CapAllianz
HOLDINGS LIMITED | 共享资本
Company Registration No. 199905693M

REJUVENATING FOUNDATION
Expanding Opportunities
振兴资产 扩展机遇

ANNUAL REPORT 2022

Contents

Corporate Profile

CapAllianz Holdings Limited 共享资本集团 (“**CapAllianz**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is an investment holding company focusing on the oversight and management of a portfolio of investments.

The Group’s strategy is to leverage on the strengths of its team of professionals to identify and invest in promising businesses and improve the business operations of the investee companies to maximise investment returns for its portfolio of investments.

The Group’s current portfolio of investments is primarily in the Oil and Gas sector, where its core investment is a 20% stake in the Thailand onshore oil concessions located at Phetchabun Basin. These concessions currently generate steady income from its existing oil producing wells. With substantial proven reserves for development as well as significant potential exploration upside, this investment holds the promise of value enhancement and sustainable long-term growth as the joint operators of the concessions continue to work towards unlocking the untapped reserves.

CapAllianz is listed on the Catalist board of the Singapore Exchange Securities Trading Limited under stock code 594.

Vision, Mission and Core Values

VISION

The Group aims to be a trusted investment group built upon the shared strengths of its team and stakeholders.

MISSION

The Group aims to be an investment group that invests in a responsible manner to generate stable and sustainable income, and achieve capital growth for its shareholders.

CORE VALUES

Good Corporate Governance

The Group is committed to uphold the best practices in corporate transparency and disclosures. The Board of Directors of the Company will continuously enhance the Group's corporate governance framework and processes through effective oversight, and observe high standards of transparency, accountability, and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

Responsible Investing

The Group will carry out preliminary assessments on proposed investing opportunities based on its internal investment criteria, policies and guidelines, and will engage external independent professionals where necessary to carry out extensive due diligence on the identified proposed investing opportunities. The Group will also avoid investing in companies that are involved in known breaches of human rights, labour laws, environment or anti-corruption laws.

Prudent Risk Management

The Group takes great care in assessing and mitigating potential risks to ensure that all investment decisions made are in the best interest of the Company and its shareholders.

Letter to Shareholders

Revenue Growth

59.4%

US$3.06 MILLION

Profit after income tax

US$14.71m

FY2021: (US$4.73) MILLION

Net asset value per share

0.43 US cents

FY2021: 0.28 US CENTS

Dear Fellow Shareholders,

Oil prices corresponded with the gradual resumption of global economic activities and travelling in 2021, and continued to recover as demand caught up with the earlier supply glut in 2020. The outbreak of the Russia-Ukraine war in late February 2022 which led to sanctions on Russia, saw oil prices spiked to an all-time high of US$147 per barrel in March 2022.

Riding on the oil price recovery trend, the Group registered a 59.4% year-on-year revenue growth to US$3.06 million with contributions from both business segments – (i) oil and gas; and (ii) investment and trading, for the financial year ended 30 June ("**FY**") 2022. The main contribution stemmed from the sale of oil produced from the Group's 20%-owned Thailand onshore oil concessions in Phetchabun Basin ("**Thailand Operations**"), where the average oil price increased from US$50.67 per barrel in FY2021 to US$91.14 per barrel in FY2022, although production volume marginally decreased from 38,372 barrels in FY2021 to 35,510 barrels in FY2022 due to the natural depletion of resources from the existing producing wells, as well as the strict adherence the health and safety measures at the operating sites amid the resurgence of the COVID-19 variants and sub-variants. The investment and trading segment recorded an increase in interest earned from approximately US$25,000 in FY2021 to approximately US$53,000 in FY2022, arising from the loan extended to the Company's associated company, Preferred Mart Pte. Ltd.

In the year under review, the Group recorded profit after income tax of US$14.71 million in FY2022, a reversal from the loss after income tax of US$4.73 million in FY2021. Whilst the profit was mainly due to the one-off gain amounting to US$17.48 million on the full settlement of the term loan relating to the OCBC credit facility for the Thailand Operations, the Group managed to attain a net cash position with a positive working capital position of US$2.57 million as at 30 June 2022. Net asset value per share improved from 0.28 US cents (equivalent to approximately S$0.0039) as at 30 June 2021 to 0.43 US cents (equivalent to approximately S$0.0060) as at 30 June 2022, based on 6.87 billion and 8.55 billion ordinary shares in issue, respectively.

RESET AND RESTART

We have been working relentlessly to strike the balance between the oil and gas business and investment and trading business. The fluctuations in the oil and gas sector have seen us through the ups and downs, and we are pleased to emerge with a stronger balance sheet and a positive return generating oil and gas asset.

Together with the other joint operators of the Thailand Operations, we have concluded a multi-well workover program that resulted in a slight increase in the oil production volume per day from mid-August 2022. Currently, the joint operators of the Thailand Operations are planning a new drilling campaign to take place in late 2022 in a bid to increase oil reserves and oil production volume for the long term. This new drilling campaign is expected to be fully funded by the positive cash flow generated from the sale of oil drawn from the existing producing wells, as well as bank facilities available to the Thailand Operations.

More wells are expected to be planned for and drilled in the coming years, to take advantage of the strength of the oil prices.

Letter to Shareholders

As countries braced forward to the reopening of borders and moving towards normality, the resurgence of new COVID-19 variants and sub-variants from late 2021 disrupted the progress. China, the world's second-largest oil consumer, persists with its "zero-COVID" policy and recorded modest economic growth in the first half of 2022. This could potentially reduce the demand for oil and hence, the Organisation of the Petroleum Exporting Countries and leading oil-producing ally countries (collectively referred to as "**OPEC+**") continues to adjust oil production volume prudently in accordance to the dynamics of the demand and supply against the backdrop of potential lockdowns of cities that curtail economic activities.

We believe that demand for oil is likely to outstrip supply as countries continue to lift restrictive measures. Hence, together with the other joint operators of the Thailand Operations, we are planning for a new drilling campaign to take place in late 2022 in a bid to increase oil reserves and oil production volume for the long term. This new drilling campaign is expected to be fully funded by the positive cash flow generated from the sale of oil drawn from the existing producing wells, as well as banking facilities available to the Thailand Operations.

While we build on the foundation of the Thailand Operations, we believe that the current relatively favourable oil prices backed by the rising demand for oil as countries move towards an endemic phase will motivate better financial performance. In addition, we will look into pursuing strategic investment opportunities in the information technology ("**IT**") and related sectors to broaden as well as to balance our earnings base.

The COVID-19 pandemic, while exacerbating the challenging global business environment, has also driven us to adopt a new conventional lifestyle – telecommuting and virtual learning. This adjustment spurs global digital transformation, which has been gaining momentum with the emergence of industrial automation as well as robotic assistants in our living spaces such as food courts and hospitals.

We believe digital transformation is the way forward, not a replacement of human capital but an enhancement in human capital, where limited resources can have their potential optimised. We are pleased to have brought on board professionals who are experienced and with the expertise in the specialised IT area to broaden the growth potential of our Group.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board of Directors, we would like to convey our gratitude and appreciation to our fellow Directors for their invaluable support and guidance, and the management and staff for their contributions and commitment in the past year. We thank our former Board members – Mr. Lee Chye Cheng, Adrian, and Mr. Ong Beng Chye for their commitments and invaluable contributions to the Group. We also extend our warm welcome to Mr. Yu Jin Feng, Mr. Liu Qiang, and Ms. Huang Lin who joined the Board during FY2022.

Having strengthened our balance sheet and riding on the positive trend in the oil and gas sector, we have set our sights to pursue strategic opportunities in the IT and related sectors to broaden our sustainable earnings base. We would also like to express our sincere appreciation to our shareholders, customers, and business partners for your continued support and confidence. We are committed to progress towards achieving sustainable positive value for all stakeholders.

MR. YU JINFENG （于金峰）
Chairman and Non-Executive Independent Director

MR. JEFFREY PANG（彭润程）
Vice Chairman and Executive Director

REFINING STABILITY

Expanding Focus

While the Group continues to strengthen the foundation of its Oil and Gas segment, it looks into pursuing strategic investment opportunities in the formation technology and related sector to ride on the digital transformation trend.

Operations and Financial Review

The resurgence of new COVID-19 variants and sub-variants slowed down the progress of countries reopening their borders, in particular, China – the world's second-largest oil consumer, which recorded modest economic growth in the first half of 2022. While countries grapple towards an endemic phase, China persists with its "zero-COVID" policy, and the outbreak of the Russia-Ukraine war in late February 2022, led to greater uncertainties globally.

The recovery of oil prices has been in tandem with the gradual resumption of economic activities and travelling, and surged significantly to an all-time high of US$147 per barrel in March 2022 following Russia's invasion of Ukraine. Nevertheless, the Organisation of the Petroleum Exporting Countries and leading oil-producing ally countries (collectively referred to as "**OPEC+**") continues to adjust oil production volume prudently in accordance to the dynamics of the demand and supply against the backdrop of the resurgence of new COVID-19 variants and sub-variants with potential lockdowns of cities that curtail economic activities, and geopolitical uncertainties.

In the financial year ended 30 June ("**FY**") 2022, the Group registered a 59.4% year-on-year increase in revenue to US$3.06 million, up from US$1.92 million in FY2021. The increase mainly stemmed from the sale of oil produced from its 20%-owned Thailand onshore oil concessions in Phetchabun Basin ("**Thailand Operations**"), where the average oil price increased from US$50.67 per barrel in FY2021 to US$91.14 per barrel in FY2022 despite a marginal decline in the production volume from 38,372 barrels in FY2021 to 35,510 barrels in FY2022. The decline in production was a result of the natural depletion of resources from the existing producing wells, as well as the strict adherence on the health and safety measures at the operating sites amid the resurgence of the COVID-19 variants and sub-variants. The Group's investment and trading segment recorded an increase in interest earned from the loan extended to the Company's associated company, Preferred Mart Pte. Ltd. ("**Preferred Mart**"), from approximately US$25,000 in FY2021 to approximately US$53,000 in FY2022.

In tandem with the increase in revenue, cost of sales relating to the oil and gas segment increased by 4.2%, from US$1.67 million in FY2021 to US$1.74 million in FY2022. Correspondingly, gross profit increased by 5.24 times, from US$0.25 million in FY2021 to US$1.31 million in FY2022.

Other income amounted to US$17.65 million in FY2022, as compared to US$0.07 million in FY2021. The significant increase was mainly due to (i) a one-off gain on settlement of the term loan with the bank amounting to US$17.48 million; and (ii) a one-off gain on recovery of the loan extended to the Company's associate company, FIT Global Pte. Ltd., amounting to US$0.15 million, where such one-off gains were absent in FY2021. Nevertheless, other income recorded in FY2021 include write-off of other payables of US$0.02 million, as well as wage subsidy and rental rebate of US$0.05 million from the Singapore government, which were non-recurring in FY2022.

Administrative expenses increased by 32.7%, from US$1.96 million in FY2021 to US$2.6 million in FY2022, mainly due to an increase in (i) staff costs; and (ii) an upward revision on directors' fees for the year under review. The increase is offset by (i) legal and professional fees; (ii) depreciation of other property, plant and equipment and right-of-use assets; and (iii) rental expenses.

The repayment of bank loans resulted in lower interest incurred saw a decline in finance costs by 53.7%, from US$0.41 million in FY2021 to US$0.19 million in FY2022.

Operations and Financial Review

Other losses decreased by 76.8%, from US$5.65 million in FY2021 to US$1.31 million in FY2022. The decrease was mainly due to the absence of one-time impairment loss on (i) exploration, evaluation and development assets of US$1.11 million; and (ii) oil and gas properties of US$4.37 million, which were non-recurring in FY2022. The decrease, however, was partially offset against the increase in (i) provision of impairment on other receivables of US$1.05 million; and (ii) allowance for obsolescence of drilling equipment and spare parts in relation to the Thailand Operations of US$0.15 million.

The income tax expense of US$0.16 million recorded in FY2022 arose from the Thailand Operations.

Taking into consideration the aforementioned, the Group recorded profit after income tax of US$14.71 million in FY2022, a reversal from the loss after income tax of US$4.73 million in FY2021.

FINANCIAL POSITION

The Group achieved a positive working capital position of US$2.57 million as at 30 June 2022, as compared to a negative working capital position of US$17.01 million as at 30 June 2021. Net asset value per share was 0.43 US cents (equivalent to approximately S$0.0060) as at 30 June 2022, an increase from 0.28 US cents (equivalent to approximately S$0.0039) as at 30 June 2021, based on 8.55 billion and 6.87 billion ordinary shares in issue, respectively.

Non-current assets decreased by 1.3%, from US$71.71 million as at 30 June 2021 to US$70.80 million as at 30 June 2022. This was mainly attributable to (i) the decrease in exploration, evaluation and development assets by US$1.49 million mainly due to reclassification to oil and gas properties in FY2022; and (ii) the absence of other receivables of US$1.81 million as at 30 June 2022 due to reclassification of the amount due from an associated company to current assets as the amount is deemed to be recoverable within FY2023. The decrease, however, was partially offset by the increase in oil and gas properties of US$2.40 million due to the reclassification of exploration, evaluation and development assets and additions to oil and gas properties.

Current assets increased by 54.6%, from US$3.24 million as at 30 June 2021 to US$5.01 million as at 30 June 2022. The increase was attributable to (i) the increase in cash and cash equivalents of US$0.49 million; and (ii) the increase in trade and other receivables of US$1.41 million mainly due to the reclassification of the amount due from an associated company from non-current assets. The increase was partially offset by the decrease in inventories of US$0.13 million due to the provision for obsolescence of drilling equipment and spare parts in relation to the Thailand Operations.

Non-current liabilities increased by 1.9%, from US$35.62 million as at 30 June 2021 to US$36.29 million as at 30 June 2022. This was mainly due to the increase in provision for restoration costs and deferred tax liabilities in relation to the Thailand Operations.

Current liabilities decreased by 88.0%, from US$20.25 million as at 30 June 2021 to US$2.44 million as at 30 June 2022. This was mainly due to the settlement of bank borrowings amounting to US$17.83 million in the year under review.

CASH FLOW ANALYSIS

The Group's cash and cash equivalents increased from US$0.92 million as at 1 July 2021 to US$1.41 million as at 30 June 2022 after taking into account adjustments from foreign currency translation.

- Net cash used in operating activities was US$0.04 million in FY2022, as compared to net cash used in operating activities of US$1.05 million in FY2021. The main movements of cash in operating activities in FY2022 comprise (i) the decrease in trade and other receivables of US$0.18 million; (ii) the decrease in inventories of US$0.11 million; and (iii) the increase in trade and other payables of US$0.59 million.

- Net cash used in investing activities amounted to US$1.65 million in FY2022. This was mainly due to (i) the additions to oil and gas properties of US$1.25 million resulting from evaluation work performed at the Thailand Operations; (ii) the additions to other property, plant and equipment of US$0.09 million; and (iii) loan to an associated company of US$0.50 million. The increase was partially offset by the repayment of loan from an associated company of US$0.15 million and deposit from disposal of associated company of US$0.03 million.

Operations and Financial Review

- Net cash generated from financing activities amounted to US$2.34 million in FY2022. This was mainly due to (i) the issuance of new ordinary shares amounting to US$3.20 million; and (ii) bank borrowings of US$0.11 million in relation to the Thailand Operations. The increase was partially offset by the repayment of bank borrowing and interest of an aggregate of US$1.13 million in relation to the full settlement of the term loan obtained in 2014 to finance the acquisition of the Group's 20% interest in the Thailand Operations.

PLANS AHEAD

Oil and Gas

The resurgence of new COVID-19 variants and sub-variants as well as the Russia-Ukraine war led to greater uncertainties globally. While OPEC+ grapples with the challenges to adjust oil production to bring supply to meet demand and reach equilibrium, the volatility in demand in the broader energy market is likely to see fluctuations in oil prices in 2022 amid the geopolitical uncertainties.

The joint operators (including the Group) of the Thailand Operations have concluded a multi-well workover program in mid-August 2022 which resulted in an increase in the oil production volume per day.

Currently, the joint operators of the Thailand Operations are planning a new drilling campaign to take place in late 2022 in a bid to increase oil reserves and oil production volume for the long term. This new drilling campaign is expected to be fully funded by the positive cash flow generated from the sale of oil drawn from the existing producing wells, as well as banking facilities available to the Thailand Operations.

More wells are expected to be planned for and drilled in the coming years, to take advantage of the strength of the oil prices.

Investment and Trading

The resurgence of new COVID-19 variants and sub-variants resulted in the underperformance of the Group's investee company, Preferred Mart, in the Consumer sector for the Investment and Trading segment. The Group has taken the prudent approach to divest its 40% investment in Preferred Mart (pending completion as of the date hereof) in the year under review.

The Group is planning to expand the business segment by leveraging on the experience and expertise from the new directors of the Company in the pursuit of strategic opportunities in the Information Technology and related sectors.

CORPORATE DEVELOPMENTS

The Group continues to put its best efforts in strengthening its fundamentals. Some of the recent notable corporate developments are as follows:

1) On 16 August 2021, the Company's subsidiary, Loyz Oil Pte. Ltd. ("**Loyz Oil**"), entered into a settlement agreement with Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") in relation to the US$32 million credit facility ("**Term Loan**") obtained in 2014 to finance the acquisition of the Group's 20% interest in the Thailand Operations ("**Settlement Agreement**").

2) On 27 September 2021, pursuant to the terms of the Settlement Agreement, Loyz Oil made the final repayment of S$1.5 million to OCBC Bank and with effect from 27 September 2021, (i) all payables by the Group to OCBC Bank, including the Term Loan and all related servicing costs had been extinguished; and (ii) all collaterals relating to the Term Loan (including the pledging of shares and cashflow of Loyz Oil Thailand Pte Ltd, a subsidiary corporation of the Group) had been discharged by OCBC Bank.

Please refer to the Company's announcements published on SGXNet and the Company's corporate website for more information on the above corporate developments.

Business Operations

The Group continues to focus on the oversight and management of a portfolio of investments, where it leverages the strengths of its team of professionals to identify and invest in promising businesses to improve their business operations and maximise investment returns. The Group's current portfolio of investments are classified into two main categories: (i) Oil and Gas; and (ii) Investment and Trading.

