (248,331) |

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:

| | Labrador Hill Pte. Ltd. | |
|--|--------------------------------|-------------|
| | 2022 | 2021 |
| | S\$ | S\$ |
| Net liabilities as at 31 December | (3,620,202) | (3,263,838) |
| Proportion of the Group's ownership | 27.00% | 27.00% |
| Group's share of net liabilities | – | – |
| Carrying amount of the investment in associate | – | – |

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20. Property and Equipment

| | Freehold land | Building | Leasehold property | Renovations | Furniture and fittings | Office, computer and other equipment | Cobalt isotope | Motor vehicles | Construction in-progress | Total |
|----------------------------------|---------------|-----------|--------------------|-------------|------------------------|--------------------------------------|----------------|----------------|--------------------------|-----------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Group | | | | | | | | | | |
| 2022 | | | | | | | | | | |
| Cost | | | | | | | | | | |
| At 1 January | 808,123 | 1,889,359 | 225,527 | 67,563 | 3,700 | 1,733,548 | 3,713,630 | 639,386 | 18,936 | 9,099,772 |
| Additions | - | - | 12,760 | - | - | 52,594 | 1,319,264 | - | - | 1,384,618 |
| Disposal/Write-off | - | - | - | - | - | (13,024) | - | (190,317) | - | (203,341) |
| Reclassification | - | - | - | - | - | - | - | - | (18,513) | (18,513) |
| Currency translation differences | (71,355) | (166,826) | - | - | - | (151,705) | (416,932) | (43,613) | (423) | (850,854) |
| At 31 December | 736,768 | 1,722,533 | 238,287 | 67,563 | 3,700 | 1,621,413 | 4,615,962 | 405,456 | - | 9,411,682 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 January | - | 673,087 | 173,767 | 67,563 | 3,700 | 1,315,085 | 2,591,138 | 479,982 | - | 5,304,322 |
| Depreciation during the year | - | 92,359 | 44,366 | - | - | 119,266 | 289,383 | 52,588 | - | 597,962 |
| Disposal/Write-off | - | - | - | - | - | (7,852) | - | (190,317) | - | (198,169) |
| Currency translation differences | - | (65,665) | - | - | - | (121,970) | (248,320) | (33,088) | - | (469,043) |
| At 31 December | - | 699,781 | 218,133 | 67,563 | 3,700 | 1,304,529 | 2,632,201 | 309,165 | - | 5,235,072 |
| Net carrying amount | | | | | | | | | | |
| At 31 December | 736,768 | 1,022,752 | 20,154 | - | - | 316,884 | 1,983,761 | 96,291 | - | 4,176,610 |

As at 31 December 2022, the Group's loans from bank are secured by the Group's freehold land and building, which have a carrying amount of S\$1,759,520 (2021: S\$2,024,395).

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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 | | | | | | | | | | |
| 2021 | | | | | | | | | | |
| Cost | | | | | | | | | | |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Property and Equipment (cont'd)

| | Renovations S\$ | Leasehold property S\$ | Furniture and fittings S\$ | Office, computer and other equipment S\$ | Total S\$ |
|---------------------------------|--------------------|------------------------------|----------------------------------|--|--------------|
| Company | | | | | |
| 2022 | | | | | |
| <u>Cost</u> | | | | | |
| At 1 January | 67,563 | 225,527 | 3,700 | 35,301 | 332,091 |
| Additions | – | 12,760 | – | 17,043 | 29,803 |
| Write-off | – | – | – | (3,475) | (3,475) |
| At 31 December | 67,563 | 238,287 | 3,700 | 48,869 | 358,419 |
| <u>Accumulated depreciation</u> | | | | | |
| At 1 January | 67,563 | 173,767 | 3,700 | 15,275 | 260,305 |
| Depreciation during the year | – | 44,366 | – | 8,175 | 52,541 |
| Write-off | – | – | – | (3,475) | (3,475) |
| At 31 December | 67,563 | 218,133 | 3,700 | 19,975 | 309,371 |
| <u>Net carrying amount</u> | | | | | |
| At 31 December | – | 20,154 | – | 28,894 | 49,048 |
| 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 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. Trade and Other Payables

| | Group | | Company | |
|--------------------------------|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| <u>Current</u> | | | | |
| Other payables (a) | 41,605 | 947,962 | 39,000 | 947,962 |
| Amounts due to directors (b) | 4,270 | 8,250 | 4,270 | 8,250 |
| Deposit payable (c) | — | 647,400 | — | — |
| Interest payable (d) | 706,590 | 623,588 | 3,023,663 | 2,422,349 |
| Accrued operating expenses | 447,899 | 802,642 | 403,491 | 703,371 |
| Total trade and other payables | 1,200,364 | 3,029,842 | 3,470,424 | 4,081,932 |

- (a) The Group's other payables include professional fees and general legal advice of S\$36,810 (2021: S\$813,909).
- (b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.
- (c) The deposit payable was in relation to the sales and purchase agreement entered for the sale of the Group's leasehold land in Malaysia. The sale was completed during the year.
- (d) Interest payable relates to loan from shareholder and loan from subsidiary.