I. OIL AND GAS

The oil and gas segment was in the doldrums for the last few years, resulting in the Group focusing its efforts on its core asset – the producing onshore oil concessions located in Thailand. The Group had taken the prudent approach to impair all its other non-core and non-performing assets in other regions.

Core Asset

Thailand

Phetchabun Basin

The Group's 20%-owned Thailand oil concessions (the "**Oil Concessions**") are located in Phetchabun Basin, which is a highly prolific onshore basin located roughly 300km north of Bangkok, Thailand. The Oil Concessions comprise three producing concessions – SW1, L44/43, and L33/43, which are within the basin limits and cover an aggregate area of 1,078 km^2.

The Group's partners in the Oil Concessions are ECO Orient Energy (Thailand) Limited, ECO Orient Resources (Thailand) Limited, and the Berlanga Group (together with the Group, collectively known as the "**Joint Operators**"). The production licence for SW1 concession was renewed for another 10 years from July 2016, while production licences for L44/43 and L33/43 concessions will expire in 2032. Currently, there are 13 production areas and approximately 29 producing wells, covering an aggregate area of 124.7 km^2 within the Oil Concessions.

On 27 September 2021, the Group made its final repayment for full settlement of the term loan obtained in 2014 for purposes of financing the acquisition of the Group's 20% interest in the Oil Concessions. Please refer to the Company's announcement dated 27 September 2021 for more information.

The operations of the Oil Concessions have been generating positive operating cash flows in the year under review. This was despite low production volume as oil prices were on the rising trend due to tight market supply, coupled with the Joint Operators' continuous efforts in their cost optimisation efforts. The COVID-19 pandemic and geopolitical uncertainties, in particular, the Russia-Ukraine war, aggravated the supply-demand situation, resulting in higher oil prices. This, in turn, supported the plans of the Joint Operators in raising oil production volume through additional drilling and workovers with the additional cash resources generated from the operations.

In February 2022, the Joint Operators concluded the drilling campaign of four new exploration wells where potential good reservoir and hydrocarbons were discovered. Technical studies and planning for further testing, including potential follow-up horizontal wells, commenced subsequently. This was followed by a multi-well workover program which resulted in an increase in the oil production volume per day from mid-August 2022.

The Joint Operators had commissioned the independent qualified person, Chapman Petroleum Engineering Ltd, to prepare and issue two updated appraisal reports for the oil reserves of the Oil Concessions as at 31 December 2021 (collectively known as the "**2021 Reserves Statement**")[1]. The 2021 Reserves Statement reflects gross 2P oil and gas reserves attributable to the Oil Concessions of approximately 14.44 million barrels and 570 thousand barrels of oil equivalent, respectively. This equates to a pre-tax net present value of 10% of approximately US$388 million in 2021, as compared to US$340 million in 2020. The overall decline in net attributable 2P oil reserves to the Group was 7.1% or approximately 1.09 million barrels as compared to a year ago, which was mainly due to depletion through production from the existing producing wells in the past year.

Oil prices trended upwards as countries move towards reopening their borders in 2021 and surged close to an all-time high of US$147 per barrel in March 2022 following Russia's invasion of Ukraine. The Group saw average oil price increased by 79.9% year-on-year from US$50.67 per barrel in the financial year ended 30 June 2021 ("**FY2021**") to US$91.14 per barrel in the financial year ended 30 June 2022 ("**FY2022**"). This buffered

Business Operations

the lower volume in oil production at 35,510 barrels in FY2022, a 7.5% decrease from 38,372 barrels in FY2021, on the back of the natural depletion of resources in the existing producing wells, as well as the strict adherence on the health and safety measures at the operating sites amid the resurgence of the COVID-19 variants and sub-variants.

Volatility in oil prices is likely to persist amid the fears of economic slowdown and geopolitical uncertainties. The Organisation of the Petroleum Exporting Countries and leading oil producing ally countries (collectively referred as "**OPEC+**") are monitoring the production levels closely to maintain the demand and supply of oil. Currently, the Joint Operators are in the midst of planning a new drilling campaign to take place in late 2022. This new drilling campaign is expected to be fully funded by the positive cash flow generated from the sale of oil drawn from the existing producing wells, as well as bank facilities available to the Oil Concessions.

Note:

1 The Group is the holder of 20% of the working interest in the Oil Concessions and as a minority stakeholder, the Group is reliant upon the operator of the Oil Concessions for all technical reporting. The 2021 Reserves Statement was prepared in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers and the Canadian Institute of Mining, Metallurgy and Petroleum. As such, the 2021 Reserves Statement was not prepared in accordance with any of the standards of reporting specified under the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

Non-Core Assets

New Zealand

Taranaki Basin

The Group, through Loyz NZ Ventures Limited ("**Loyz NZ**") (an indirect 51%-owned subsidiary of the Company), was previously the permit holder of Petroleum Exploration Permit 38479, a 411 km2 area within the Taranaki Basin, located off the western coast of New Zealand's North Island. The aforesaid Petroleum Exploration Permit expired on 23 September 2019.

Loyz NZ and Loyz Oil New Zealand Limited ("**Loyz Oil New Zealand**"), a dormant and wholly-owned subsidiary of the Company, were liquidated and removed from the Companies Registry of New Zealand with effect from 9 June 2022. The Company had fully impaired its investments in Loyz NZ and Loyz Oil New Zealand in the financial year ended 30 June 2016. The aforesaid liquidations have no material operation or financial impact on the Company and the Group for the year under review. Please refer to the Company's announcement dated 15 June 2022 for more information.

United States of America

Colorado & North Dakota

The Group previously owned a 13.75% non-participating interest in Fram Exploration ASA ("**Fram**"), whose exploration and production concessions are located in the resource-rich states of Colorado and North Dakota, United States of America. The Company had fully impaired its investment in Fram in the financial year ended 30 June 2016. Fram underwent a liquidation process and was liquidated as of 15 December 2021.

II. INVESTMENT AND TRADING

The resurgence of new COVID-19 variants and sub-variants resulted in the underperformance of the Group's investee company in the Consumer sector for the Investment and Trading segment. Hence, the Group took the prudent approach to divest its 40% investment in Preferred Mart Pte. Ltd. (pending completion as of the date hereof) in the year under review, which invests and operates a supermarket, as well as a health and wellness business in Singapore.

Whilst the Group's current portfolio comprises mainly investments in the Oil and Gas segment, it is motivated to pursue strategic opportunities which may include investments in the Information Technology and related sectors.

RENEWED VIGOR

Enhancing Value

We are committed to striking a balance between our businesses, and are pleased to emerge with a stronger balance sheet and a positive return generating oil and gas asset.

Key Financial Highlights

Consolidated Income Statement (US$'000)

	FY2022 (JULY'21 - JUNE'22)	FY2021 (JULY'20 - JUNE'21)
Revenue	**3,056**	1,915
Gross profit	**1,313**	247
Net profit/(loss) after tax	**14,707**	(4,725)

Balance Sheet (US$'000)

	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
Non-current assets	**70,803**	71,706
Current assets	**5,009**	3,240
Non-current liabilities	**36,292**	35,624
Current liabilities	**2,442**	20,250
Equity attributable to owners of the parent	**37,078**	19,065
NAV per share (US cents)	**0.43**	0.28

Note:

(1) Earnings before interest, taxation, depreciation, amortisation and exploratory expenses (if applicable).

Revenue

US$3.1m

FY2021: US$1.9M

EBITDAX[1]

(US$0.4m)

FY2021: (US$0.7M)

Net cash flows used in operating activities

US$0.038m

FY2021: US$1.0M

Production volume

35,510 barrels

FY2021: 38,372 barrels

Board Of Directors

MR. YU JINFENG

Chairman and Non-Executive Independent Director

Mr. Yu Jinfeng was appointed to the Board as Chairman of the Board and Non-Executive Independent Director of the Company on 1 May 2022. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee of the Company.

Mr. Yu's appointment to the Board strengthens the Board's capability and is beneficial to the Group's diverse breadth of industry expertise, knowledge and experience. Mr. Yu has a strong background and knowledge in software programming, research and development, and system architecture design, having participated in developing software and applications for numerous projects during his past employment. Mr. Yu had previously served as Senior Software Engineer and Technical Lead in various technology companies such as Bitmaintech Pte Ltd and Singpilot Pte. Ltd., and he currently serves as a Technical Lead at a block chain technology firm in Singapore.

Mr. Yu holds a Bachelor in Electrical Engineering from University of Science and Technology of China and a Master in Engineering Degree, Software Engineering from Peking University.

MR. PANG KEE CHAI, JEFFREY

Vice Chairman and Executive Director

Mr. Jeffrey Pang is the Vice Chairman of the Board and Executive Director of the Company. He was appointed to the Board as Executive Director and Chief Executive Officer of the Company on 10 May 2016 and was last re-elected on 30 November 2020. He was re-designated from Chief Executive Officer of the Company to Vice Chairman of the Board on 1 May 2022. He is a member of the Nominating Committee of the Company.

As Vice Chairman of the Board, Mr. Pang is responsible for assisting the Chairman of the Board in leading the direction of the Board, including the overall strategizing and planning for the Group. As an Executive Director of the Company, Mr. Pang manages and oversees the day-to-day operations and financial position of the Group, as well as exercises control over the quality and timeliness of information flow between the Board and the management of the Company, together with the Executive Director and Chief Executive Officer of the Company. Operationally, Mr. Pang focuses on the Oil and Gas division of the Group and oversees new businesses of the Group.

Prior to joining the Group, Mr. Pang was a financial controller of a private investment group involved in sectors such as oil and gas, real estate, and food and beverage. He had also held a senior finance position at an automotive group and served as an external auditor at Deloitte & Touche.

Mr. Pang also serves as an independent non-executive director and the audit committee chairman on the board of a gold mining company listed on the Singapore Exchange.

Mr. Pang, who has more than 22 years of audit and commercial experience, is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Board Of Directors

MR. LIU QIANG

Executive Director and Chief Executive Officer

Mr. Liu Qiang was appointed to the Board as Executive Director and Chief Executive Officer of the Company on 1 May 2022.

Mr. Liu is responsible for jointly managing and overseeing the day-to-day operations and financial position of the Group, as well as exercising control over the quality and timeliness of information flow between the Board and the management of the Company, together with the Vice Chairman and Executive Director of the Company. Operationally, Mr Liu focuses on sourcing for new business opportunities including but not limited to metaverse or blockchain, as well as technology related businesses and investments.

Mr. Liu had previously served as chairman of the board of directors and executive director of Dinghe Mining Holdings Limited, and other management positions in various organisations. He had also served as the Vice President and Chief Technical Officer of Asia Television Holdings Limited prior to joining the Group. Mr. Liu has participated in and organised a number of cross-border investment projects, and has substantial experience in mergers and acquisitions, internet, blockchain and other related fields.

Mr. Liu also serves as an independent non-executive director on the board of China Ocean Group Development Limited, which is listed on the Hong Kong Stock Exchange.

Mr. Liu holds a Bachelor in Materials Engineering from Shijiazhuang Tiedao University and a Master in Resource Development Planning from China University of Mining and Technology-Beijing.

MR. ZHAO JIAN

Non-Executive Independent Director

Mr. Zhao JiAn was appointed to the Board as a Non-Executive Independent Director of the Company on 31 March 2021. He is the Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company.

Mr. Zhao has more than 16 years of experience in the area of information technology. He has profound knowledge and wealth of experience in computer networking, wireless communications and multimedia technologies. He is currently the Technology Director of Luokung Technology Corp, a spatial-temporal big-data processing technology company that is listed on the Nasdaq.

Mr. Zhao holds a Ph.D. in Computer Science and Technology from Hong Kong University of Science and Technology and a Master in Computer Science and Technology from Institute of Computer Mathematics and Science, Engineering, Computing, Chinese Academy of Sciences.

MS. LIM HWEE YONG NANA

Non-Executive Independent Director

Ms. Lim Hwee Yong, Nana was appointed to the Board as a Non-Executive Independent Director of the Company on 31 March 2021. She is a member of the Audit Committee, the Remuneration Committee and the Nominating Committee of the Company.

Ms. Lim has more than 21 years of experience in areas including accounting, auditing, and business advisory. She is currently a Forensic Accountant.

Ms. Lim holds a Bachelor of Accountancy Degree from Nanyang Technological University and has a Master of Commerce (Information Systems) from the University of Queensland. She is a Chartered Accountant from the Institute of Singapore Chartered Accountants and a certified information systems auditor with the Information Systems Audit & Control Association.

MS. HUANG LIN

Non-Executive Independent Director

Ms. Huang Lin was appointed to the Board as a Non-Executive Independent Director of the Company on 29 June 2022. She is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Nominating Committee of the Company.

Ms. Huang has more than 10 years of experience in supervisory framework, financial technology, risk management and business modelling. She has excellent knowledge of a financial institution's operations, regulatory requirements and risk management controls and procedures in Singapore.

Ms. Huang had previously served as Assistant Director of the Insurance Department, Financial Supervision Group in the Monetary Authority of Singapore, Associate Director in finexis advisory Pte Ltd, and Chief Sales Officer, Bancassurance in a financial insurance company. She is currently working as Financial Advisory Manager in Financial Alliance Pte Ltd.

Ms. Huang holds a Bachelor of Arts in Economics and a Bachelor of Science in Chemistry from Peking University as well as a Master of Social Science in Applied Economics from National University of Singapore.

Key Management

MR. HO CHOO SOO
Financial Controller

Mr. Ho was appointed as the Financial Controller of the Group in May 2016. He is responsible for the Group's finance and accounting functions, including budgeting, managing of cash flows, taxation matters and ensuring compliance of statutory audit requirements for the Group. He joined the Group in July 2014 as Finance Manager and assisted the then-Chief Financial Officer on the Group's finance, accounting, tax, compliance and reporting matters. Mr. Ho has over 18 years of experience in audit and accounting, and previously served as an external auditor at KPMG. He holds a Bachelor of Science in Accounting and Finance from the University of London and is a member of the Institute of Certified Management Accountants.

DR. BRUCE MORRIS
Technical Advisor

Dr. Bruce has been associated with the Group since May 2011. He utilises his wide-ranging technical expertise and experience to monitor and advise the Group on exploration assets and production operations. As both a field- and office based geoscientist, as well as an exploration and production manager, he has amassed more than 34 years of professional hydrocarbon exploration and production experience across the globe. He has relevant experience in New Zealand, Australia, Papua New Guinea, China, Thailand, India, Cuba and the USA. He has also participated in field research in Antarctica. He has been an active member of the American Association of Petroleum Geologists (AAPG) for 38 years and is a member of the South East Asia Petroleum Exploration Society (SEAPEX).

Summary of Oil and Gas Reserves and Resources

DATE OF REPORT:

30 JUNE 2022

DATE OF PREVIOUS REPORT:

30 JUNE 2021

NAME OF ASSET/COUNTRY:

SW1,L44/43,L33/43, Thailand

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (MMBBL OR MBOE)	NET ATTRIBUTABLE TO THE COMPANY (MMBBL OR MBOE)	NET ATTRIBUTABLE TO THE COMPANY CHANGE FROM PREVIOUS UPDATE %	RISK FACTORS	REMARKS
RESERVES					
OIL RESERVES (MMBBL)					
1P	4.18	0.84	(1.18)	–	Please refer to note 1 below
2P	14.44	2.89	(7.07)	–	
3P	15.36	3.07	(8.36)	–	
GAS RESERVES (MBOE)					
1P	285.00	57.00	–	–	Please refer to note 1 below
2P	570.00	114.00	–	–	
3P	570.00	114.00	–	–	
NATURAL GAS LIQUIDS RESERVES					
1P	–	–	–	–	–
2P	–	–	–	–	–
3P	–	–	–	–	–
CONTINGENT RESOURCES					
OIL					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
NATURAL GAS					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
NATURAL GAS LIQUIDS					
1C	–	–	–	–	–
2C	–	–	–	–	–
3C	–	–	–	–	–
PROSPECTIVE RESOURCES					
OIL					
Low Estimate	–	–	–	–	–
Best Estimate	–	–	–	–	–
High Estimate	–	–	–	–	–
NATURAL GAS					
Low Estimate	–	–	–	–	–
Best Estimate	–	–	–	–	–
High Estimate	–	–	–	–	–

LEGEND:

1C: Low estimate of contingent resources
2C: Best estimate of contingent resources
3C: High estimate of contingent resources
1P: Proved
2P: Proved + Probable
3P: Proved + Probable + Possible
Mboe: Thousands barrels of oil equivalent
MMbbl: Millions of barrels

NOTE 1:
The Group is the holder of 20% of the working interest in the three producing onshore oil concessions in Phetchabun Basin, Thailand (the "**Concessions**") and as a minority stakeholder, the Group is reliant upon the operator and holder of 60% of the working interest in the Concessions (namely ECO Orient Resources (Thailand) Limited) for all technical reporting.

Name of Qualified Person: Bruce Douglas Morris (PhD)
Date: 30 September 2022
Professional Society Affiliation / Membership:
American Association of Petroleum Geologists and South East Asia Petroleum Exploration Society

Financial Contents

Corporate Governance Report

CapAllianz Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to ensure high standards of corporate governance for the protection of interests of the Company's shareholders ("**Shareholders**") and to promote investors' confidence.

This Corporate Governance Report describes the corporate governance practices adopted by the Company for the financial year ended 30 June 2022 ("**FY2022**") with specific reference made to each of the principles of the Singapore Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Company confirms that, for FY2022, it has complied substantially with the principles and provisions set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and review such practices on an ongoing basis to ensure compliance with the Catalist Rules.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Principal Duties of the Board

The primary function of the board of directors (the "**Board**" or "**Directors**") of the Company is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role includes the following:

(i) setting overall business direction and provide guidance on corporate strategic plans;
(ii) ensure that necessary resources are in place for the Company to meet its objectives;
(iii) monitoring financial performance including review and approval of interim and annual financial reports;
(iv) reviewing the adequacy and integrity of the Company's internal controls, risk management systems, financial reporting systems and monitoring the performance of the Group and the Company's management ("**Management**");
(v) assuming responsibility for corporate governance;
(vi) monitoring and approving major funding, investment, acquisitions, disposals and divestment proposals; and
(vii) reviewing interested person transactions.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group and hold Management accountable for performance.

The Company has established a Code of Business Conduct and Ethics that sets the principles of the code of business conduct and ethics which applies to all employees of the Group. Such code of business conduct and ethics sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Group.

All Directors are required to disclose their interests in the Group including any interested person transaction with the Group. Directors facing conflicts of interest in relation to any matter will recuse themselves from discussions and decisions involving the conflicted-related matters.

Corporate Governance Report

Delegation by the Board

The Board is supported by the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board Committees were formed with clear written terms of reference setting out their compositions, authorities and duties. The members of the Board Committees are drawn from the members of the Board and each of these Board Committees operates under the delegated authority from the Board. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code. The composition, description, terms of reference and summary of activities of each Board Committee are set out in this Corporate Governance Report.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committee meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management to attend their meetings.

Board and Board Committee Meetings

The Board meets regularly and whenever deemed necessary and appropriate. Telephonic attendance is allowed under the Company's Constitution. When physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circular resolutions.

The attendance of each Director at all Board and Board Committee meetings as well as general meetings of the Company held during FY2022 is set out below:

	BOARD	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	ANNUAL GENERAL MEETING ON 29 OCTOBER 2021	EXTRAORDINARY GENERAL MEETING ON 29 OCTOBER 2021
Number of meetings held:	3	3	1	1	1	1
Attendance:						
Lee Chye Cheng, Adrian (1)	1	2	-	1	1	1
Pang Kee Chai, Jeffrey	3	-	1	-	1	1
Ong Beng Chye (2)	3	3	1	1	1	1
Lim Hwee Yong Nana	3	3	1	1	1	1
Zhao JiAn	3	3	1	1	1	1
Liu Qiang (3)	1	–	–	–	–	–
Yu Jinfeng (4)	1	1	–	–	–	–
Huang Lin (5)	–	–	–	–	–	–

Notes:

(1) Mr Lee Chye Cheng, Adrian resigned as the Chairman of the Board and a Non-Executive Non-Independent Director with effect from 9 March 2022.

(2) Mr Ong Beng Chye resigned as a Non-Executive and Lead Independent Director with effect from 29 June 2022.

(3) Mr Liu Qiang was appointed as an Executive Director and Chief Executive Officer with effect from 1 May 2022.

(4) Mr Yu Jinfeng was appointed as the Chairman of the Board and a Non-Executive Independent Director with effect from 1 May 2022.

(5) Ms Huang Lin was appointed as a Non-Executive Independent Director with effect from 29 June 2022.

Corporate Governance Report

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion used to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provisions of guidance and advice on various matters relating to the Group. The Board also considers the Directors' other listed company board representations and other principal commitments to ensure they are able to and have been adequately carrying out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company.

Directors' Orientation and Training

The Company does not have a formal training programme for its Directors. Regular training will be arranged and funded by the Company for all Directors, from time to time. All Directors are also updated on an on-going basis by way of circulars or via Board and Board Committee meetings on matters relating to the changes to relevant laws, regulations and accounting and governance standards so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members. During FY2022, Directors are provided with briefings and updates on (i) the developments in new and revised financial reporting standards that are relevant to the Group, as well as governance standards by the Company's external auditors; (ii) regulatory announcements, guidance and/or amendments to the Catalist Rules and the Code by the Company Secretary and the Company's sponsor; and (iii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings.

Newly appointed Directors would receive a formal letter setting out the Director's duties and obligations and the Company would arrange orientation programs to enable the newly appointed Directors to familiarise themselves with the Group's business and governance practices. The Company would also arrange and fund such trainings for first-time Directors (being a director who has no prior experience as a director of a company listed on the SGX-ST) in relation to the roles and responsibilities of a director of a listed company, organized by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as and where appropriate.

During FY2022, the Company has appointed Mr Liu Qiang as an Executive Director and Chief Executive Officer ("**CEO**") and Mr Yu Jinfeng as Chairman of the Board and Non-Executive Independent Director with effect from 1 May 2022, as well as Ms Huang Lin as a Non-Executive Independent Director with effect from 29 June 2022. The Company has provided them with the necessary appointment letters and orientation programs as highlighted above. As all of them are first-time Directors, Mr Liu Qiang, Mr Yu Jinfeng and Ms Huang Lin are required to attend the mandatory training conducted by SID within one (1) year from the date of their respective appointments to the Board pursuant to Rule 406(3) of the Catalist Rules. Mr Yu Jinfeng has completed all the requisite trainings required. The Company has arranged for Mr Liu Qiang and Ms Huang Lin to attend and complete the requisite trainings as required under Practice Note 4D of the Catalist Rules by 30 April 2023 (subject to any restrictions imposed by the government in response to the COVID-19 pandemic), which is within one (1) year from the date of their respective appointments to the Board.

Matters Requiring Board's Approval

All material transactions require the Board's approval. Material transactions are those which do not ordinarily fall within the normal day-to-day operations of the Group, which include amongst others, investments, acquisitions and disposals, annual budgets, approval of annual reports and audited financial statements, declaration of dividends, convening of general meetings and approval of interested person transactions.

Corporate Governance Report

Access to Information

The Board and Board Committees are furnished with adequate and accurate information prior to any meeting so as to facilitate the Directors in the proper and effective discharge of their duties. Board papers are prepared for each Board and Board Committee meeting. The Board papers include sufficient information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. Information about the Company and the Group are freely available to each Board member. The Management will supply any additional information that the Board requires. The Management and the senior executive officers of the Company and the Group are invited by the Board to attend the Board meetings to present their proposals or to answer any questions that Board members may have.

Access to Management and Company Secretary

In carrying out their duties as directors, all Directors have full access to and may communicate directly with the Management, the Company Secretary, as well as the internal and external auditors of the Company, on all matters whenever they deem necessary. The Management provides the Directors with regular updates on the operational and financial performance of the Group, and also responds to regular questions from the Board or individual Directors in a timely manner.

The Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and the relevant rules and regulations which are applicable to the Company. The Company Secretary or her representative attends all Board and Board Committee meetings to record the proceedings. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Independent Professional Advice

All Directors, either individually or as a group, may seek independent professional advice as and when necessary, at the Company's expense, to enable them to discharge their responsibilities effectively.

Corporate Governance Report

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Composition and Size

There were changes made to the composition of the Board and Board Committees during FY2022. As at the date of this Corporate Governance Report, the composition of the Board and Board Committees is as follows:-

		BOARD COMMITTEE MEMBERSHIP		
Name	**Designation**	**AUDIT COMMITTEE**	**NOMINATING COMMITTEE**	**REMUNERATION COMMITTEE**
Yu Jinfeng [(1)]	Chairman and Non-Executive Independent Director	Member	Member	Chairman
Pang Kee Chai, Jeffrey	Vice Chairman and Executive Director	–	Member	–
Liu Qiang [(2)]	Executive Director and CEO	–	–	–
Lim Hwee Yong Nana	Non-Executive Independent Director	Member	Member	Member
Zhao JiAn	Non-Executive Independent Director	Member	Chairman	Member
Huang Lin [(3)]	Non-Executive Independent Director	Chairman	Member	Member

Notes:

(1) Mr Yu Jinfeng was appointed as the Chairman of the Board and a Non-Executive Independent Director with effect from 1 May 2022.

(2) Mr Liu Qiang was appointed as an Executive Director and CEO with effect from 1 May 2022.

(3) Ms Huang Lin was appointed as a Non-Executive Independent Director with effect from 29 June 2022.

The Board currently comprises six (6) Directors, of whom four (4) (including the Chairman of the Board) are independent (who are also non-executive) to exercise objective judgement. As such, the Non-Executive Directors make up a majority of the Board. The Board is of the view that there is sufficient independent element on the Board, and no individual or groups of individuals dominates the Board's decision-making.

Membership on the Board and Board Committees are carefully constituted to ensure equitable distribution of responsibilities and appropriate combination of skills and experience, as well as balance of power and independence.

The NC reviews the size and composition of the Board and Board Committees taking into account the balance and diversity of skills, knowledge, experience and gender, among other factors, on an annual basis. The Board and the NC are of the view that, taking into account the current scope and nature of the operations of the Group and the requirements of the businesses of the Group, the size of the Board and Board Committees is appropriate, and the Board and the Board Committees have the appropriate requisite mix of expertise, knowledge and experience, and collectively possesses the necessary core competencies for effective functioning as well as independent and informed decision-making to avoid groupthink and foster constructive debate. Such experiences and competencies include finance and accounting, strategic planning, investment management, relevant industry knowledge, entrepreneurial and management experience, familiarity with regulatory requirements and risk management.

Corporate Governance Report

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making, regardless of gender. Each Director has been appointed based on the strength of his/her caliber, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The Company is in the midst of formalising its Board diversity policy for promoting diversity on the Board.

Director's Independence

The criterion for independence is based on the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account whether the Director falls under any of the circumstance pursuant to Rule 406(3)(d) of the Catalist Rules. The Code has defined an "independent" director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.

The NC, shall conduct an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval. Each Director is also required to declare his/her independence by duly completing and submitting a declaration form.

For FY2022, each of the Independent Directors (namely Mr Yu Jinfeng, Ms Lim Hwee Yong Nana, Mr Zhao JiAn and Ms Huang Lin) has confirmed his/her independence in accordance with the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account Rule 406(3)(d) of the Catalist Rules. None of the Independent Directors holds shares and/or warrants in the Company representing 5% or more of the total issued shares in the Company, if any. The Company is of the view that the shareholdings held by an independent Director will not compromise his/her independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the aforesaid Directors are independent.

Duration of Independent Directors' Tenure

The Board noted under the amendments to Rule 406(3)(d) of the Catalist Rules which have taken effect from 1 January 2022, an independent director will not be considered independent if he/she has served on the Board for more than nine (9) years and his/her continued appointment as an independent director has not been sought and approved under a two-tier shareholders voting. None of the Independent Directors has served on the Board for more than nine (9) years from the date of his/her first appointment.

Meeting of Independent Directors without Management

The Non-Executive Directors, who are also Independent Directors, will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Directors will have discussions amongst themselves without the presence of the Management, so as to facilitate a more effective check on the Management. Feedback from such meetings will be provided to the Board as appropriate.

Corporate Governance Report

Chairman, Vice Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Separation of the Role of Chairman of the Board, Vice Chairman of the Board and Chief Executive Officer

The Company keeps the positions of the Chairman of the Board and the CEO of the Company separate. Mr Yu Jinfeng, who is an Independent Director, is the Non-Executive Chairman of the Board, and he is assisted by Mr Pang Kee Chai, Jeffrey, who is the Vice Chairman of the Board and an Executive Director of the Company, while Mr Liu Qiang is an Executive Director and CEO of the Company. The Non-Executive Chairman of the Board, Vice Chairman of the Board and Executive Director of the Company, and the CEO of the Company are not related to one another.

Role of Chairman of the Board, Vice Chairman of the Board and Chief Executive Officer

As the Non-Executive Chairman of the Board, Mr Yu Jinfeng is, amongst other things, responsible for leading the Board to ensure its effectiveness on all aspects of its role, ensure that adequate time is available for discussion for all agenda items and promote a culture of openness and debate at the Board.

As the Vice Chairman and Executive Director of the Company, Mr Pang Kee Chai, Jeffrey is responsible for assisting the Chairman of the Board in leading the direction of the Board, including the overall strategizing and planning for the Group. Mr Pang Kee Chai, Jeffrey is also responsible for managing and overseeing the day-to-day operations and financial position of the Group jointly with the CEO, as well as exercising control over the quality and timeliness of information flow between the Board and the Management, together with the CEO. Operationally, Mr Pang Kee Chai, Jeffrey focuses on the Oil and Gas division of the Group and oversees new businesses of the Group.

The Company's CEO, Mr Liu Qiang, jointly manages and oversees the day-to-day operations of the Group as well as the exercise of control over the quality and timeliness of information flow between the Board and the Management, together with the Vice Chairman and Executive Director of the Company. Operationally, Mr Liu Qiang is responsible to source for new business opportunities including but not limited to metaverse/blockchain as well as technology related businesses and investments.

The Company practices a clear division of responsibilities between the Chairman (who is assisted by the Vice Chairman) and the CEO. This ensures an appropriate balance of power between the Chairman (who is assisted by the Vice Chairman) and the CEO and thereby allows for increased accountability and greater capacity of the Board for independent decision-making.

Lead Independent Director

The Board believes that there is a strong and independent element on the Board and adequate safeguards are in place against an uneven concentration of power and authority vested in any single individual. As such, the Board has not appointed any Independent Director to assume the role of a lead independent director. However, the Board will review from time to time, the necessity of nominating a lead independent director.

Corporate Governance Report

Board Membership

Principle 4: 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.

Composition of the Nominating Committee

As at the date of this Corporate Governance Report, the NC comprises five (5) Directors, of whom four (4) (including the Chairman of the NC) are independent. The members of the NC are as follows:

Zhao JiAn (Chairman)
Lim Hwee Yong Nana
Yu Jinfeng
Huang Lin
Pang Kee Chai, Jeffrey

The NC met once in FY2022.

Role and Duties of the Nominating Committee

The NC, which reports to the Board, is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. The NC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the NC include, amongst others:

(i) reviews and recommends the nomination or re-nomination of the Directors having regard to their contribution and performance;

(ii) reviews the succession plans for Directors, in particular, for the appointment and/or replacement of the Chairman of the Board, Vice Chairman of the Board, Executive Directors, the CEO and key executives of the Company ("**Key Executives**");

(iii) determines annually whether or not a Director is independent;

(iv) where a Director or proposed Director has multiple board representation, decides on whether the Director is able to and/or has been adequately carrying out his/her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments;

(v) assesses the effectiveness of the Board as a whole and the Board Committees, as well as the contribution by each individual Director to the effectiveness of the Board;

(vi) develops a process and the criteria for evaluation of the performance of the Board, the Board Committees and the Directors;

(vii) reviews of training and professional development programs for the Board and the Directors;

(viii) reviews the size and composition of the Board and the Board Committees with the objective of achieving a balanced Board and the Board Committees in terms of the mix of experience and expertise and make recommendations to the Board with regard to any change; and

Corporate Governance Report

(ix) reviews the appointment and re-appointment of Directors (including alternate Directors, if any); and

(x) reviews and approves any new employment of related persons and the proposed terms of their employment.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of matters in which he/she has an interest.

Continuous Review of Directors' Independence

As set out under Principle 2 of the Code above, on an annual basis, the NC is required to determine the independence of each Director in accordance with the definition of an "independent" director as stated in the Code and its Practice Guidance, and taking into account Rule 406(3)(d) of the Catalist Rules. For FY2022, the NC has reviewed and determined that each of the Independent Directors (namely Mr Yu Jinfeng, Ms Lim Hwee Yong Nana, Mr Zhao JiAn and Ms Huang Lin) is independent, and is able to exercise judgment on the corporate affairs of the Group independent of the Management.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his/her knowledge. When a Director has multiple board representations and in considering the nomination of Directors for re-appointment, the NC will consider whether the Director is able to and has been adequately carrying out his/her duties as a Director of the Company, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

For FY2022, the NC has reviewed all the declarations from the Directors and considers that the multiple board representations held presently by some of the Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board. The NC is satisfied that the Directors are able to and have been adequately carried out their duties as a Director of the Company, as well as suffcient time and attention are given to the affairs of the Company. In view of this, the Board does not see a need to set the maximum number of listed company board representations that a Director may hold as long as all the Directors are able to devote to the Company's affairs in light of their commitments. The Board and the NC will review the requirement to fix a maximum number of listed company board representations when the need arises.

Re-election of Directors

The election of a Director is held annually and in accordance with the Catalist Rules and the Company's Constitution. Rule 720(4) of the Catalist Rules requires all Directors to submit themselves for re-nomination and re-appointment at least once every three (3) years. The Company's Constitution requires one-third of the Directors to retire from office at each annual general meeting ("**AGM**") of the Company, and all Directors are required to retire from office by rotation at least once every three (3) years. In addition, the Company's Constitution provides that a newly appointed Director must retire and submit himself/herself for re-appointment at the next AGM of the Company following his/her appointment. Thereafter, he/she is subject to be re-appointed at least once every three (3) years. The aforesaid will enable all Shareholders to exercise their rights in selecting all the Board members of the Company. Directors who retire are eligible to offer themselves for re-election.

The re-election of each Director is voted on separate resolution during the AGM of the Company. To assist Shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings of each Director standing for re-election are furnished in the annual report.

Corporate Governance Report

For re-appointment of Directors to the Board, the NC will take into consideration in its evaluation, amongst others, the competency, time commitment and experience in meeting the needs of the Company. The NC will then recommend the Directors to be re-appointed to the Board for approval.

At the forthcoming AGM of the Company, the NC had nominated and recommended, and the Board had agreed that Mr Pang Kee Chai, Jeffrey, will retire pursuant to Regulation 107 of the Company's Constitution and in accordance with Rule 720(4) of the Catalist Rules. Mr Pang Kee Chai, Jeffrey, being eligible for re-election, has offered himself for re-election.

At the forthcoming AGM of the Company, Mr Yu Jinfeng, Mr Liu Qiang and Ms Huang Lin, who are newly appointed Directors in FY2022, will also retire pursuant to Regulation 117 of the Company's Constitution. Mr Yu Jinfeng, Mr Liu Qiang and Ms Huang Lin, each being eligible for re-election, have offered themselves for re-election.

Please refer to the section entitled "Additional Information on Directors Seeking for Re-election – Appendix 7F to the Catalist Rules" of this Corporate Governance Report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Pang Kee Chai, Jeffrey, Mr Yu Jinfeng, Mr Liu Qiang and Ms Huang Lin.

Nomination and Selection of Directors

The NC would review and nominate the most suitable candidate to the Board when a vacancy arises under any circumstances or where it is considered that the Board would benefit from the services of a new Director with particular skills. The NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC then nominates the most suitable candidate to the Board. The Company Secretary will ensure that all appointments are properly made and regulatory obligations are met. The Company's sponsor is also kept abreast of any new candidate and the new candidate's resume is also provided to them for review. The Company's sponsor would interview the new candidate separately.

Alternate Director

Currently, there is no alternate Director appointed to the Board.

Corporate Governance Report

Listed Company Directorship and Other Principal Commitments

The profile of each Director is set out below.