22. Borrowings

| | Group | | Company | |
|----------------------------------|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| <u>Current</u> | | | | |
| Secured – Loans from banks (a) | 154,908 | 177,763 | — | — |
| Unsecured – Loans from banks (b) | 1,600,000 | — | 1,600,000 | — |
| Loans from shareholders (c) | 4,832,335 | 5,332,335 | 4,832,335 | 5,332,335 |
| | 6,587,243 | 5,510,098 | 6,432,335 | 5,332,335 |
| <u>Non-current</u> | | | | |
| Secured – Loans from banks (a) | 866,149 | — | — | — |
| Total borrowings | 7,453,392 | 5,510,098 | 6,432,335 | 5,332,335 |

- (a) Loans from bank are secured over the Group's freehold land and building (Note 20). The loans from bank bear an interest between 6.8% and 8.0% (2021: between 10.0% and 11.0%) per annum. The loans will mature in June 2024.
- (b) Loans from banks are unsecured and bears interest of 2.5% plus bank's Cost of Funds.
- (c) Loans from shareholders are unsecured and bears interest of 2.0% (2021: between 3.0% and 4.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. Borrowings (cont'd)

- (d) 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\$ | Proceed S\$ | Repayment S\$ | Accretion of interest (Note 9) S\$ | Addition during the year S\$ | Foreign exchange difference S\$ | At 31 December S\$ |
| 2022 | | | | | | | |
| Loans from bank | 177,763 | 2,697,672 | (176,520) | – | – | (77,858) | 2,621,057 |
| Loans from shareholders | 5,332,335 | – | (500,000) | – | – | – | 4,832,335 |
| Lease liabilities (Note 30) | 72,493 | – | (55,799) | 2,537 | 12,760 | – | 31,991 |
| | 5,582,591 | 2,697,672 | (732,319) | 2,537 | 12,760 | (77,858) | 7,485,383 |
| 2021 | | | | | | | |
| Loans from bank | 620,930 | – | (442,631) | – | – | (536) | 177,763 |
| Loans 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 |

23. Defined Benefit Plan

| | Group | |
|---------------------------------------|----------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Present value of unfunded obligations | 932,202 | 993,835 |

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

| | Group | |
|--|-----------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Defined benefit obligations at the beginning of the year | 993,835 | 971,425 |
| Benefits paid by the plan | (32,118) | (93,275) |
| Current service costs | 114,083 | 104,854 |
| Excess of benefit paid | 7,037 | 31,791 |
| Interest on obligations | 58,642 | 62,051 |
| Impact of changes in attribution method | (98,257) | – |
| Actuarial gain | (19,072) | (90,722) |
| Deferred tax expense (Note 24) | 4,195 | 19,958 |
| Actuarial gain recognised in other comprehensive income | (14,877) | (70,764) |
| Currency translation differences | (96,143) | (12,247) |
| Defined benefit obligations at the end of the year | 932,202 | 993,835 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. Defined Benefit Plan (cont'd)

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

| | Group | |
|--|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Current service costs | 114,083 | 104,854 |
| Interest on obligations | 58,642 | 62,051 |
| Amortisation of past services cost – non vested | 21 | 653 |
| Excess of benefit paid | 7,037 | 31,791 |
| Total, included in “Employee Benefits” (Note 7) | 179,783 | 199,349 |
| Impact of changes in attribution method recognised in “Other Gains/(Losses) – Net” (Note 6) | 98,257 | – |