NAME OF DIRECTOR	BOARD APPOINTMENT	DATE OF FIRST APPOINTMENT	DATE OF LAST RE- APPOINTMENT	DIRECTORSHIPS/ CHAIRMANSHIPS BOTH PRESENT IN OTHER LISTED COMPANIES AND OTHER PRINCIPAL COMMITMENTS
Pang Kee Chai, Jeffrey (1)	Vice Chairman and Executive	10/05/2016	30/11/2020 (to be re-elected at the forthcoming AGM)	Present Listed Directorship: Shen Yao Holdings Limited Other Principal Commitment: NIL
Yu Jinfeng (1)	Chairman, Non-Executive and Independent	01/05/2022	NA (to be re-elected at the forthcoming AGM)	Present Listed Directorship: NIL Other Principal Commitment: NIL
Liu Qiang (1)	Executive and CEO	01/05/2022	NA (to be re-elected at the forthcoming AGM)	Present Listed Directorship: China Ocean Group Development Limited Other Principal Commitments: Shenzhen Duxiaoman Industrial Co., Ltd. Huaqiang North Store (Legal Representative) ATV Culture Media (Shenzhen) Co., Ltd. (Legal Representative) ATV Pictures (Wuxi) Co., Ltd. (Legal Representative)
Lim Hwee Yong Nana	Non-Executive and Independent	31/03/2021	29/10/2021	Present Listed Directorship: NIL Other Principal Commitments: Director of (i) OOSS Global Pte Ltd; (ii) SMG Development Pte Ltd; and (iii) Univerlux (Singapore) Pte Ltd
Zhao JiAn	Non-Executive and Independent	31/03/2021	29/10/2021	Present Listed Directorship: NIL Other Principal Commitments: Director of Beijing Chaomi Technology Co., Ltd and Beijing Zhicai Technology Co., Ltd
Huang Lin (1)	Non-Executive and Independent	29/06/2022	NA (to be re-elected at the forthcoming AGM)	Present Listed Directorship: NIL Other Principal Commitment: NIL

Note:

(1) Each of Mr Pang Kee Chai, Jeffrey, Mr Yu Jinfeng, Mr Liu Qiang and Ms Huang Lin will retire at the forthcoming AGM of the Company and being eligible, has offered himself/herself for re-election. Further information relating to Mr Pang Kee Chai, Jeffrey, Mr Yu Jinfeng, Mr Liu Qiang and Ms Huang Lin has been set out in the section entitled "Additional Information on Directors Seeking for Re-Election – Appendix 7F to the Catalist Rules" of this Corporate Governance Report.

Key information regarding the Directors' academic and professional qualifications as well as working experience is set out in the section entitled "Board of Directors and Key Management" of this Annual Report. Information on the interests of the Directors who held office at the end of the financial year in shares, debentures and share options/awards in the Company and its related corporations (other than wholly-owned subsidiaries) are set out in the section entitled "Directors' Statement" of this Annual Report.

Corporate Governance Report

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees as well as the contribution by each Director to the effectiveness of the Board.

The evaluation of the Board is performed annually by having all members to complete a board evaluation questionnaire individually. The assessment parameters such as the Director's attendance and participation in and outside meetings, the quality of the Director's involvement as well as industry and business knowledge made by the Director will enable an all rounded evaluation, covering the various aspects of an effective Board. The completed evaluation forms are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board.

The performance criteria for the evaluation of the Board are in respect of Board size and composition, Board independence, Board's decision-making processes, strategic planning, Board information and accountability, Board performance in relation to discharging its principal functions and financial targets.

Individual Director's performance and contribution to the effectiveness of the Board are evaluated by requesting the NC members to complete the Director's evaluation form individually. Some factors taken into consideration by the NC members include availability at Board meetings, degree of preparedness, ability to make informed decisions in the best interest of the Company and the contribution to develop strategies which are in line with the Company's vision.

The overall assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board was satisfactory for FY2022, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

The Board, together with the NC, are of the view that due to the relatively small size of the Board, it would not be necessary to evaluate the effectiveness and performance of each of the Board Committees in addition to the evaluation of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

For FY2022, the NC has not engaged any external facilitator in conducting the assessment of the effectiveness of the Board as a whole and the Board Committees as well as the contribution by each Director to the effectiveness of the Board. Where relevant, the NC will consider such engagement.

Corporate Governance Report

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Composition of the Remuneration Committee

As at the date of this Corporate Governance Report, the RC comprises four (4) Directors, all of whom are independent. The members of the RC are as follows:

Yu Jinfeng (Chairman)
Zhao JiAn
Lim Hwee Yong Nana
Huang Lin

The RC met once in FY2022.

Role and Duties of the Remuneration Committee

The RC, which reports to the Board, is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of the Directors and Key Executives. The RC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the RC include, amongst others:

(i) reviews and recommends for the Board's endorsement, a framework of remuneration which 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 for each Director and Key Executive;

(ii) reviews and recommends to the Board the specific remuneration packages of each Director;

(iii) reviews and recommends to the Board the specific remuneration packages of each Key Executive, taking into consideration the Executive Directors' assessment of and recommendation for remuneration and bonus;

(iv) reviews and recommends to the Board the specific remuneration packages of employees who are related to any Director and/or substantial Shareholder; and

(v) reviews and determines the contents of any service agreement for any Director or Key Executive.

Each member of the RC abstains from voting on any resolution and making any recommendation and/or participating in any deliberation of the RC in respect of his/her remuneration package and matters in which he/she has an interest.

Corporate Governance Report

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors and the Key Executives based on the performance of the Group, the individual Director and the individual Key Executive. No Director individually decides or is involved in the determination of his/her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

In reviewing the service agreements of the Executive Directors and Key Executives, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Engagement of Remuneration Consultants

The RC has access to advice inside the Company and if necessary, may seek external expert advice of which the expenses will be borne by the Company. For FY2022, the RC did not seek any external expert advice from any remuneration consultant on the remuneration packages of the Directors and the Key Executives.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration of Executive Directors and Key Executives

The Group's remuneration policy is to provide compensation packages which reward successful performance and are appropriate to attract, retain and motivate the Executive Directors and Key Executives needed to run the Company and the Group successfully. The RC reviews the compensation annually to ensure that the remuneration of the Executive Directors and Key Executives commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with the Key Executives) is reviewed periodically by the RC and the Board.

Each of the Executive Directors has entered into a service agreement with the Company for a period which the Board may decide. The Board will review the respective remuneration package of the Executive Directors (which is based on their respective service agreement) from time to time based on the recommendation of the RC.

The Executive Directors do not receive director's fees but are remunerated as a member of the Management. The remuneration package of each of the Executive Directors and the Key Executives comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and Key Executives in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group.

Corporate Governance Report

Remuneration of Non-Executive Directors

The Non-Executive Directors (who are also Independent Directors) do not have service agreements with the Company and are each paid a fixed director's fee, which is determined by the Board, after the recommendation by the RC, taking into consideration their efforts and time spent, responsibilities and contribution to the Board, subject to approval by Shareholders at the AGM of the Company. The RC is mindful that Independent Directors should not be over-compensated to the extent that their independence may be compromised. Directors' fees for the Non-Executive Directors of S$142,521 for FY2022 have been recommended by the RC and accepted by the Board, and will be tabled for approval by Shareholders at the forthcoming AGM of the Company. The Non-Executive Directors do not receive any other remuneration from the Company.

A proposed one-time ex-gratia payment amounting to S$20,000 in cash to be paid to the former Non-Executive and Lead Independent Director of the Company, Mr Ong Beng Chye, has also been recommended by the RC and accepted by the Board, and will be tabled for approval by Shareholders at the forthcoming AGM of the Company. This proposed one-time ex-gratia payment is in recognition of Mr Ong Beng Chye's service and contributions to the Company and its subsidiaries as a Director of the Company since August 2016, and will be paid fully in cash if approved by Shareholders at the forthcoming AGM of the Company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration Policy and Criteria

The Group's remuneration policy is to provide compensation packages which reward successful performance and are appropriate to attract, retain and motivate employees including the Executive Directors and the Key Executives. The compensation packages comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

The RC will review the remuneration of the Executive Directors and the Key Executives from time to time to ensure that their remuneration commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with the Key Executives) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Disclosure on Remuneration of Directors (including the CEO) and Key Executives

The Code recommends the disclosure of the remuneration of each Director, the CEO and at the least, the Group's top five (5) Key Executives (who are not also Directors or the CEO).

The Board, has on review, is of the opinion that it is in the best interests of the Group not to fully disclose in this Corporate Governance Report the exact remuneration of each Director and the CEO, the names of the Company's top five (5) Key Executives (who are not also Directors or the CEO) and the total remuneration of each Key Executive in dollar terms, given the confidentiality and sensitivity of remuneration matters, and the Board believes that such disclosure may be prejudicial to the Group's business interests given the competitive environment it is operating in as well as the disadvantages this brings. The disclosure of such detailed remuneration could have an adverse effect on the working relationships and contributions to the operations of the Group.

Corporate Governance Report

The remuneration of the Directors for FY2022 in bands of US$250,000 is as follows:

Remuneration bands	DIRECTORS' FEE %	BASE SALARY %	BONUS %	CPF %	OTHERS %	SHARE OPTIONS AND AWARDS %	TOTAL %
US$500,000 to US$750,000							
Pang Kee Chai, Jeffrey	–	39	50	1	–	10	100
Below US$250,000							
Yu Jinfeng (1)	100	–	–	–	–	–	100
Liu Qiang (2)	–	100	–	–	–	–	100
Huang Lin (3)	100	–	–	–	–	–	100
Lim Hwee Yong Nana	100	–	–	–	–	–	100
Zhao JiAn	100	–	–	–	–	–	100
Lee Chye Cheng, Adrian (4)	–	–	–	–	–	100	100
Ong Beng Chye (5)	69	–	–	–	31	–	100

Notes:

(1) Mr Yu Jinfeng was appointed as the Chairman of the Board and a Non-Executive Independent Director with effect from 1 May 2022.

(2) Mr Liu Qiang was appointed as an Executive Director and CEO with effect from 1 May 2022.

(3) Ms Huang Lin was appointed as a Non-Executive Independent Director with effect from 29 June 2022.

(4) Mr Lee Chye Cheng, Adrian resigned as the Chairman of the Board and a Non-Executive Non-Independent Director with effect from 9 March 2022.

(5) Mr Ong Beng Chye resigned as a Non-Executive and Lead Independent Director with effect from 29 June 2022.

The remuneration of the top five (5) Key Executives for FY2022 in bands of US$250,000 is as follows:

Remuneration band	BASE SALARY %	BONUS %	CPF %	ALLOWANCE %	SHARE OPTIONS AND AWARDS %	TOTAL %
Below US$250,000						
No. of Key Executives: Two	75	14	9	–	2	100

There are two (2) Key Executives (who are not also Directors or the CEO) in the Group for FY2022.

The total aggregate remuneration paid and payable to the Group's top two (2) Key Executives (who are not also Directors or the CEO) during FY2022 was approximately US$146,000.

The breakdown of performance conditions which links to remuneration paid to the Executive Directors and the top two (2) Key Executives (who are not also Directors or the CEO) are not disclosed in this Corporate Governance Report due to confidentiality reasons.

There were no termination, retirement or post-employment benefits granted to the Directors and Key Executives in FY2022.

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The Company's long-term incentive schemes, namely the CapAllianz Holdings Limited Employee Share Option Scheme (the "**ESOS**") and the CapAllianz Holdings Limited Performance Share Plan (the "**PSP**"), were approved by Shareholders at an extraordinary general meeting of the Company held on 29 October 2021 and adopted by the Company on the same day. The RC is responsible for the administration of the ESOS and PSP in accordance with their respective rules. There are no outstanding share options and share awards under the ESOS and PSP, respectively. Please refer to the "Directors' Statement" section of this Annual Report for further information and details on the ESOS and PSP.

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 Corporate Governance 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.

Disclosure on Remuneration of Employees who are Substantial Shareholders, or are Immediate Family Members of a Director, the CEO or a Substantial Shareholder

The Company does not have any employee who is a substantial Shareholder, or an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 during FY2022.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its stakeholders.

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard Shareholders' interest and maintain accountability of its assets. While no cost-effective internal control system can provide absolute assurance against loss or misstatement, the Company's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably reduced, proper accounting records are maintained and financial information used within the business and for publication are reasonable and accurate.

During FY2022, the Company's external and internal auditors conducted their respective annual review of the adequacy and effectiveness of the Company's material internal controls (including financial, operational, compliance and information technology controls) and risk management systems and these were reported to the AC. The AC, on behalf of the Board, also reviewed the adequacy and effectiveness of the Group's systems of internal controls and risk management in light of key business and financial risks affecting its business. The Board has also received assurance from the Executive Directors (including the CEO) and the Financial Controller that, as at 30 June 2022, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the Board Committees and the Board, and assurance from the Executive Directors (including the CEO) and the Financial Controller, the Board, with the concurrence of the AC, is satisfied that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place in the Group are adequate and effective for FY2022.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities The Board, together with the AC and the Management, will continue its risk assessment process, which is an on-going process, with a view to enhance and improve the existing internal control framework to identify and mitigate these risks.

Corporate Governance Report

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Composition of the Audit Committee

As at the date of this Corporate Governance Report, the AC comprises four (4) Directors, all of whom are independent. The members of the AC are as follows:

Huang Lin (Chairman)
Yu Jinfeng
Zhao JiAn
Lim Hwee Yong Nana

The Chairman of the AC, Ms Huang Lin, has more than 10 years of experience in the financial industry. She possesses the related financial and risk management experience.

Mr Yu Jinfeng, a member of the AC, has years of experience in the corporate sector in the area of software programming, research and development, and system architecture design of the technology industry.

Mr Zhao JiAn, a member of the AC, has more than 15 years of experience in the area of information technology. He has profound knowledge and wealth of experience in computer networking, wireless communications and multimedia technologies.

Ms Lim Hwee Yong Nana, a member of the AC, has more than 20 years of experience in areas including accounting, auditing and business advisory. She is currently a Forensic Accountant.

In view of the above, the Board is of the opinion that the members of the AC have sufficient financial and corporate management experience and expertise in discharging their duties.

None of the members of the AC is a former partner or director of the Company's external or internal auditors.

Role and Duties of the Audit Committee

The role of the AC is to assist the Board in discharging its responsibility to safeguard the assets of the Group, ensuring the maintenance of adequate accounting record procedures and processes and to develop and maintain effective systems of internal and risk controls. The overall objective of the AC is to ensure that the Management has established and maintained an effective system of internal control and that the Management does not override the established system of internal controls. The AC has adopted written terms of reference defining its membership, administration and duties.

The principal functions of the AC include, amongst others:

(i) reviews the audit plans and results of the external and internal audits;

(ii) reviews the Group's financial and operating results and accounting policies;

Corporate Governance Report

(iii) reviews the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(iv) reviews the quarterly (if applicable), half year and annual announcements on the results and financial position of the Company and of the Group;

(v) ensures the co-operation and assistance given by the Management to external auditors;

(vi) makes recommendations to the Board on the appointment of external and internal auditors; and

(vii) reviews the Interested Person Transactions as defined in Chapter 9 of the Catalist Rules as required by SGX-ST and ensures that the transactions are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

In discharging the above duties, the AC has confirmed that it has full access and co-operation from the Management and is given reasonable resources to enable it to perform its functions properly.

The AC reports to the Board and met three (3) times in FY2022, to review the quarterly, half year and annual unaudited financial statements of the Group and all related disclosures to Shareholders before submission to the Board for approval. The Company Secretary or her representative was present at the meetings to record the proceedings.

The AC has full authority to investigate any matter when alerted on issues of internal controls, suspected fraud or irregularity. It has full access to and cooperation of the Management and full discretion to invite any staff to attend its meetings.

Internal Audit Function

The Company has outsourced its internal audit function to an external professional firm for the purposes of reviewing the adequacy and effectiveness of its internal controls and risk management systems. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the Chairman of the AC. The functions of the internal auditors include the review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors discuss and agree on the annual internal audit plan with the AC at the beginning of each financial year. Subsequent internal audit findings and corresponding responses from the Management to address these findings are reported at the meetings of the AC.

The internal auditors have carried out its functions according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the independence, adequacy and effectiveness of the outsourced internal audit function and is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group to fulfill its mandate. The AC is also of the view that the outsourced internal audit function is adequately staffed with qualified and experienced personnel with the relevant experience and that the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors to perform its function effectively.

The AC will review annually the independence, adequacy and effectiveness of the internal audit function.

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External Audit Function

Statutory audit review and the implementation of the Company's material internal controls are reviewed by the Company's current external auditors, Nexia TS Public Accounting Corporation ("**Nexia**"), to the extent set out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, will be reported to the AC. Any material non-compliances and internal control weaknesses will be followed up by the Management as part of the Management's role in the review of the Company's internal control systems. There are no such material non-compliances and internal control weaknesses in FY2022. The external auditors have unrestricted access to the AC.

The AC has reviewed the overall scope of the external audit and met with the Company's external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls. The Company's external auditors also briefed the AC on the changes in the financial reporting standards that will take effect during the financial year and also the following financial year. This ensures that the AC is kept abreast with the changes in financial reporting standards which have a direct impact on the Group's financial statements.

The AC has performed independent reviews of the Company's half year, third quarter and full year financial results for FY2022. The AC has also considered the report from the Company's external auditors, including their findings on the significant risks and audit focus areas. The AC has also reviewed the following key audit matters as reported by the external auditors for FY2022.

Key Audit Matters	How the Key Audit Matters were addressed by the AC
Impairment assessment of (i) exploration, evaluation and development assets; and (ii) oil and gas properties	The AC has held discussions with the Management to review and assess the valuation methodologies and assumptions applied and is satisfied that the valuation method and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards. The external valuations are conducted by independent qualified person who has the appropriate recognised professional qualifications and experience in valuation of the oil reserves.
Valuation of other receivables	The AC has held discussions with the Management on the Group's expected credit losses on the other receivables from associated companies and is satisfied that the sufficient provision has been made in accordance with the relevant accounting standards.
Assessment of the going concern basis in preparation of the financial statements	The AC has reviewed the Management's assessment on going concern basis by obtaining the Management's forecast of the cash flows projection of the Group over the next 12 months and is satisfied with the appropriateness of the key going concern assumptions used by the Management in the cash flows projection, including timing of cash inflows and cash required for operations.

Further information on the aforesaid key audit matters can be found in the Independent Auditor's Report for FY2022 on pages 62 to 68 and Note 2 to the Financial Statements on page 74 of this Annual Report, respectively.

The AC is responsible for conducting an annual review of the independence and objectivity of the external auditors, including the nature and volume of non-audit services performed by the external auditors for the Group. The aggregate amount of audit fees paid to the Company's external auditors, Nexia, for FY2022 was US$76,000. There were no non-audit fees paid to the external auditors of the Company in FY2022.

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In reviewing the re-appointment of Nexia as the Company's external auditors for the ensuing year, the AC has considered and is satisfied with the adequacy of the resources and experience of Nexia and the audit partner-in-charge assigned to the audit (taking into account the Audit Quality Indicators relating to Nexia), the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. Nexia has also confirmed its independence and that it is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act 2004 of Singapore.

On the basis of the above, the AC has recommended to the Board and which the Board has accepted, that Nexia be nominated for re-appointment as the external auditors of the Company for the current financial year ending 30 June 2023 for Shareholders' approval at the forthcoming AGM of the Company.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in appointing the auditing firms for the Group.

Meeting Auditors without the Management

In performing its functions, the AC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with the Management, as well as the external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements.

At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately. The AC has met with the external and internal auditors separately without the presence of the Management to review any area of audit concern for FY2022.

Whistleblowing Policy

In line with the Code, the Company has implemented a whistleblowing policy and has incorporated it into the Company's internal control procedures. The whistleblowing policy will provide a well-defined and accessible channels in the Group through which whistleblowers may raise concerns about improper conduct within the Group. The whistleblowing policy sets out the procedures for whistleblowers to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The AC will review arrangements by which whistleblowers may raise in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Company will ensure that the identity of the whistleblower is keep confidential and is committed to ensure the whistleblower will be protected against detrimental or unfair treatment. The AC's objectives of such a policy are to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action. The AC is responsible for oversight and monitoring of whistleblowing. Multiple employees' briefings have been conducted to update and explain the whistleblowing policy adopted by the Company. There were no reported incidents pertaining to whistleblowing for FY2022.

Corporate Governance Report

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders' Participation in General Meetings

The Board welcomes the view of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. The Board encourages active Shareholders' participation in general meetings. It believes that general meetings are an opportune forum and suitable platform for Shareholders and the Board and Management of the Company to engage in active exchange of ideas.

Shareholders are informed of all general meetings through notices, circulars and annual reports sent to all Shareholders. These notices are published in the daily local newspapers. The Group encourages active participation from all Shareholders at general meetings.

At general meetings of the Company, Shareholders are invited to raise questions on any matters that need clarification and appropriate responses are given.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, are explained by the scrutineers at such general meetings.

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the agenda of the general meetings is provided in the explanatory notes to each notice of the general meetings.

Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The results of all general meetings of the Company will be notified and released through SGXNet after the meetings. Proxy form is sent with the notice of general meeting to all Shareholders so that those Shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf.

The Company's Constitution allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two (2)-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Corporate Governance Report

Interaction with Shareholders

At general meetings of the Company, Shareholders are invited to raise questions on any matters that need clarification and appropriate responses are given. Directors, including the Chairman of the Board and the Board Committees, will be present at all general meetings to address any queries from Shareholders. The external auditors will also be present at the AGMs of the Company to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

In FY2022, due to the COVID-19 pandemic and in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities, the Company held its last AGM in respect of FY2021 and its extraordinary general meeting on 29 October 2021 (collectively known as, "**FY2022 General Meetings**") by way of electronic means, through a "live" audio-visual webcast and a "live" audio-only stream. The notices of the FY2022 General Meetings were not published on the newspaper, but were instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website. The notices of the FY2022 General Meetings detailed the alternative arrangements for the FY2022 General Meetings during the COVID-19 pandemic. Shareholders participated in the FY2022 General Meetings via electronic means, voting by appointing the respective Chairman of the FY2022 General Meetings as proxy and their questions (if any) in relation to any resolution set out in the notices of the FY2022 General Meetings were sent to the Company in advance of the FY2022 General Meetings, and the Company's responses to the questions (if any) were provided via an announcement on SGXNet and the Company's corporate website prior to the FY2022 General Meetings.

In view of the current COVID-19 situation, the forthcoming AGM of the Company in respect of FY2022 will be convened and held by electronic means in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities.

Absentia Voting

The Company has not amended its Constitution to provide for absentia voting methods. The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Minutes of General Meetings

The proceedings of each of the general meetings will be properly recorded and prepared by the Company. The minutes of all general meetings will be posted on the Company's corporate website as soon as practicable. Such minutes include substantial and pertinent comments and questions received from Shareholders relating to the agenda of the general meetings, together with responses from the Board and the Management, as well as details of the proceedings of the general meetings.

In accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities, the minutes of the FY2022 General Meetings, which were held by electronic means, were published by the Company on the Company's corporate website and SGXNet within one (1) month after the date of the FY2022 General Meetings.

In view that the forthcoming AGM of the Company in respect of FY2022 will be held by electronic means, the Company will also publish minutes of its forthcoming AGM in respect of FY2022 on the Company's corporate website and SGXNet within one (1) month after the date of the AGM.

Dividend Policy

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board deem appropriate. The Board does not recommend any payment of dividends for FY2022 as the Group wishes to conserve its funds for working capital purposes.

Corporate Governance Report

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Investor Relations Practices

The Company treats all Shareholders fairly and equitably by disclosing material information through SGXNet in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company has taken steps to ensure that all material information, including changes in the Company or its business that would likely to have material impact on the price or value of the Company's shares, are disclosed on an accurate and timely basis to all Shareholders via SGXNet.

Disclosure of Information

The Company does not practice selective disclosure. All Shareholders are equally and timely informed of all major developments that affect the Group. The Company is committed to disclosing as much relevant information as is possible, in a timely, fair and transparent manner, to its Shareholders.

Information is communicated to Shareholders through:

- SGXNet announcements including press releases;
- Annual reports and circulars; and
- Notices of AGM and extraordinary general meeting.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meeting. Quarterly (if applicable), half year and full year results as well as annual reports are announced or issued within the period prescribed by the SGX-ST and are available on the Company's corporate website (https://capallianzholdings.com). The Company's corporate website, which is updated regularly, contains various others investor-related information on the Company which serves as an important resource for investors. The release of such timely and relevant information is crucial to good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company.

The Company has engaged an investor relations consultancy firm to assist the Group in facilitating communications with all stakeholders – Shareholders, analysts and media – to keep the investors public apprised of the Group's corporate developments and financial performance.

Dialogue with Shareholders

The Group encourages full participation of Shareholders at general meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. The Board views the general meetings of the Company as the principal forum for dialogue with Shareholders, being an opportunity for Shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the Directors or the Management questions regarding the Company and its operations. To facilitate and encourage such participation, Directors are present and available to address questions at general meetings. In addition, the external auditors are also present during the AGMs of the Company to address the Shareholders' queries on the conduct of audit and the preparation and content of the independent audit report.

The reception after the general meetings of the Company also provides an opportunity for Shareholders to informally communicate their views and expectations to the Company.

Corporate Governance Report

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Stakeholders' Engagement

The Company acknowledges the importance for establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. The Company has identified six (6) stakeholders' groups, namely, employees, wholesale and retail customers, suppliers and service providers, shareholders, local communities, and local government and regulators. The Company's approach to the engagement with key stakeholders and materiality assessment will be disclosed in the Company's Sustainability Report for FY2022, which will be uploaded on the SGXNet no later than 30 November 2022, where the Company would continue to monitor and improve to ensure the best interest of the Company.

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at https://capallianzholdings.com through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, profiles of the Group, and contact details of the Group.

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

The Company has adopted internal code of conduct and policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in securities of the Company.

The Directors, the Management and the offcers of the Company are not permitted to deal in the Company's shares:

a) on short-term considerations;

b) during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters and one (1) month before the announcement of the Company's full year financial results (if the Company announces its quarterly financial results, whether required by SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial results (if the Company does not announce its quarterly financial results), and ending on the date of announcement of the relevant results; and/or

c) when they are in possession of unpublished price-sensitive information of the Group.

Corporate Governance Report

In addition, Directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities of the Company within the permitted trading period.

Reminders are sent via email to all Directors and employees. The Company has conducted staff briefing to explain the Company's policy on this matter.

INTERESTED PERSON TRANSACTIONS

The Company has not obtained a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

All interested person transactions are subject to review by the AC to ensure that they are on an arm's length basis and on normal commercial terms that will not be prejudicial to the Company and its minority Shareholders.

The Company has put in place an internal procedure to track interested person transactions of the Group and to ensure that such transactions are reported to the AC on a timely manner.

Save for interested person transactions below S$100,000 (if any), there were no interested person transactions entered into by the Group during FY2022.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees payable or paid to the Company's sponsor, ZICO Capital Pte. Ltd., for FY2022.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there were no material contracts (including loans) entered into by the Company and its subsidiaries involving the interests of any Director or controlling Shareholders of the Company, either still subsisting at the end of FY2022, or if not then subsisting, entered into since the end of the previous financial year ended 30 June 2021.

USE OF PROCEEDS FROM THE PLACEMENT

On 10 February 2022, the Company completed a placement of an aggregate of 925,925,925 new ordinary shares at an issue price of S$0.0027 per share (the "**Placement**"), raising net proceeds of approximately S$2,475,000 (the "**Placement Net Proceeds**"). Please refer to the Company's announcements dated 6 December 2021, 21 January 2022, 9 February 2022 and 10 February 2022 for more information on the Placement.

The Company has previously, on 12 May 2022, 28 July 2022 and 29 August 2022, updated Shareholders on the use of the Placement Net Proceeds.

Corporate Governance Report

As at the date of this Corporate Governance Report, the following is a summary of the Placement Net Proceeds and the utilisation thereof:

USE OF THE PLACEMENT NET PROCEEDS	ALLOCATION OF THE PLACEMENT NET PROCEEDS	BALANCE OF THE PLACEMENT NET PROCEEDS AS AT 29 AUGUST 2022	AMOUNT UTILISED AS AT THE DATE OF THIS CORPORATE GOVERNANCE REPORT	BALANCE OF THE PLACEMENT NET PROCEEDS AS AT THE DATE OF THIS CORPORATE GOVERNANCE REPORT
Funding of the Group's Investment and Trading Business Segment	S$0 to S$742,000 (0% to 30% of Placement Net Proceeds)	S$0 to S$651,000	S$Nil	S$0 to S$495,000
General Working Capital of the Group	S$1,733,000 to S$2,475,000 (70% to 100% of Placement Net Proceeds)	S$0 to S$651,000	S$156,000*	S$0 to S$495,000
Total	S$2,475,000	S$651,000	S$156,000	S$495,000

* The Placement Net Proceeds utilised for general working capital of the Group is used for general and administrative expenses including office expenses, staff costs and administrative expenses.

The use of the Placement Net Proceeds is in accordance with the intended use and percentage allocated as stated in the Company's announcement dated 6 December 2021.

The Company will make periodic announcements via SGXNet as and when the balance of the Placement Net Proceeds is materially utilised.

SUSTAINABILITY REPORTING

The Board recognises that good governance is essential for continued growth and investors' confidence, and that all businesses have to manage their own operations responsibly. The Board strongly believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out and work together with all its stakeholders, from its employees to the community, and be responsible stewards of its natural environment. The Company endeavours to comply with Rule 711A of the Catalist Rules to issue its sustainability report by end of November 2022.

RISK MANAGEMENT POLICIES AND PROCESSES

Political Risks and Exposure

The Group is exposed to political risks and government initiatives, policies and regulations towards the oil and gas industry which may affect the level of oil and gas activities in the regions the Group operates or seeks to operate in. In order to lower the potential exposure, the Management reviews opportunities from a wide geographic area. The Group endeavors to lower risks by focusing on stable political environments.

Exploration and Development Risks

The Group is also exposed to the exploration and development risks innate to the oil and gas industry. Each opportunity is reviewed by a technical team taking into account production history, availability of data, interpretation of data and track record of previous initiatives by other ventures.

Corporate Governance Report

Reliance on Third Party Providers

The Management constantly evaluates resources against ongoing and developing workload in the worldwide endeavors. Through a fine balance between retaining core competencies in a lean in-house team and selective outsourcing of experienced consulting resources from the industry worldwide, the Group is able to remain flexible and dynamic while retaining global knowledge assets. This helps to manage the risk of retaining organisational capability while keeping internal team sizes at reasonable numbers and manageable costs. The Management works very closely with the selected partners and service providers to ensure timely and quality execution of projects globally.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Mr Yu Jinfeng, Mr Liu Qiang, Ms Huang Lin and Mr Pang Kee Chai, Jeffrey are the Directors retiring and seeking re-election at the forthcoming AGM of the Company (the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules is set out below:

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Date of first appointment	1 May 2022	1 May 2022	29 June 2022	10 May 2016
Date of last re-appointment	NA	NA	NA	30 November 2020
Age	39	37	42	45
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience, independence and suitability of Mr Yu Jinfeng for re-appointment as Non-Executive Independent Director of the Company. The Board has reviewed and concluded that Mr Yu Jinfeng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Liu Qiang for re-appointment as Executive Director and CEO of the Company. The Board has reviewed and concluded that Mr Liu Qiang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience, independence and suitability of Ms Huang Lin for re-appointment as Non-Executive Independent Director of the Company. The Board has reviewed and concluded that Ms Huang Lin possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Pang Kee Chai, Jeffrey for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Pang Kee Chai, Jeffrey possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Please refer to the section entitled "Board of Directors and Key Management" of this Annual Report for the area of responsibility of Mr Liu Qiang as an Executive Director of the Company.	Non-Executive	Executive Please refer to the section entitled "Board of Directors and Key Management" of this Annual Report for the area of responsibility of Mr Pang Kee Chai, Jeffrey as an Executive Director of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board and Non-Executive Independent Director, RC Chairman, NC Member and AC Member	Executive Director and CEO	Non-Executive Independent Director, AC Chairman, NC Member and RC Member	Vice Chairman of the Board and Executive Director, NC Member
Professional qualifications	Master in Engineering Degree, Software Engineering, Peking University Bachelor in Electrical Engineering, University of Science and Technology of China	Master in Resource Development Planning, China University of Mining and Technology, Beijing Bachelor in Materials Engineering, Shijiazhuang Tiedao University	Master of Social Science in Applied Economics, National University of Singapore Bachelor of Arts in Economics, Peking University Bachelor of Science in Chemistry, Peking University	Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	2020 to Present: Technical Lead of Chaintecs Consulting Singapore Pte. Ltd. 2018 to 2020: Senior Software Engineering / Technical Lead of Bitmaintech Pte Ltd 2016 to 2017: System Software Engineer of Singpilot Pte. Ltd. 2014 to 2016: Senior Software Engineer / Technical Lead of Berkeley Education Alliance for Research in Singapore Limited (BEARS) 2012 to 2014: Research Engineer of Panasonic R&D Center Singapore (Networking Team)	2021 to Present: Independent Non-Executive Director of China Ocean Group Development Limited 2018 to 2022: Vice President and Chief Technical Officer of Asia Television Holdings Limited 2018: Chairman of the Board and Executive Director of Dinghe Mining Holdings Limited 2013 to 2018: Executive Deputy General Manager of AVIC Energy Cambodia Company	2020 to Present: Financial Advisory Manager of Financial Alliance Pte Ltd 2019 to 2020: Chief Sales Officer, Bancassurances of China Life (Singapore) Pte. Ltd. 2017 to 2019: Associate Director of Finexis Advisory Pte Ltd 2011 to 2017: Assistant Director, Insurance Department, Financial Supervision Group of Monetary Authority of Singapore	1 May 2022 to Present: Vice Chairman and Executive Director of CapAllianz Holdings Limited May 2016 to April 2022: Executive Director and Chief Executive Officer of CapAllianz Holdings Limited July 2011 to May 2016: Chief Financial Officer/ Financial Controller of CapAllianz Holdings Limited January 2008 till June 2011: Financial Controller of Jit Sun Investments Group

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Working experience and occupation(s) during the past 10 years (Continued)	2008 to 2012: Embedded Software Engineer / Architect of Continental Automotive Singapore Pte Ltd	2012 to 2013: Deputy General Manager of Zhonghezhong (Beijing) Optoelectronics Technology Co., Ltd		
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil	Direct interest in 70,054,545 shares of the Company, representing 0.82% of the issued and paid-up capital of the Company and 2,964,250 warrants of the Company
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	No	Mr Pang Kee Chai, Jeffrey is a shareholder and warrantholder of the Company, details as set out above.
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the last 5 years): Directorship: Yu Select Pte. Ltd. Other Principal Commitment: Nil Present: Directorship: Softnano Pte. Ltd. Other Principal Commitment: Nil	Past (for the last 5 years): Directorship: Dinghe Mining Holdings Limited Other Principal Commitment: Nil Present: Directorships: 1. China Ocean Group Development Limited 2. Shenzhen Xinhonghu Technology Co., Ltd. (Legal Representative) 3. Fengyi (Shenzhen) International Culture Development Co., Ltd. (Legal Representative) 4. Shenzhen Finger Slide Network Technology Co., Ltd. (Legal Representative) 5. Chengdu Soundline Network Technology Co., Ltd. (Legal Representative) 6. Shenzhen Lovebee Life Technology Co., Ltd. (Legal Representative) 7. Shenzhen Duxiaoman Industrial Co., Ltd. (Legal Representative) 8. Zhongke Jianye Energy Development Co., Ltd.	Past (for the last 5 years): Directorships: 1. Dianlianyu Technology Group (Singapore) Pte. Ltd. 2. VRC Foundation Pte. Ltd. 3. Wattsea Foundation Ltd. Other Principal Commitment: Nil Present: Directorships: 1. Dixtech Innovation Pte. Ltd. 2. Linkda Pte. Ltd. 3. Linkdasg Pte. Ltd. Other Principal Commitment: Nil	Past (for the last 5 years): Directorships: 1. Hope Medical Asia Pte Ltd 2. Asian Skies Pte. Ltd. 3. Amaira Shipping Company Limited 4. Ylato Shipping Company Limited 5. Harvison Holdings Limited 6. Coastal Trade Limited 7. Trevaskis Limited 8. ADTIC Pte. Ltd. 9. FIT Global Pte. Ltd. 10. Immense Wellness Pte. Ltd. 11. Loyz Oil Philippines Pte. Ltd. Other Principal Commitment: Nil Present: Directorships: 1. Shen Yao Holdings Limited 2. CWX Investments Pte. Ltd. 3. Loyz Oil Pte. Ltd. 4. Loyz Oil Thailand Pte. Ltd. 5. JP Consulting Services Pte. Ltd. 6. Preferred Mart Pte. Ltd. Other Principal Commitment: Nil

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		Other Principal Commitments: 1. Shenzhen Duxiaoman Industrial Co., Ltd Huaqiang North Store (Legal Representative) 2. ATV Culture Media (Shenzhen) Co., Ltd. (Legal Representative) 3. ATV Pictures (Wuxi) Co., Ltd. (Legal Representative)		

(Continued)

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	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
(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	Yes From April 2018 to July 2018, Mr Liu was the Chairman and Executive Director of Dinghe Mining Holdings Limited ("DMH"), a company previously listed on the Hong Kong Stock Exchange. Mr Liu joined DMH to assist with its restructuring. During Mr Liu's tenure as the Chairman and Executive Director of DMH, DMH received several statutory demands and winding up petitions against DMH. Pursuant to a successful requisition for an extraordinary general meeting to elect and remove directors of DMH, Mr Liu was removed as a Director of DMH and he ceased to be the Chairman of DMH with effect from the conclusion of the extraordinary general meeting held on 11 July 2018. On 4 December 2019, DMH announced that, pursuant to an Order of the Honourable Mr Justice Harris dated 11 November 2019, DMH was ordered to be wound up and the Official Receiver was appointed as the Provisional Liquidator of DMH.	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
(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? (Continued)		Subsequently, the listing of the shares of DMH on the Hong Kong Stock Exchange was cancelled with effect from 5 February 2020 by The Stock Exchange of Hong Kong Limited. To the best of Mr Liu's knowledge, (i) none of the statutory demands and winding up petitions received by DMH is in connection with any matters occurring or arising during Mr Liu's tenure as the Chairman and Executive Director of DMH; and (ii) save as disclosed above, Mr Liu is not aware of any other information relating to the winding up of DMH.		
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	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	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	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	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

Corporate Governance Report

Name of Retiring Director	Mr Yu Jinfeng	Mr Liu Qiang	Ms Huang Lin	Mr Pang Kee Chai, Jeffrey
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.