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

| | Group 2022 and 2021 |
|-------------------------|---|
| Valuation method | Projected Unit Credit based on Actuarial Cost Method |
| Mortality rate | TMI 2019 (2021: TMI 2019) |
| Discount rate | 7.2% (2021: 7.1%) |
| Future salary increases | 10% |
| Disability rate | 1% from TMI 2019 (2021: 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 | |
|---|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| To be settled after one year – Deferred tax assets | 264,405 | 256,117 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 | |
|--|-------------|-------------|
| | 2022 S\$ | 2021 S\$ |
| Balance at the beginning of the year | 256,117 | 277,649 |
| Tax credited/(charged) to: | | |
| – profit or loss (Note 10) | 37,336 | (3,058) |
| – other comprehensive income (Note 23) | (4,195) | (19,958) |
| | 33,141 | (23,016) |
| Currency translation differences | (24,853) | 1,484 |
| Balance at the end of the year | 264,405 | 256,117 |

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 | |
|--------------------|-------------|-------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Capital allowances | – | 73,282 | – | – |
| Tax losses | 33,695,057 | 32,784,934 | 32,394,234 | 31,557,393 |
| | 33,695,057 | 32,858,216 | 32,394,234 | 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. Deferred Taxes (cont'd)

The movement in deferred income tax assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

| | Accelerated tax depreciation S\$ | Group Other S\$ | Total S\$ |
|--|---|-----------------------|--------------|
| 2022 | | | |
| Balance at the beginning of the year | 255,232 | 885 | 256,117 |
| Charged/(Credited) to | | | |
| – profit or loss (Note 10) | 36,957 | 379 | 37,336 |
| – other comprehensive income (Note 23) | (4,195) | – | (4,195) |
| Currency translation differences | (24,749) | (104) | (24,853) |
| Balance at the end of the year | 263,245 | 1,160 | 264,405 |
| 2021 | | | |
| Balance at the beginning of the year | 277,175 | 474 | 277,649 |
| Charged/(Credited) to | | | |
| – profit or loss (Note 10) | (3,462) | 404 | (3,058) |
| – other comprehensive income (Note 23) | (19,958) | – | (19,958) |
| Currency translation differences | 1,477 | 7 | 1,484 |
| Balance at the end of the year | 255,232 | 885 | 256,117 |

25. Share Capital

| | Group and Company | | | |
|--|------------------------------|-------------|------------------------------|-------------|
| | 2022 | | 2021 | |
| | 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 2022

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. Discounted 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.

No share options under the Blumont ESOS 2013 have been granted during the financial year ended 31 December 2022.

As at 31 December 2022, 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 As at 31 Dec 2022 S\$ | No. of options As at 31 Dec 2022 '000 |
| Outstanding at the beginning of the year | 0.0036 | 1,160,000 |
| Granted during the year | — | — |
| 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 2022

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 to 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 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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 is calculated as total equity and net debt.

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 reporting date is as follows:

| | Group | | Company | |
|------------------------------------|------------------|-------------|--------------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Net debt | 2,274,622 | 8,151,275 | 10,403,905 | 14,770,535 |
| Total equity | 2,628,321 | 1,226,442 | (4,674,877) | (4,610,948) |
| Adjusted capital | 4,902,943 | 9,377,717 | 5,729,028 | 10,159,587 |
| Net debt-to-adjusted capital ratio | 46.4% | 86.9% | 181.6% | 145.4% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. Reserves

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| (a) Composition: | | | | |
| Currency translation reserve (i) | (4,456,720) | (4,119,461) | – | – |
| Other reserves (ii) | 1,734,998 | 1,734,998 | – | – |
| Share option reserve (iii) | 4,089,043 | 1,875,876 | 4,089,043 | 1,875,876 |
| | 1,367,321 | (508,587) | 4,089,043 | 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 activities are exposed to market risk (including currency risk and interest rate risk), credit risk and liquidity risk arising in the normal course of the Group's and the Company's business. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group'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. 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 and interest rate will affect the Group'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 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 2022

27. Financial Risk Management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group 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 foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group 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, 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 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 S\$ |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------|
| 2022 | | | | | | |
| Group | | | | | | |
| Trade and other receivables | – | 479,643 | 6,349 | – | – | 485,992 |
| Other assets (deposits) | 49,830 | 2,115 | – | – | – | 51,945 |
| Cash and cash equivalents | 5,136,236 | 2,179,722 | 25,597 | – | 1,772 | 7,343,327 |
| Trade and other payables | (1,166,553) | (15,537) | (13,864) | (4,410) | – | (1,200,364) |
| Borrowings | (6,432,335) | (1,021,057) | – | – | – | (7,453,392) |
| Lease liabilities | (31,991) | – | – | – | – | (31,991) |
| Net financial (liabilities)/assets | (2,444,813) | 1,624,886 | 18,082 | (4,410) | 1,772 | (804,483) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency | 2,452,398 | (1,624,886) | (11,733) | – | – | 815,779 |
| Currency exposure | 7,585 | – | 6,349 | (4,410) | 1,772 | 11,296 |
| Company | | | | | | |
| Cash and cash equivalents | 5,120,845 | – | – | – | – | 5,120,845 |
| Other asset (deposits) | 49,830 | – | – | – | – | 49,830 |
| Loans to subsidiaries | 5,496,347 | – | – | – | – | 5,496,347 |
| Loan from a subsidiary | (5,590,000) | – | – | – | – | (5,590,000) |
| Borrowings | (6,432,335) | – | – | – | – | (6,432,335) |
| Trade and other payables | (3,466,014) | – | – | (4,410) | – | (3,470,424) |
| Lease liabilities | (31,991) | – | – | – | – | (31,991) |
| Net financial liabilities | (4,853,318) | – | – | (4,410) | – | (4,857,728) |
| Less: Net financial liabilities denominated in the Company's functional currency | 4,853,318 | – | – | – | – | 4,853,318 |
| Currency exposure | – | – | – | (4,410) | – | (4,410) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 S\$ |
|--|----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------|
| 2021 | | | | | | |
| Group | | | | | | |
| Trade and other receivables | – | 403,375 | 252 | – | – | 403,627 |
| Other asset (deposits) | 17,610 | 2,319 | – | – | – | 19,929 |
| 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 | (7,348,659) | 1,221,053 | (589,857) | (4,748) | (11,673) | (6,733,884) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency | 7,358,139 | (1,221,053) | 589,857 | – | – | 6,726,943 |
| 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 | 9,956,453 | – | – | – | – | 9,956,453 |
| 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) | (13,403) | (4,081,932) |
| Lease liabilities | (72,493) | – | – | – | – | (72,493) |
| Net financial liabilities | (4,778,320) | – | – | (4,748) | (13,403) | (4,796,472) |
| Less: Net financial liabilities denominated in the Company's functional currency | 4,778,320 | – | – | – | – | 4,778,320 |
| Currency exposure | – | – | – | (4,748) | (13,403) | (18,152) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 foreign currencies at the reporting date would not have a significant impact to the Group and the Company.

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

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are the Singapore bank loans denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% (2021: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by S\$8,000 (2021: S\$ Nil) mainly as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings.

(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 arises principally from the Group's trade and other receivables and cash and bank balances.

As the Group does 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 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 Group 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 2022

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 | |
|-----------|----------------|----------------|-------------|-------------|
| | 2022 S\$ | 2021 S\$ | 2021 S\$ | 2021 S\$ |
| Singapore | 6,349 | — | — | — |
| Malaysia | — | 252 | — | — |
| Indonesia | 479,643 | 403,375 | — | — |
| | 485,992 | 403,627 | — | — |

The trade receivables of the Group comprised 12 individual debtors (2021: 9 individual debtors) that aggregate represent 46% (2021: 53%) of trade and other receivables.

(ii) Cash and bank balances

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

The Group monitors its liquidity risk 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 2022

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\$ | > 5 years S\$ |
|--------------------------|----------------------------|-------------------------------|------------------|--------------------|------------------|
| Group | | | | | |
| <u>2022</u> | | | | | |
| Trade and other payables | 1,200,364 | 1,200,364 | 1,200,364 | – | – |
| Borrowings | 7,453,392 | 8,003,833 | 6,867,204 | 702,496 | 434,133 |
| Lease liabilities | 31,991 | 33,350 | 23,550 | 9,800 | – |
| | 8,685,747 | 9,237,547 | 8,091,118 | 712,296 | 434,133 |

| | | | | | |
|--------------------------|------------------|------------------|------------------|---------------|----------|
| <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 | – |

| | Carrying amounts S\$ | Contractual amounts S\$ | < 1 year S\$ | 1 – 5 years S\$ |
|--------------------------|----------------------------|-------------------------------|-------------------|--------------------|
| Company | | | | |
| <u>2022</u> | | | | |
| Trade and other payables | 3,470,424 | 3,470,424 | 3,470,424 | – |
| Borrowings | 6,432,335 | 6,637,782 | 6,637,782 | – |
| Loan from a subsidiary | 5,590,000 | 5,590,000 | 5,590,000 | – |
| Lease liabilities | 31,991 | 33,350 | 23,550 | 9,800 |
| | 15,524,750 | 15,731,556 | 15,721,756 | 9,800 |

| | | | | |
|--------------------------|-------------------|-------------------|-------------------|---------------|
| <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 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Financial Risk Management (cont'd)