Directors' Statement

For the financial year ended 30 June 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2022 and the balance sheet of the Company as at 30 June 2022.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 69 to 147 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 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 as follows:

Huang Lin	(Appointed on 29 June 2022)
Lim Hwee Yong Nana	
Liu Qiang	(Appointed on 1 May 2022)
Pang Kee Chai, Jeffrey	
Yu Jinfeng	(Appointed on 1 May 2022)
Zhao JiAn	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than Warrants as disclosed under "Directors' interests in shares or debentures", "Share options" and "Share awards" in this Statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	HOLDINGS REGISTERED IN NAME OF DIRECTOR OR NOMINEE		
	AT 21.7.2022	AT 30.6.2022	AT 1.7.2021 OR DATE OF APPOINTMENT IF LATER
The Company			
(No. of ordinary shares)			
Lim Hwee Yong Nana	189,927,844	189,927,844	189,927,844
Liu Qiang	–	100,000,000	100,000,000
Pang Kee Chai, Jeffrey	70,054,545	70,054,545	24,600,000
Warrants			
Pang Kee Chai, Jeffrey	2,964,250	2,964,250	2,964,250

Directors' Statement

For the financial year ended 30 June 2022

SHARE OPTIONS

The CapAllianz Holdings Limited Employee Share Option Scheme (the "ESOS") was approved by the members of the Company at an extraordinary general meeting held on 29 October 2021 which provides for the grant of incentive share options to employees and directors. The ESOS is administered by the Remuneration Committee ("Committee") whose members are:

Yu Jinfeng (Chairman)
Huang Lin
Lim Hwee Yong Nana
Zhao JiAn

Under the ESOS, the total number of shares in respect of which the Committee may grant options on any date, when added to the number of shares issued and issuable or delivered and deliverable in respect of (a) all options granted under the ESOS, and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen percent (15%) of the number of all issued shares (excluding treasury shares, as defined in the Act, and subsidiary holdings) on the day preceding that date. The ESOS allows the issue of options with a subscription price at a discount of up to 30% of the market price, or its nominal value, whichever is higher.

An option may be exercised in whole or in part, after the second anniversary of the date of grant of that option but before the fifth anniversary of the date of grant of that option in the case where options are granted at a discount, or after the first anniversary of the date of grant of that option in the case where options are not granted at a discount.

The lapsing of options is provided for upon the occurrence of certain events, which includes:

a) the termination of the grantee's employment;

b) misconduct on the part of the grantee as determined by the Committee;

c) bankruptcy of the grantee;

d) the company by which the grantee is employed ceasing to be a company within the Group; and

e) the winding-up of the Company (voluntary or otherwise).

There were no options granted under the ESOS since the commencement of the ESOS to the end of the financial year.

Directors' Statement

For the financial year ended 30 June 2022

SHARE AWARDS

The CapAllianz Holdings Limited Performance Share Plan (the "PSP") was approved by the members of the Company at an extraordinary general meeting held on 29 October 2021 which provide for the grant of incentive share awards to employees and Directors. The PSP is administered by the Remuneration Committee ("Committee") whose members are:

Yu Jinfeng (Chairman)
Huang Lin
Lim Hwee Yong Nana
Zhao JiAn

Under the PSP, the total number of shares in respect of which the Committee may grant awards on any date, when added to the number of shares issued and issuable or delivered and deliverable in respect of (a) all awards granted under the PSP, and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen percent (15%) of the number of all issued shares (excluding treasury shares, as defined in the Act and subsidiary holdings) on the day preceding that date. In relation to each performance-related awards, the release of awards is based on the sole discretion of the Committee. The Committee reviews the performance conditions in respect of the awards and determines whether these have been satisfied. The Company shall release to the grantee the share awards on the vesting period in case where awards are not performance-related.

The lapsing of the awards is provided for upon the occurrence of certain events, which includes:

a) the termination of the grantee's employment;

b) non-executive director ceasing to be a director of the Group;

c) the bankruptcy of the grantee;

d) the death of the grantee;

e) the breach by the grantee of any terms on the awards; and

f) the misconduct of the grantee as determined by the Committee in its discretion.

Directors' Statement

For the financial year ended 30 June 2022

Activities under the PSP:

The table below summarises the number of share awards that have been granted as at the end of the financial year as well as the movements during the financial year:

PARTICIPANTS	SHARE AWARDS GRANTED DURING THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE SHARE AWARDS GRANTED SINCE THE COMMENCEMENT OF THE PSP TO THE END OF THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE SHARE AWARDS RELEASED SINCE THE COMMENCEMENT OF THE PSP TO THE END OF THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE SHARE AWARDS NOT YET RELEASED AS AT THE END OF THE FINANCIAL YEAR UNDER REVIEW
(i) Directors of the Company				
Pang Kee Chai, Jeffrey	45,454,545	45,454,545	(45,454,545)	–
Lee Chye Cheng, Adrian [(a)]	8,695,652	8,695,652	(8,695,652)	–
(ii) Other participants				
Group employees	4,545,454	4,545,454	(4,545,454)	–
	58,695,651	58,695,651	(58,695,651)	–

(a) Lee Chye Cheng, Adrian resigned as a Director of the Company with effect from 9 March 2022.

Except as disclosed above, there were no awards granted to (a) controlling shareholders and Directors of the Company, (b) associates of the controlling shareholders and (c) Directors of its subsidiary corporations from the commencement of the PSP to the end of the financial year.

No individual has been granted awards representing 5.0% or more of the total number of awards available under the PSP during the financial year.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Huang Lin (Chairman)
Lim Hwee Yong Nana
Yu Jinfeng
Zhao JiAn

All members of the AC were independent and non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

In performing those functions, the AC carried out the following:

- Reviews the audit plans and results of the external and internal audits;
- Reviews the Group's financial and operating results and accounting policies;

Directors' Statement

For the financial year ended 30 June 2022

- Reviews the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the independent auditors' report on those financial statements;
- Reviews the quarterly (if applicable), half-year and annual announcements on the results and financial position of the Company and of the Group;
- Ensures the co-operation and assistance given by the management to independent and internal auditors;
- Makes recommendations to the Board on the appointment of independent and internal auditors; and
- Reviews the Interested Person Transactions as defined in Chapter 9 of the Catalist Rules as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the AC.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Pang Kee Chai, Jeffrey
Vice Chairman and Executive Director

Liu Qiang
Executive Director and Chief Executive Officer

13 October 2022

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CapAllianz Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 147.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore 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 the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Impairment assessment of (i) exploration, evaluation and development assets; and (ii) oil and gas properties (Refer to Notes 3.1, 16 and 17 to the financial statements)	
As at 30 June 2022, the carrying amount of exploration, evaluation and development assets ("E,E&D") and oil and gas properties were US$12,695,000 and US$56,920,000 respectively, which accounted for a total of 92% of the Group's total assets. During the financial year ended 30 June 2022, the Group had considered impairment indicators due to the potential effects from the macro-economic environment and thereon assessed the recoverable amounts of the E,E&D and oil and gas properties as at the end of the financial year. The recoverable amounts were determined based on estimating the value-in-use of these long-lived assets. Significant judgement and estimations were involved in determining the underlying assumptions to be applied in the value-in-use calculation. Amongst other matters, inputs and assumptions used in the calculation include, but not limited to the long-term oil prices, discount rates, inflation rates, operating costs and estimation of the oil and gas reserves compiled by management's expert. Notes 16 and 17 to the financial statements include details of the Group's E,E&D and oil and gas properties. There were no additional impairment provided during the financial year. We identified impairment assessment of E,E&D and oil and gas properties as a key audit matter due to significant degree of management's judgement and assumptions involved in determining the recoverable amounts of these assets.	In obtaining sufficient audit evidence, the following procedures were carried out: • Reviewed management's impairment assessment on the indicators of impairment on non-financial assets in accordance with SFRS(I) 1-36; • Evaluated the objectivity, independence and expertise of management's expert who provided the valuation of the reserve reports; • Critically evaluated whether the valuation methodology used to determine the recoverable amounts of the E,E&D and oil and gas properties complied with the requirements of SFRS(I) 1-36 and SFRS(I) 13; • Critically evaluated the reasonableness and appropriateness of the key inputs and assumptions used, tested and challenged the underlying assumptions of the calculation as well as the reasonableness of discount rate used in determining the recoverable amount; • Reviewed the sensitivity analyses in consideration of the potential impact of possible downside changes in these key assumptions; and • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Valuation of other receivables (Refer to Notes 3, 14 and 32(b) to the financial statements)	
As at 30 June 2022, the Group has other receivables from associated companies of US$1,248,000, net of expected credit losses ("ECL") of US$1,052,000. During the financial year ended 30 June 2022, the Group assessed that there has been increase in credit risk since the initial recognition of the other receivables from associated companies in view that its businesses have not performed to expectations. Accordingly, the Group determined the ECL of other receivables from associated companies at an amount equal to the lifetime ECL of these receivables and recognised a loss allowance of US$1,052,000 during the financial year ended 30 June 2022. We identified recoverability of other receivables from associated companies as a key audit matters due to significant degree of management's judgements involved in determining the credit risk of these receivables.	In obtaining sufficient audit evidence, the following procedures were carried out: • Reviewed the aging analysis of other receivables; • Reviewed, evaluated and discussed with management on the assessment of the Group's process and ECL on other receivables; • Assessed the reasonableness of the judgements used by management in assessing whether there has been a change in the credit risk and providing the ECL; • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Assessment of the going concern basis in preparation of the financial statements (Refer to Note 2.1 to the financial statements)	
During the financial year ended 30 June 2022, the Group recorded a net loss of US$2,774,000 excluding the one-off gain amounting to US$17,481,000 on full settlement of the OCBC term loan relating to the credit facility for the Thailand Operations and a net cash used in operating activities of US$38,000. Since the preceding financial year, the Group has been raising capital to meet its general working capital requirements and to fund its acquisition of potential assets as and when opportunities arise, as part of the Group's strategy for long-term business growth. Notwithstanding the above mentioned and as disclosed in Note 2.1 to the financial statements, management is of the view that the Group will be able to meet their obligations over the next 12 months from the date of the financial statements after taking into consideration the following key measures and assumptions: • the Group has on 28 July 2022 announced the Proposed Placement amounting to S$2,740,000. The Placement will raise a net proceeds of approximately S$2,717,000 (equivalent to approximately US$1,955,000); • the Group is expected to recover the other receivables due from associated companies amounting to S$2,000,000 (equivalent to approximately US$1,247,000), over the next 12 months; • the Group is expected to receive cash dividend from the joint oil and gas operations in Thailand ("Thailand Operations") over the next 12 months; and	In obtaining sufficient audit evidence, the following procedures were carried out: • Reviewed management's assessment on going concern through obtaining management's forecast of the cash flows projection of the Group over the next 12 months; • Challenged the appropriateness of the key assumptions used by the management in the cash flows projection, including timing of cash inflows and cash required for operations; • Discussed with management on any material judgements and uncertainties identified; • Reviewed minutes of board meetings and relevant committees for events and conditions after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements; • Reviewed events after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements; and • Evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Assessment of the going concern basis in preparation of the financial statements (continued) Notwithstanding the above mentioned and as disclosed in Note 2.1 to the financial statements, management is of the view that the Group will be able to meet their obligations over the next 12 months from the date of the financial statements after taking into consideration the following key measures and assumptions: (continued) • the Group will not be required to provide additional funds to the Thailand Operations for the next 12 months as the Thailand Operations are currently able to generate sufficient cash flows to sustain operations and there are existing undrawn bank facilities of US$10,000,000 obtained from a financial institution by the Thailand Operations. Such facilities will be sufficient to cover the discretionary capital costs of the Thailand Operations including drilling of new wells and workovers of existing wells. Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern. We identified the assessment of whether the financial statements have been prepared on a going concern basis as a key audit matter due to the significant degree of management's judgements and assumptions involved in determining the appropriateness of the use of going concern assumption in preparing the financial statements. In addition, further health-related events, geopolitical conflicts and other uncertainties in the wider macro-economic environment, any post balance sheet effects that the events may have on the going concern of the Group cannot be, and have not been, incorporated into the Group's financial statements.	

Independent Auditor’s Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information include in the annual report, but does not included 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 performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement director on the audit resulting in this independent auditor's report is Chan Siew Ting.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
13 October 2022

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2022

	NOTE	2022 US$'000	2021 US$'000
Revenue	4	3,056	1,915
Cost of sales		(1,743)	(1,668)
Gross profit		1,313	247
Other income			
- Interest		2	2
- Others	7	17,654	73
Other losses			
- Impairment loss on financial assets	32(b)	(1,052)	–
- Others	8	(261)	(5,646)
Expenses			
- Administrative		(2,596)	(1,964)
- Finance	9	(193)	(407)
Share of loss of associated companies		–	(30)
Profit/(loss) before income tax		14,867	(7,725)
Income tax (expenses)/credit	10	(160)	3,000
Net profit/(loss) for the financial year		14,707	(4,725)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation		–	(7)
Other comprehensive loss, net of tax		–	(7)
Total comprehensive income/(loss) for the financial year		14,707	(4,732)
Net profit/(loss) attributable to:			
Equity holders of the Company		14,714	(4,731)
Non-controlling interests		(7)	6
		14,707	(4,725)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		14,714	(4,738)
Non-controlling interests		(7)	6
		14,707	(4,732)
Earnings/(loss) per share attributable to equity holders of the Company (US$ cents per share)			
- Basic and diluted	11	0.19	(0.09)

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

Balance Sheets

As at 30 June 2022

	NOTE	GROUP 2022 US$'000	GROUP 2021 US$'000	COMPANY 2022 US$'000	COMPANY 2021 US$'000
ASSETS					
Current assets					
Cash and bank balances	12	1,413	922	646	43
Financial asset, at FVPL	13	9	14	–	–
Trade and other receivables	14	1,768	355	1,343	29
Inventories	15	1,819	1,949	–	–
		5,009	3,240	1,989	72
Non-current assets					
Exploration, evaluation and development assets	16	12,695	14,187	–	–
Oil and gas properties	17	56,920	54,521	–	–
Other property, plant and equipment	18	1,188	1,189	–	–
Right-of-use asset	19	–	–	–	–
Investments in subsidiary corporations	20	–	–	58,932	57,580
Investments in associated companies	22	–	–	–	–
Intangible assets	23	–	–	–	–
Financial asset, at FVOCI	24	–	–	–	–
Bonds receivable	25	–	–	–	–
Other receivables	14	–	1,809	–	1,809
		70,803	71,706	58,932	59,389
Total assets		75,812	74,946	60,921	59,461
LIABILITIES					
Current liabilities					
Trade and other payables	26	2,231	2,417	727	171
Borrowings	27	110	17,826	–	–
Income tax payables		101	7	–	–
		2,442	20,250	727	171
Non-current liabilities					
Provision for restoration costs	28	2,091	1,460	–	–
Deferred tax liabilities	29	34,201	34,164	–	–
		36,292	35,624	–	–
Total liabilities		38,734	55,874	727	171
NET ASSETS		37,078	19,072	60,194	59,290
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	150,083	146,784	150,083	146,784
Reserves	31	–	(5,102)	–	–
Accumulated losses		(113,005)	(122,617)	(89,889)	(87,494)
		37,078	19,065	60,194	59,290
Non-controlling interests		–	7	–	–
Total equity		37,078	19,072	60,194	59,290