(d) Fair Value Measurement

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

(ii) Other financial assets and liabilities

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

28. Financial Instruments by Category

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

| | Group | | Company | |
|------------------------------|------------------|------------------|-------------------|-------------------|
| | 2022 S\$ | 2021 S\$ | 2022 S\$ | 2021 S\$ |
| Financial assets | | | | |
| <u>At amortised cost</u> | | | | |
| Cash and bank balances | 7,343,327 | 1,454,993 | 5,120,845 | 306,225 |
| Trade and other receivables | 485,992 | 403,627 | – | – |
| Loans to subsidiaries | – | – | 5,496,347 | 9,956,453 |
| Other assets (deposits) | 51,945 | 19,929 | 49,830 | 17,610 |
| | 7,881,264 | 1,878,549 | 10,667,022 | 10,280,288 |
| Financial liabilities | | | | |
| <u>At amortised cost</u> | | | | |
| Trade and other payables | 1,200,364 | 3,029,842 | 3,470,424 | 4,081,932 |
| Borrowings | 7,453,392 | 5,510,098 | 6,432,335 | 5,332,335 |
| Loan from a subsidiary | – | – | 5,590,000 | 5,590,000 |
| Lease liabilities | 31,991 | 72,493 | 31,991 | 72,493 |
| | 8,685,747 | 8,612,433 | 15,524,750 | 15,076,760 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 | |
|---|------------------|------------------|
| | 2022 S\$ | 2021 S\$ |
| Directors' fees (Note 8) | 103,500 | 100,000 |
| Short-term employee benefits | 540,309 | 471,880 |
| Employer's contribution to defined contribution plans | 36,469 | 31,554 |
| Share-based payment expense | 1,100,820 | 932,848 |
| | 1,781,098 | 1,536,282 |
| <i>Comprised:</i> | | |
| Directors of the Company | 1,444,516 | 1,234,786 |
| Directors of the Group's subsidiaries | 336,582 | 301,496 |
| | 1,781,098 | 1,536,282 |

30. Lease Liabilities

| | Group and Company | |
|-------------------------|-------------------|---------------|
| | 2022 S\$ | 2021 S\$ |
| <u>Current</u> | | |
| Buildings | 19,173 | 49,835 |
| Office equipment | 3,613 | 3,428 |
| | 22,786 | 53,263 |
| <u>Non-current</u> | | |
| Buildings | – | 6,413 |
| Office equipment | 9,205 | 12,817 |
| | 9,205 | 19,230 |
| Total lease liabilities | 31,991 | 72,493 |

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. Lease Liabilities (cont'd)

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

| | Group and Company | |
|------------------|--------------------------|-------------|
| | 2022 | 2021 |
| | S\$ | S\$ |
| Building | 20,154 | 51,760 |
| Office equipment | 12,289 | 15,976 |
| | 32,443 | 67,736 |

- (c) Amounts recognised in profit or loss

| | 2022 | 2021 |
|--|---------------|-------------|
| | S\$ | S\$ |
| Depreciation charged for the year: | | |
| – Building | 44,366 | 44,366 |
| – Office equipment | 3,686 | 2,458 |
| Interest on lease liabilities (Note 9) | 2,537 | 4,930 |

- (d) Other disclosures

| | 2022 | 2021 |
|-------------------------------|---------------|-------------|
| | S\$ | S\$ |
| Total cash outflow for leases | 55,799 | 55,450 |

Addition of right-of-use assets during the year was S\$12,760 (2021: S\$18,433)

- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 profit/(loss) 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.

Information about reportable segments

| | Investment holding S\$ | Sterilisation S\$ | Property S\$ | Hospitality and wellness S\$ | Total S\$ |
|---|------------------------------|----------------------|-----------------|------------------------------------|-------------------|
| Group | | | | | |
| 2022 | | | | | |
| External revenues | – | 4,837,194 | – | – | 4,837,194 |
| Segment results | (3,022,837) | 3,598,001 | 234,454 | (4,261) | 805,357 |
| Interest income | 5,842 | 23,703 | 65,873 | – | 95,418 |
| Finance costs | (171,398) | (66,628) | – | – | (238,026) |
| Depreciation | (52,542) | (545,420) | – | – | (597,962) |
| Reportable segment (loss)/profit before income tax | (3,240,935) | 3,009,656 | 300,327 | (4,261) | 64,787 |
| Other material items | | | | | |
| Capital expenditure – property and equipment | 29,803 | 1,354,815 | – | – | 1,384,618 |
| Segment assets | 5,349,872 | 6,746,871 | 25,597 | 7,803 | 12,130,143 |
| Unallocated assets – deferred tax assets | | | | | 264,405 |
| Consolidated total assets | | | | | 12,394,548 |
| Segment liabilities | 7,632,682 | 1,971,403 | 13,864 | – | 9,617,949 |
| Unallocated liabilities – current income tax liabilities | | | | | 148,278 |
| Consolidated total liabilities | | | | | 9,766,227 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Operating Segments (cont'd)

Information about reportable segments (cont'd)

| 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 | (729,000) | – | – | – | (729,000) |
| Reportable segment (loss)/profit before income tax | (6,188,564) | 1,715,461 | 7,085 | (435) | (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 | | | | | 84,251 |
| Consolidated total assets | | | | | 10,660,844 |
| Segment liabilities | 7,699,398 | 1,197,485 | 709,385 | – | 9,606,268 |
| Consolidated total liabilities | | | | | 9,606,268 |

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 2022

32. Operating Segments (cont'd)

Geographical information

| | External revenues S\$ | Non-current assets* S\$ |
|--------------|-----------------------------|-------------------------------|
| Group | | |
| <u>2022</u> | | |
| Singapore | – | 49,048 |
| Indonesia | 4,837,194 | 4,127,562 |
| | 4,837,194 | 4,176,610 |
| <u>2021</u> | | |
| Singapore | – | 71,786 |
| Indonesia | 3,904,220 | 3,723,664 |
| | 3,904,220 | 3,795,450 |

* Non-current assets exclude deferred tax assets.

Information about major customers

Included in revenue arising from sterilisation services are revenues of approximately S\$1.99 million (2021: S\$1.47 million) which arose from sales to the Group's seven (2021: nine) largest customers.

33. Events after Reporting Period

Proposed Acquisition

Share sale agreements (as amended, modified and supplemented by the First Supplemental Agreements dated 31 March 2022, the Second Supplemental Agreements dated 5 April 2022, the Third Supplemental Agreements dated 30 June 2022, the Fourth Supplemental Agreements dated 30 August 2022 and the Fifth Supplemental Agreements dated 31 October 2022) were entered between the Company and relevant vendors, including Tiara Gateway Pte. Ltd. (a wholly owned subsidiary of Landmarks Berhad ("Landmarks"), a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")), for the proposed acquisition of 100% of the issued and paid-up share capital in each of Mendol Investments Pte. Ltd. and Hinako Investments Pte. Ltd. for an aggregate consideration of S\$43,223,252 ("Acquisition").

On 17 February 2023, the Company updated, with reference to Landmarks announcement on Bursa Securities on the same date, that in view of the extended period of time to complete the Acquisition and the volatile market conditions, Landmarks had withdrawn its draft circular to shareholders in relation to the Acquisition, originally submitted to Bursa Securities on 30 December 2022.

The Company will make further announcements as and when there are any material developments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Events after Reporting Period (cont'd)

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 2022 were authorised for issue in accordance with a resolution of the Board of Directors of Southern Archipelago Ltd. on 31 March 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

| | | |
|-------------------------------|---|--------------------|
| 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

| Size of Shareholdings | No. of Shareholders | Percentage of Shareholders % | No. of Shares Held | Percentage of Shareholders % |
|-----------------------|---------------------|------------------------------|-----------------------|------------------------------|
| 1 – 99 | 56 | 1.00 | 615 | 0.00 |
| 100 – 1,000 | 383 | 6.86 | 353,986 | 0.00 |
| 1,001 – 10,000 | 1,016 | 18.20 | 6,474,864 | 0.02 |
| 10,001 – 1,000,000 | 3,653 | 65.43 | 723,886,629 | 2.63 |
| 1,000,001 & above | 475 | 8.51 | 26,840,046,089 | 97.35 |
| Total | 5,583 | 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 20 March 2023, 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 20 MARCH 2023