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2022

	NOTE	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →						
		SHARE CAPITAL	OTHER RESERVE	FOREIGN CURRENCY TRANSLATION	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
30 June 2022								
Beginning of financial year		146,784	(5,102)	–	(122,617)	19,065	7	19,072
Net profit/(loss) for the financial year		–	–	–	14,714	14,714	(7)	14,707
Deconsolidation of a subsidiary corporation arising from liquidation		–	5,102	–	(5,102)	–	–	–
Issuance of shares	30	3,299	–	–	–	3,299	–	3,299
End of financial year		150,083	–	–	(113,005)	37,078	–	37,078
30 June 2021								
Beginning of financial year		140,245	(5,102)	7	(117,886)	17,264	1	17,265
Net (loss)/profit for the financial year		–	–	–	(4,731)	(4,731)	6	(4,725)
Other comprehensive loss for the financial year		–	–	(7)	–	(7)	–	(7)
Issuance of shares	30	6,539	–	–	–	6,539	–	6,539
End of financial year		146,784	(5,102)	–	(122,617)	19,065	7	19,072

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

	NOTE	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Profit/(loss) before tax		14,867	(7,725)
Adjustments for:			
- Depletion of oil and gas properties	5	782	848
- Depreciation of other property, plant and equipment	5	83	41
- Depreciation of right-of-use asset	5	–	83
- Share of results of an associated company		–	30
- Allowance for inventories obsolescence	8	241	87
- Gain on settlement of bank loan	7	(17,481)	–
- Gain on recovery of loan to associated company	7	(153)	–
- Impairment loss on financial assets	32(b)	1,052	–
- Impairment loss on oil and gas properties	8	–	4,372
- Impairment loss on exploration, evaluation and development assets	8	–	1,114
- Other property, plant and equipment written off	8	6	–
- Loss on disposal of other property, plant and equipment	8	–	25
- Net fair value changes in financial asset, at FVPL	8	5	(27)
- Finance expenses	9	193	407
- Rental concessions	7	–	(20)
- Interest income		(2)	(2)
- Share-based payment expenses	6	96	–
		(311)	(767)
Changes in working capital:			
- Inventories		(111)	12
- Trade and other receivables		(184)	(60)
- Trade and other payables		595	(210)
Cash used in operations		(11)	(1,025)
Interest received		2	2
Income tax paid		(29)	(23)
Net cash used in operating activities		(38)	(1,046)
Cash flows from investing activities			
Additions to oil and gas properties	17	(1,246)	(99)
Acquisition of other property, plant and equipment	18	(88)	(17)
Investment in associated company		–	(4)
Loan to associated company		(502)	(1,809)
Proceeds from sales of financial asset, at FVPL		–	37
Repayment on loan receivables	14(a)	153	–
Deposit from disposal of associated company		30	–
Net cash used in investing activities		(1,653)	(1,892)

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

	NOTE	2022 US$'000	2021 US$'000
Cash flows from financing activities			
Bank borrowing		110	–
Interest paid		(18)	(884)
Repayment of lease liability		–	(63)
Issuance of shares	30	3,203	6,539
Repayment of borrowings		(1,113)	(2,127)
Decrease/(increase) in cash pledged		158	(154)
Net cash provided by financing activities		2,340	3,311
Net increase in cash and bank balances		649	373
Cash and bank balances			
Beginning of financial year		764	398
Effect of exchange rate changes in cash and bank balances		–	(7)
End of financial year	12	1,413	764

Reconciliation of liabilities arising from financing activities

	1 JULY 2021 US$'000	FINANCING CASH FLOWS US$'000	GAIN ON SETTLEMENT US$'000	OTHER PAYABLES – AMENDMENT FEE US$'000	30 JUNE 2022 US$'000
Bank borrowings	17,826	(1,003)	(17,481)	768	110

	1 JULY 2020 US$'000	FINANCING CASH FLOWS US$'000	RENTAL CONCESSION US$'000	ACCRETION OF INTERESTS US$'000	30 JUNE 2021 US$'000
Bank borrowings	19,923	(2,127)	–	30	17,826
Lease liability	82	(63)	(20)	1	–

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

1. GENERAL INFORMATION

CapAllianz Holdings Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal place of business is 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiary corporations. The principal activities of the subsidiary corporations, joint operations and associated companies are set out in Notes 20, 21 and 22 to the financial statements respectively.

During the financial year ended 30 June 2022, the COVID-19 pandemic has continued to affect almost all countries of the world. Whilst countries have been easing the COVID-19 measures implemented previously, there remains a level of uncertainty and risk that the Group may not have encountered before. Additionally, further health-related events and geopolitical conflict, are examples of other events that may result in significant financial reporting implications.

Set out below is the impact of COVID-19 and macro-economic situations on the Group's financial performance reflected in this set of financial statements for the financial year ended 30 June 2022:

(a) The Group had assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(b) The Group had considered the market conditions (including the impact of COVID-19 and macro-economic situations) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 30 June 2022. The significant estimates and judgements applied are disclosed in Note 3 to the financial statements.

The Group will continue to keep a vigilant watch on the challenges that may arise from the uncertainties in the wider macro environment.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in United States Dollar ("US$") and all values are rounded up to the nearest thousand ("US$'000") except as otherwise indicated.

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022

On 1 July 2021, the Group has adopted 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 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 accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Going concern

The financial statements have been prepared on a going concern basis which contemplates that the Group will be able to pay its debts as and when they fall due and payable and realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts included in the financial statements after taking into consideration the following key measures and assumptions:

a) the Group has on 28 July 2022 announced the Proposed Placement amounting to S$2,740,000. The Placement will raise a net proceeds of approximately S$2,717,000 (equivalent to approximately US$1,955,000);

b) the Group is expected to recover the other receivables due from associated companies amounting to S$2,000,000 (equivalent to approximately US$1,247,000) over the next 12 months;

c) the Group is expected to receive cash dividend from the joint oil and gas operations in Thailand ("Thailand Operations") over the next 12 months; and

d) the Group will not be required to provide additional funds to the Thailand Operations for the next 12 months as the Thailand Operations are currently able to generate sufficient cash flows to sustain operations and there are existing undrawn bank facilities of US$10,000,000 obtained from a financial institution by the Thailand Operations. Such facilities will be sufficient to cover the discretionary capital costs of the Thailand Operations including drilling of new wells and workovers of existing wells.

Accordingly, the directors believe the use of the going concern assumption in preparing these financial statements is appropriate.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. These financial statements do not include any adjustment which may arise from these uncertainties.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

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

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

Sale of crude oil

Revenue from sale of crude oil is recognised upon transfer of control to the customers usually at the point in time when the goods have been delivered to customers. The Group normally invoices the customers upon delivery of the goods with a 30 days credit term.

Interest income

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

2.3 Government grants

Government grants 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 relating to expenses are shown separately in other income. Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(i) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(ii) Disposals

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

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

(b) Transactions with non-controlling interests

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) Associated companies

Associated companies 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.

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

(i) Acquisition

Investments in associated companies 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 associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' 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 associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, 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 associated companies subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company 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 associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence or joint control. 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.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(d) Joint operation

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output arising from the joint operation; and
- its expense, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to a third party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

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

2.5 Investments in subsidiary corporations and associated companies

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Exploration, evaluation and development assets ("E, E&D")

(a) Exploration and evaluation costs ("E&E")

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets comprises costs that are directly attributable to: researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of E, E&D assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. If no potentially commercial oil and gas reserves are discovered, the exploration asset is written off as dry hole. If extractable oil and gas reserves are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation assets while sufficient/continued progress is made in assessing the commerciality of the oil and gas.

All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Exploration, evaluation and development assets ("E, E&D") (continued)

(b) Development assets

Development assets incurred within an area of interest are considered as a component of a commercial development phase only upon its commitment to a commercial development.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, is capitalised within E, E&D assets.

Amortisation is not charged on costs carried in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are transferred to oil and gas properties.

Development assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of non-financial assets as set out in Note 2.10 to the financial statements.

2.7 Oil and gas properties and other property, plant and equipment

(a) Measurement

Oil and gas properties and other property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, oil and gas properties and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an asset includes expenditure that is directly attributable to the acquisition of the asset. Dismantlement, removal or restoration costs are included as part of the cost of the asset if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) Depreciation

Oil and gas properties are depleted on a unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the field.

Freehold land is not depreciated. Other property, plant and equipment is calculated using straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	5 years
Leasehold building	61 years
Plant, machinery and equipment	
- plant and machinery	21 years
- other equipment	2 – 5 years
Furniture and fittings	
- furniture and fittings	15 years
- other furniture and fittings	3 – 5 years
Motor vehicles	5 – 10 years

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Oil and gas properties and other property, plant and equipment (continued)

(b) Depreciation (continued)

Depreciation relating to other property, plant and equipment attributable directly to activities for exploration, evaluation and development of oil and gas are capitalised as part of exploration, evaluation and development assets.

The estimated useful lives and depreciation method are reviewed at each financial year end to ensure that the period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of oil and gas properties and other property, plant and equipment.

(c) Subsequent expenditure

Subsequent expenditure relating to the asset that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

An item of oil and gas properties and other property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.8 Intangible assets

(i) Goodwill

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

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations or interests in joint operations and associated companies include the carrying amount of goodwill relating to the entity sold.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(ii) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of other intangible assets are assessed to be either finite or indefinite.

Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite useful lives is recognised in profit or loss or capitalised as E&E assets, where applicable.

Other intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such other intangible assets are not amortised. The useful life of an other intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an other intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

<u>Software</u>
Software is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 2-5 years.

<u>Acquired pre-exploration data</u>
Acquired pre-exploration data has indefinite useful life as the Group has a contractual right to the exclusive use of the asset indefinitely and in perpetuity.

<u>Overriding royalty interest</u>
Overriding royalty interest is estimated to have indefinite useful life as the exploration period of the concession cannot be reliably measured.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or production of that assets. This includes those costs on borrowings acquired specifically for the assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the assets. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

(b) Other intangible assets
Exploration, evaluation and development assets
Oil and gas properties and other property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and associated companies

Other intangible assets, exploration, evaluation and development assets, oil and gas properties and other property, plant and equipment, right-of-use assets, and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (continued)

(b) Other intangible assets (continued)

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.

2.11 Financial assets

(a) Classification and measurement

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

- Amortised costs;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending 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.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

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

(ii) Equity investments

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses 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 32(b) to the financial statements 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 SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

2.12 Offsetting of financial instruments

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowings

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

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

2.14 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.

2.15 Leases

When the Group is the lessee:

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

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. 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 date and lease incentive 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 as below:

	Useful lives
Office premise	3 years

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

When the Group is the lessee: (continued)

- Lease liabilities

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

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments, less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if 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 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 price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be 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 an extension option; or
  - There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is 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.

- Short term and low value leases

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the "weighted average" method and includes all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Spare parts and consumables are usually carried as inventory and recognised in profit or loss when consumed. They are recognised in oil and gas properties or other property, plant and equipment if they are expected to be used for more than one year.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situation 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 expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies 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 at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (continued)

Royalties

In addition to corporate taxes, the Group's consolidated financial statements also included and recognised as income taxes, other type of taxes on net income which are calculated based on oil and gas production.

Royalties are accounted for under SFRS(I) 1-12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed by the government tax authority and the amount payable is based on taxable income – rather than based on physical quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales.

2.18 Provisions

(a) General

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.

(b) Provision for restoration costs

The Group recognises a decommissioning liability when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory item is expensed as incurred.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with SFRS(I) 1-36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance expense.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (continued)

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

(a) Defined contribution plans

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

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

(c) Employee leave entitlement

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

(d) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (continued)

(e) Share-based payments

The Group operates an equity-settled share-based compensation plan for its employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market based vesting conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each financial year, the Group reviews and revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

Fair value is measured using the Trinomial option pricing model. The expected life used in the model has been adjusted, based on the external independent valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each financial year a revision is made to the number of options that are expected to become exercisable, it recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("US$"), which is the functional currency of the Company.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) 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 that relate to borrowings are presented in the income statement within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in income statement within "Other gains/(losses) - net".

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

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions for the Group.

2.22 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. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) Impairment assessment of development assets and oil and gas properties

The recoverable amounts of the non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication that the non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of these assets are determined to be higher fair value less costs to sell and value-in-use.

In assessing the recoverable amounts of the non-financial assets, the Group requires the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, inflation rates, operating costs and operating performance (from production volumes which is also affected by the probable oil and gas reserves as described below), including the future net cash flows arising from such operations. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to these assets.

These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in geological circumstances and market prices will impact these projections, which may impact the recoverable amount of assets. Favourable changes to some assumptions may allow the Group to avoid the need to further impair the development assets and oil and gas properties, whereas unfavourable changes may cause the further impairment to the development assets and oil and gas properties.

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

3.1 Critical accounting estimates and assumptions (continued)

(a) Impairment assessment of development assets and oil and gas properties (continued)

Oil and gas reserve estimates

The Group estimates its oil and gas reserve based on information compiled by appropriately qualified and independent persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Reserves are determined using estimates of the reserves in place, recovery factors and future oil prices. Future development costs are estimated using assumptions as to number of wells required to produce the reserves, the cost of such wells and associated production facilities, and other capital costs.

Oil and gas reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Such changes may impact the Group's reported financial position and results, which include:

- the carrying amounts of development assets (Note 16) and oil and gas properties (Note 17) may be affected due to changes in estimated future cash flows considered in the impairment testing; and

- depletion and depreciation charges in profit or loss may change where such changes are determined using the units of production method, or where the useful life of the related assets change.

The carrying amounts of the development assets and oil and gas properties are disclosed in Notes 16 and 17 to the financial statements respectively. The key assumptions applied in impairment testing are disclosed in Note 17(a) to the financial statements.

(b) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the expected credit loss ("ECL") model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. ECL is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, geographical location, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The carrying amounts representing the credit risk exposure, key assumptions and inputs used in ECL assessment are disclosed in Note 32(b) to the financial statements.

(c) Estimation of provision for restoration costs

Restoration costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The ultimate restoration costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the asset and could have a material impact on the Group's consolidated financial statements.

The carrying amount of the Group's provision for restoration costs is disclosed in Note 28 to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

3.1 Critical accounting estimates and assumptions (continued)

(d) Units of production method for depletion of oil and gas properties

Oil and gas properties are depleted on a unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the field. This results in a depletion charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the units of production rate for depletion could be impacted to the extent that actual production in the future is different from current forecast production based on total proved and probable developed and undeveloped reserves, or future capital assumptions used in estimating reserves, including the effect on proved reserves of differences between actual commodity prices and commodity price assumptions; or unforeseen operational issues.

Any changes in estimates are accounted for prospectively. A 1% difference in the forecasted production based on total petroleum reserves from management's estimates will result in approximately 0.01% (2021: 0.02%) variance in the net carrying amount of oil and gas properties. The carrying amount of the oil and gas properties is disclosed in the Note 17 to the financial statements.

(e) Income taxes

The Group and the Company recognised liabilities for expected income taxes based on the estimates of income tax payable. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of the Group's deferred tax liability and income tax payable as at 30 June 2022 were approximately US$34,201,000 (2021: US$34,164,000) and US$101,000 (2021: US$7,000) respectively.

3.2 Critical judgements in applying the entity's accounting policies

Impairment of investments in subsidiary corporations

The Company follows the guidance of SFRS(I) 1-36 in determining whether there is an indication that an investment in subsidiary corporations are impaired. This determination requires significant judgement. The Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment or the fair value of a financial asset is less than its carrying amount and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The carrying amounts of the investments in subsidiary corporations are disclosed in Notes 20 and 22 to the financial statements respectively.

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. REVENUE

	GROUP	
	2022 US$'000	2021 US$'000
Sales of crude oil [a]	3,003	1,890
Interest income [b]	53	25
	3,056	1,915

(a) The Group derives revenue from the transfer of goods at a point in time and all customers are based in Thailand.

(b) Interest income are calculated on effective interest method for loan to associated company, Preferred Mart Pte. Ltd. (Note 14).

5. EXPENSES BY NATURE

	GROUP	
	2022 US$'000	2021 US$'000
Audit fees		
- Auditor of the Company	76	70
- Other auditors	6	6
Depreciation of other property, plant and equipment (Note 18)	83	41
Depreciation of right-of-use asset (Note 19(a))	–	83
Depletion of oil and gas properties (Note 17)	782	848
Royalties and other government taxes	150	94
Directors' fees of the Company	137	63
Employee compensation (Note 6)	1,771	924
Production expense	717	662
Professional fees	209	447
Transportation	59	64
Rental expense – short term lease (Note 19(c))	26	41
Other expenses	323	289
Total cost of sales and administrative expenses	4,339	3,632

6. EMPLOYEE COMPENSATION

	GROUP	
	2022 US$'000	2021 US$'000
Salaries, bonuses and other short-term benefits	1,635	895
Defined contributions plans	40	29
Share-based payment	96	–
	1,771	924

Notes to the Financial Statements

For the financial year ended 30 June 2022

7. OTHER INCOME

	GROUP	
	2022	2021
	US$'000	US$'000
Write-back of other payables	1	25
Government grant income		
- Jobs support scheme [(a)]	–	26
- Others	12	2
Rental concessions [(b)]	–	20
Gain on settlement of bank loan [(c)]	17,481	–
Gain on recovery of loan to associated company (Note 14(a))	153	–
Miscellaneous income	7	–
	17,654	73

(a) The Job Support Scheme ("JSS") is a temporary scheme introduced into the Singapore Budget 2020 to provide wage support to employers to help them retain their local employees (Singapore Citizens and permanent Residents) during this period of economic uncertainty.

(b) Due to COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provide a rental relief framework for Small and Medium Enterprises (SMES) which came into effect on 31 July 2020 to help businesses during the circuit breaker and phase 2.

(c) Gain on settlement of bank loan represents a one-off gain settlement of the Bank Loan 1. Refer to Note 27 to the financial statements for further details.