TOP TWENTY SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | Percentage % |
|---------------|---|-----------------------|-----------------|
| 1 | RAFFLES NOMINEES (PTE) LIMITED | 14,086,124,200 | 51.09 |
| 2 | CITIBANK NOMINEES SINGAPORE PTE LTD | 8,285,431,905 | 30.05 |
| 3 | DBS NOMINEES PTE LTD | 428,249,608 | 1.55 |
| 4 | PHILLIP SECURITIES PTE LTD | 375,819,114 | 1.36 |
| 5 | UOB KAY HIAN PTE LTD | 352,505,908 | 1.28 |
| 6 | OCBC SECURITIES PRIVATE LTD | 315,893,198 | 1.15 |
| 7 | HO BENG SIANG | 312,300,000 | 1.13 |
| 8 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 222,548,299 | 0.81 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 178,462,700 | 0.65 |
| 10 | LIM AND TAN SECURITIES PTE LTD | 99,309,743 | 0.36 |
| 11 | MAYBANK SECURITIES PTE. LTD. | 74,907,889 | 0.27 |
| 12 | IFAST FINANCIAL PTE LTD | 63,113,900 | 0.23 |
| 13 | BUSHAR TOMI OR OEY MI LING @ MERY WIDJAYA | 58,186,400 | 0.21 |
| 14 | KHOO KHAR LEE | 42,102,300 | 0.15 |
| 15 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 36,150,750 | 0.13 |
| 16 | FONG CHEE KHUEN | 35,000,000 | 0.13 |
| 17 | EE KWANSON | 31,000,000 | 0.11 |
| 18 | LIM CHENG BIN | 30,200,000 | 0.11 |
| 19 | GAN ENG THYE | 29,999,800 | 0.11 |
| 20 | SOO NAM YUEN | 27,554,400 | 0.1 |
| Total: | | 25,084,860,114 | 90.98 |

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 on Wednesday, 26 April 2023 at 2:00 p.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors’ Statement and Auditor’s Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors’ fees of S\$103,500 for the financial year ending 31 December 2023, payable quarterly in arrears. (FY2022: S\$103,500) | Resolution 2 |
| 3. | To re-elect Mr. Ng Keok Chai, a Director retiring pursuant to Regulation 111 of the Company’s Constitution. (See Explanatory Note 1) | Resolution 3 |
| 4. | To re-elect Mr. Alan Chin Yu, a Director retiring pursuant to Regulation 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 2023 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; 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.

NOTICE OF ANNUAL GENERAL MEETING

- (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)

BY ORDER OF THE BOARD

Siaw Lu Howe
Non-Executive Chairman

Date: 11 April 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE:

1. Mr Ng Keok Chai will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company. Detailed information on Mr Ng Keok Chai can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2022. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Ng Keok Chai and the other Directors or the Company or its shareholders.

Mr Alan Chin Yu will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Alan Chin Yu 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 2022.

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.

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.
2. Printed copies of this notice of AGM (the "**Notice**") together with the Proxy Form 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/announcements/> and made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
3. Registration to attend the AGM by way of electronic means via LIVE WEBCAST
 - (a) All members of the Company as well as investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to watch the LIVE WEBCAST must pre-register at <https://registration.ryt-poll.com/home/index/sa-agm> by 23 April 2023 and will close at 2:00 p.m. (the "**Registration Deadline**")
 - (b) All members who hold shares through CPF/SRS must inform their respective CPF Agent Banks or SRS Operators that they have registered for the AGM via LIVE WEBCAST and provide their CPF and/or SRS Operators with their registration details.
 - (c) Following authentication of his/her/their status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST to join the AGM, by 25 April 2023 at 2:00 p.m..
 - (d) Members must not forward the login details to join the AGM via LIVE WEBCAST to others persons who is not a member of the Company and/or who is not authorised to attend the AGM.
 - (e) Members who register by the Registration Deadline but do not receive an email response by 25 April 2023 at 2:00 p.m. may contact the Company via email at sa-agm@ryt-poll.com.

NOTICE OF ANNUAL GENERAL MEETING

4. Proxy and “Live” Voting

- (a) Shareholders (whether individual or corporate) who are pre-registered and verified to attend the AGM may cast their votes in real time for the resolutions to be tabled at the AGM. Unique access details for live voting will be provided to such Shareholders by the Company’s meeting agent, Complete Corporate Services Pte Ltd, by email prior to the AGM. The email will contain the user ID, Password, URL to access the webcast as well as the toll-free telephone number.
- (b) Alternately, Shareholders may exercise his/her/their voting rights at the AGM via their appointed proxy(ies), or appoint the Chairman of the meeting as his/her/their proxy to attend, speak and vote on his/her/their behalf at the AGM. A proxy need not be a member of the Company. In appointing the proxy(ies), 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.
- (c) A member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member’s proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.
- (d) The instrument appointing the proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (i) 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
 - (ii) If submitted by email, be received by Complete Corporate Services Pte Ltd. at: sa-agm@ryt-poll.com.

in either case, by 23 April 2023 at 2:00 p.m., 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. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

- (e) The proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. Where the 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 their 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.
- (f) For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the proxy(ies) 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 voting instructions at least seven (7) working days before the AGM, that is by 17 April 2023 at 2:00 p.m..

5. Submission of Questions

- (a) A member of the Company who registers to watch the LIVE WEBCAST 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 18 April 2023 at 2:00 p.m. via the following:
 - (i) pre-registration link at <https://registration.ryt-poll.com/home/index/sa-agm>; or
 - (ii) email to sa-agm@ryt-poll.com; or
 - (iii) post to the office of Complete Corporate Services Pte. Ltd., 10 Anson Road, #29-07 International Plaza, Singapore 079903.
- (b) The Company will endeavour 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://southernarchipelago.com/announcements/> by 21 April 2023 at 2:00 p.m. (i.e. not later than 48 hours before the closing date and time for the lodgement of the Proxy Forms). 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.
- (c) Shareholders who are pre-registered and verified to attend the AGM will be able to ask questions “live” in relation to the agenda of the AGM by submitting text-based questions via the live webcast. To do so, click on the “Ask Question” feature, and then click on “Type Your Question”. Thereafter, select a resolution to enter your text-based question. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, subject to any legislative amendments and any directives or guidelines from government agencies or regulatory authorities, 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.

PERSONAL DATA PRIVACY

By submitting (a) an instrument appointing the proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, (b) Shareholder particulars for pre-registration to participate in the AGM via LIVE WEBCAST, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, 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 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 and providing them with any technical assistance where necessary;
- iii. addressing relevant and substantial questions from members received before the AGM related to the resolutions to be tabled for approval at 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/announcements/>. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT:

Alternative Arrangements for Annual General Meeting

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by electronic means 'live' or by proxy at the AGM are set out in the Circular and Notice of AGM dated 11 April 2023 and uploaded on the SGXNET. The Announcement may also be accessed at the Company's corporate website at the URL: <https://www.southernarchipelago.com/announcements/>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 11 April 2023 in respect of the AGM.
2. A member of the Company (whether individual or corporate) wishes to exercise his/her/their voting rights at the AGM, he/she/they may appoint not more than two (2) proxies or appoint the Chairman of the AGM as his/her/their proxy to attend, speak and vote on his/her/their behalf at the AGM. In appointing the proxy(ies), 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/Co. Reg. No.)
of _____ (Address) being a
*member/members of **SOUTHERN ARCHIPELAGO LTD.** (the "**Company**"), hereby appoint –

| Name | Email Address | NRIC/Passport/ Co. Reg. No. | Proportion of Shareholdings (%) |
|------|---------------|--------------------------------|------------------------------------|
| | | | |

*and/or

| Name | Email Address | NRIC/Passport/ Co. Reg. No. | Proportion of Shareholdings (%) |
|------|---------------|--------------------------------|------------------------------------|
| | | | |

or failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**"), as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST) on 26 April 2023 at 2:00 p.m. and at any adjournment thereof. *I/We direct *my/our proxy(ies) 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 a 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, 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 2022 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 2023, payable quarterly in arrears. | | | |
| 3. | Re-election of Mr. Ng Keok Chai as a Director of the Company. | | | |
| 4. | Re-election of Mr. Alan Chin Yu 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. | | | |

Dated this _____ day of _____ 2023

| 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:

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 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the Shares registered in your name(s).
2. A member is entitled to appoint not more than two (2) proxies or appoint the Chairman of the AGM as his/her/their proxy to attend, speak and vote on his/her/their behalf at the AGM. A proxy need not be a member of the Company.
3. In appointing the proxy(ies), 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. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.
4. The instrument appointing the proxy(ies), 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@ryt-poll.com.

in either case, by 23 April 2023 at 2:00 p.m., 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. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.
5. This proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. 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 their 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.
6. 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 proxy(ies) 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 voting instructions at least seven (7) working days before the AGM, that is by 17 April 2023 at 2:00 p.m..

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/their 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.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, subject to any legislative amendments and any directives or guidelines from government agencies or regulatory authorities, 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.

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 11 April 2023.

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SOUTHERN ARCHIPELAGO LTD.

(formerly known as Blumont Group Ltd.)

Company Registration No. 199302554G

Apex @ Henderson

201 Henderson Road

#03-26/27

Singapore 159545

Tel (65) 6332 9488

Fax (65) 6332 9489