8. OTHER (LOSSES)/GAINS - OTHERS

	GROUP	
	2022	2021
	US$'000	US$'000
Write-down of inventories obsolescence	(241)	(87)
Net fair value changes in financial asset, at FVPL (Note 13)	(5)	27
Loss on disposal of other property, plant and equipment	–	(25)
Other property, plant and equipment written off	(6)	–
Impairment loss on oil and gas properties (Note 17(a))	–	(4,372)
Impairment loss on exploration, evaluation and development assets (Note 17(a))	–	(1,114)
Foreign exchange loss, net	(9)	(75)
	(261)	(5,646)

Notes to the Financial Statements

For the financial year ended 30 June 2022

9. FINANCE EXPENSES

	GROUP	
	2022 US$'000	2021 US$'000
Interest expense on:		
- Bank borrowings	19	286
- Other payables	9	–
- Lease liability	–	1
Unwinding of discount on provisions (Note 28)	165	120
	193	407

10. INCOME TAXES

	GROUP	
	2022 US$'000	2021 US$'000
Tax expense/(credit) attributable to the profit/(loss) is made up of:		
Current income taxes	122	552
Deferred income tax (Note 29)	37	(3,015)
Over provision in prior financial years		
Current income taxes	1	(537)
	160	(3,000)

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

	GROUP	
	2022 US$'000	2021 US$'000
Profit/(loss) before income tax	14,867	(7,725)
Share of loss of associated companies, net of tax	–	30
Profit/(loss) before tax and share of loss of associated companies	14,867	(7,695)
Tax calculated at tax rate of 17% (2021: 17%)	2,527	(1,308)
Effects of:		
- different tax rates in other countries	142	(1,944)
- expenses not deductible for tax purposes	447	818
- income not subject to tax	(3,245)	(33)
- deferred tax assets not recognised	288	4
- underprovision/(overprovision) of tax in prior financial years	1	(537)
Tax expense/(credit)	160	(3,000)

Notes to the Financial Statements

For the financial year ended 30 June 2022

10. INCOME TAXES (CONTINUED)

The Company and Singapore subsidiary corporations

The Company and Singapore subsidiary corporations are subjected to an applicable tax rate of 17% (2021: 17%). Certain subsidiary corporations are in a tax loss position for both the financial years ended 30 June 2022 and 2021 and hence they are not subject to tax in the respective years.

Thailand Operations (Note 21)

The Thailand Operation is subjected to an applicable tax rate of 50% (2021: 50%).

Others

These are subsidiary corporation in Australia (2021: Australia, New Zealand, Hong Kong and United States of America), which are subjected to an applicable tax rate of 30% (2021: 16.5% to 30%). These subsidiary corporations are mainly either dormant or in a tax loss position for both the financial years ended 30 June 2022 and 2021 and hence they are not subjected to tax in the respective years.

Unrecognised deferred tax assets

The movements of unrecognised deferred tax assets are as follows:

	GROUP	
	2022 US$'000	2021 US$'000
Beginning of financial year	1,366	1,718
Deferred tax not recognised during the financial year	–	4
Liquidation of subsidiary corporation	(1,215)	–
Deregistration/cancellation of subsidiary corporation	–	(355)
Effects of change in tax rate	–	(1)
End of financial year	151	1,366

The unrecognised deferred tax assets are attributable to the following temporary differences:

	GROUP		
	US$'000	JURISDICTION	YEAR OF EXPIRY
2022			
Unutilised tax losses	151	Australia	Indefinite
2021			
Unutilised tax losses	1,366	New Zealand, Australia	Indefinite

Deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements of the Group in accordance with the accounting policy as disclosed in Note 2.18 to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2022

11. EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Outstanding warrants of 487,502,256 have not been included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive for the current and previous financial years. There is no dilutive effect arising from the warrants as the exercise price of the warrants was higher than the Company's average share price for the financial year.

The calculation of basic and diluted earnings/(loss) per share is as follows:

	GROUP	
	2022	**2021**
Net profit/(loss) attributable to equity holders of the Company (US$'000)	14,714	(4,731)
Weighted average number of ordinary shares outstanding for basic and diluted earnings/(loss) per share ('000)	7,787,811	5,388,858
Basic and diluted earnings/(loss) per share (US cents per share)	0.19	(0.09)*

* *With the completion of the share placement on 21 October 2022, the number of ordinary shares will increase from 8,552,536,455 as at 30 June 2021 to 9,552,536,455. Loss per share for the financial year ended 30 June 2021 was not required to be adjusted in accordance with the requirement of SFRS(I)1-33 Earnings per share.*

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Cash at bank and on hand	1,413	922	646	43

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2022	**2021**
	US$'000	**US$'000**
Cash and bank balances (as above)	1,413	922
Less: Bank deposits pledged	–	(158)
Cash and bank balances per consolidated statement of cash flows	1,413	764

Bank deposits are pledged in relation to the security granted for certain borrowings granted to a subsidiary corporation (Note 27).

Notes to the Financial Statements

For the financial year ended 30 June 2022

13. FINANCIAL ASSET, AT FVPL

	GROUP	
	2022	2021
	US$'000	US$'000
Beginning of financial year	14	24
Disposal of financial asset, at FVPL	–	(37)
Fair value (loss)/gain (Note 8)	(5)	27
End of financial year	9	14
Listed securities		
- Equity securities – Singapore	9	14

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Current				
Trade receivable – Non-related party	324	197	–	–
Other receivables				
- Non-related parties	26	50	–	–
- Subsidiary corporations	–	–	7,765	5,453
- Associated companies[b]	2,300	–	48	–
Less: Allowance for impairment loss (Note 32(b))	(1,052)	–	(6,547)	(5,453)
	1,274	50	1,266	–
Deposits	114	46	48	4
Prepayments	56	62	29	25
	1,768	355	1,343	29
Non-current				
Other receivables – Associated companies [a][b]	–	6,607	–	6,607
Less: Allowance for impairment loss (Note 32(b))	–	(4,798)	–	(4,798)
	–	1,809	–	1,809
Total trade and other receivables	1,768	2,164	1,343	1,838

Notes to the Financial Statements

For the financial year ended 30 June 2022

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables due from subsidiary corporations are unsecured, interest-free and repayable on demand.

(a) In the previous financial years, other receivable (non-current) due from an associated company represents a zero-coupon loan extended to FIT in the financial year ended 30 June 2018. On the commencement of the loan, an amount of S$6,500,000 (equivalent to approximately US$4,821,000) was disbursed, representing a discount of 15.8% of the principal of S$7,720,000 (equivalent to approximately US$5,726,000). The loan is unsecured and the full principal is repayable on 18 December 2022. The loan has been carried at amortised cost with an effective interest rate of 6% per annum, with the fair value difference at inception recognised as deemed capital contribution in the associated company (Note 22). During the financial year ended 30 June 2020, a full provision has been made on this balance due to the factors disclosed in Note 22 to the financial statements.

As disclosed in Note 22 to the financial statements, with effect from 13 August 2021, FIT has been placed under member voluntary liquidation. During the financial year ended 30 June 2022, the Company has recovered US$153,000 (Note 7) from the loan extended to FIT and written off the remaining loan of US$4,798,000 (Note 32(b)) which has been previously provided for.

(b) In the previous financial year, a loan of S$2,400,000 (equivalent to approximately US$1,809,000) bearing an interest of 5% per annum was extended to an associated company, Preferred Mart Pte. Ltd. ("PM"). The loan is unsecured and is not expected to be receivable within the next 12 months.

From August 2021 to October 2021 a total loan of S$680,000 (equivalent to approximately US$502,000) bearing an interest of 5% per annum was extended to an associated company, Chinese International Commodity City Pte. Ltd. ("CICC") through PM. The loan proceeds were disbursed by the Company. The loan is unsecured and is not expected to be receivable within the next 12 months.

On 30 January 2022, the Company has assigned all interests in and over the loans extended to both PM and CICC to CWX Investments Pte. Ltd., a wholly-owned subsidiary corporation of the Company.

During the financial year ended 30 June 2022, the loans extended to PM and CICC has been reclassified from non-current to current and a loss allowance of US$1,052,00 has been recognised against these loans (Note 32(b)) due to the factors disclosed in Note 22 to the financial statements.

15. INVENTORIES

	GROUP	
	2022 US$'000	2021 US$'000
Stores and consumables	1,806	1,938
Crude oil	13	11
	1,819	1,949

Notes to the Financial Statements

For the financial year ended 30 June 2022

16. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	EXPLORATION AND EVALUATION ASSETS US$'000	DEVELOPMENT ASSETS US$'000	TOTAL US$'000
Group			
2022			
Cost			
Beginning of financial year	–	15,450	15,450
Transfer to oil and gas properties (Note 17)	–	(1,492)	(1,492)
End of financial year	–	13,958	13,958
Accumulated impairment loss			
Beginning and end of financial year	–	1,263	1,263
Net book value			
End of financial year	–	12,695	12,695
2021			
Cost			
Beginning of financial year	–	16,942	16,942
Transfer to oil and gas properties (Note 17)	–	(1,492)	(1,492)
End of financial year	–	15,450	15,450
Accumulated impairment loss			
Beginning of financial year	–	149	149
Impairment loss	–	1,114	1,114
End of financial year	–	1,263	1,263
Net book value			
End of financial year	–	14,187	14,187

The development assets arose from the acquisition of the Thailand operations in 2014 as disclosed in Note 21(a) to the financial statements.

During the financial year ended 30 June 2022, no impairment was recognised on E,E&D (2021: US$1,114,000) (Note 17(a)).

Notes to the Financial Statements

For the financial year ended 30 June 2022

17. OIL AND GAS PROPERTIES

	2022 US$'000	2021 US$'000
Group		
Cost		
Beginning of financial year	77,686	76,308
Additions	1,246	99
Provision/(reversal) of restoration costs (Note 28)	443	(213)
Transfer from exploration, evaluation and development assets (Note 16)	1,492	1,492
End of financial year	80,867	77,686
Accumulated depletion		
Beginning of financial year	18,278	17,430
Depletion (Note 5)	782	848
End of financial year	19,060	18,278
Accumulated impairment loss		
Beginning of financial year	4,887	515
Impairment loss (Note 17(a))	–	4,372
End of financial year	4,887	4,887
Net book value		
End of financial year	56,920	54,521

These are attributable to the Thailand operations (Note 21(a)).

During the financial year ended 30 June 2022, no impairment was recognised on the oil and gas properties (2021: US$4,372,000) (Note 17(a)).

(a) Impairment testing of exploration, evaluation and development assets and oil and gas properties

Impairment loss on exploration, evaluation and development assets and oil and gas properties have been recognised as follows:

	2022 US$'000	2021 US$'000
Exploration, evaluation and development assets (Note 8)	–	1,114
Oil and gas properties (Note 8)	–	4,372
	–	5,486

Notes to the Financial Statements

17. OIL AND GAS PROPERTIES (CONTINUED)

(a) Impairment testing of exploration, evaluation and development assets and oil and gas properties (continued)

The recoverable amount of exploration, evaluation and development assets and oil and gas properties has been determined based on value-in-use calculations using managementapproved discounted cash flow projections covering a period of 5 to 21 years (2021: 6 to 22 years) based on development plans for the producing wells and the remaining concession periods including expected renewals of 10 years each at the end of respective concession periods

Management has assessed that the period for the financial forecast of the above assets is appropriate considering the long-term development plans for the fields and the terms of the respective permits.

The value-in-use calculations are most sensitive to the following assumptions:

- Crude oil prices (taking into consideration of current and future outlook in fluctuating oil prices);
- Forecast annual production volumes (taking into account proved and probable reserve); and
- Pre-tax discount rate.

Crude oil prices of US$68 to US$100 (2021: US$57 to US$85) per barrel are based on publicly available benchmark oil prices by petroleum consultants, with the forecasted declined of 2% to 3% per annum in the next 2 years (2021: forecasted declined of 7% to 10% per annum in the next 2 years) and forecasted recovery of 2% per annum from year 2025 onwards (2021: 2% per annum from year 2024 onwards).

Forecasted annual production volumes are based on detailed data for the reserves of the fields and taking into account the development plans for the fields approved by Operating Committee (Note 21a)) as part of the long-term planning process. Whereby reserves are based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

The discount rate of 10% (2021: 10%) represents the current market assessment of the risk specific to these assets, regarding the time value of money and individual risks of underlying assets which have not been incorporated in the cash flows estimates. The discount rate calculation is based on the specific circumstances of these assets and derived with reference to the weighted average cost of capital (WACC) of these assets, adjusted for the risks specific to these assets.

With the above assessment, management is of the view that the provision of US$6,150,000 for exploration, evaluation and development assets and oil and gas properties is sufficient for the challenges that may arise from the uncertainties in the macro-economic environment. As a result, there is no reversal or addition of provision during the financial year.

Notes to the Financial Statements

For the financial year ended 30 June 2022

17. OIL AND GAS PROPERTIES (CONTINUED)

(b) *Sensitivity analysis*

The recoverable amount is most sensitive to the discount rate, oil price and production volume used for the discounted cash flow model. If the discount rate, oil prices and production volume deviate in respect of 1%, 5% and 5% respectively, the impact on the impairment loss recognised in profit or loss are as below:

FY2022

ABSOLUTE CHANGE IN DISCOUNT RATE	APPLIED DISCOUNT RATE	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+1	11	377,651	18,732
0	10	396,383	–
-1	9	416,456	(20,073)

ABSOLUTE CHANGE IN OIL PRICE	OIL PRICE (US$/BBL)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	US$	US$'000	US$'000
+5	71.91 – 105.48	425,593	(29,210)
0	68.49 – 100.46	396,383	–
-5	65.07 – 95.44	367,173	29,210

PERCENTAGE CHANGE IN PRODUCTION VOLUME	TOTAL PRODUCTION VOLUME (MSTB)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	MSTB	US$'000	US$'000
+5	15,036	421,369	(24,986)
0	14,320	396,383	–
-5	13,603	371,397	24,986

Notes to the Financial Statements

For the financial year ended 30 June 2022

17. OIL AND GAS PROPERTIES (CONTINUED)

(b) *Sensitivity analysis (continued)*

FY2021

ABSOLUTE CHANGE IN DISCOUNT RATE	APPLIED DISCOUNT RATE	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	%	US$'000	US$'000
+1	11	332,173	17,282
0	10	349,455	–
-1	9	368,019	(18,564)

ABSOLUTE CHANGE IN OIL PRICE	OIL PRICE (US$/BBL)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	US$	US$'000	US$'000
+5	60.06 – 89.31	375,275	(25,820)
0	57.20 – 85.06	349,455	–
-5	54.34 – 80.81	323,635	25,820

PERCENTAGE CHANGE IN PRODUCTION VOLUME	TOTAL PRODUCTION VOLUME (MSTB)	MARKET VALUE OF THAILAND OPERATIONS (NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP)	INCREASE/(DECREASE) IN IMPAIRMENT
%	MSTB	US$'000	US$'000
+5	16,186	372,057	(22,602)
0	15,416	349,455	–
-5	14,645	326,853	22,602

Notes to the Financial Statements

For the financial year ended 30 June 2022

18. OTHER PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND US$'000	LEASEHOLD LAND AND BUILDING US$'000	PLANT, MACHINERY AND EQUIPMENT US$'000	FURNITURE AND FITTINGS US$'000	TOTAL US$'000
Group					
2022					
Cost					
Beginning of financial year	1,071	83	474	5	1,633
Additions	–	33	17	38	88
Disposal	–	–	(60)	–	(60)
Written off	–	(32)	–	(36)	(68)
End of financial year	1,071	84	431	7	1,593
Accumulated depreciation					
Beginning of financial year	–	48	391	5	444
Depreciation (Note 5)	–	24	28	31	83
Disposal	–	–	(60)	–	(60)
Written off	–	(32)	–	(30)	(62)
End of financial year	–	40	359	6	405
Net book value	1,071	44	72	1	1,188

	FREEHOLD LAND US$'000	LEASEHOLD LAND AND BUILDING US$'000	PLANT, MACHINERY AND EQUIPMENT US$'000	FURNITURE AND FITTINGS US$'000	TOTAL US$'000
Group					
2021					
Cost					
Beginning of financial year	1,071	112	493	103	1,779
Additions	–	8	7	2	17
Disposal	–	–	(26)	(9)	(35)
Written off	–	(37)	–	(91)	(128)
End of financial year	1,071	83	474	5	1,633
Accumulated depreciation					
Beginning of financial year	–	67	386	88	541
Depreciation (Note 5)	–	18	7	16	41
Disposal	–	–	(2)	(8)	(10)
Written off	–	(37)	–	(91)	(128)
End of financial year	–	48	391	5	444
Net book value	1,071	35	83	–	1,189

Notes to the Financial Statements

For the financial year ended 30 June 2022

19. RIGHT-OF-USE ASSET

(a) Carrying amounts

	GROUP	
	2022 US$'000	2021 US$'000
2022		
Office premises		
Cost		
Beginning of financial year	–	248
Written off	–	(248)
End of financial year	–	–
Accumulated depreciation		
Beginning of financial year	–	165
Depreciation (Note 5)	–	83
Written off	–	(248)
End of financial year	–	–
Net book value	–	–

There is no externally imposed covenant on these lease arrangements.

(b) Interest expense

	GROUP	
	2022 US$'000	2021 US$'000
Interest expense on lease liabilities (Note 9)	–	1

(c) Lease expense not capitalised in lease liabilities

	GROUP	
	2022 US$'000	2021 US$'000
Lease expense – short-term leases (Note 5)	26	41

(d) Total cash outflow for all the leases was US$26,000 (2021: US$84,000).

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

Extension options

The leases for certain office premises contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

Notes to the Financial Statements

For the financial year ended 30 June 2022

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2022 US$'000	2021 US$'000
Composition:		
Unquoted equity shares, at cost	26,120	26,120
Capital contribution in the form of share options issued to employees of a subsidiary corporation	1,378	1,378
Loans deemed as investment in subsidiary corporations (a)	96,711	95,398
Impairment loss	(65,277)	(65,316)
	58,932	57,580

(a) The management has deemed these loans as investments in subsidiary corporations as the Company will not be expecting repayment of such loans from these subsidiary corporations.

The Group has the following subsidiary corporations as at 30 June 2022 and 2021:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP		PROPORTION (%) OF OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS ("NCI")	
			2022 %	2021 %	2022 %	2021 %
Held by the Company						
Loyz Oil Pte. Ltd. [1] ("Loyz Oil")	Exploration and production of oil and gas and investment holding	Singapore	100	100	–	–
CWX Investments Pte. Ltd. ("CWX Investments") [1]	Investment	Singapore	100	100	–	–
J&D Capital Limited. [5]	Dormant	Hong Kong	–	100	–	–
Held by Loyz Oil						
Loyz Oil Thailand Pte. Ltd. ("Loyz Thai") [1] [4]	Exploration and production of oil and gas and investment holding	Singapore	100	100	–	–
Loyz NZ Ventures Limited [3] ("Loyz NZ")	Exploration and production of oil and gas	New Zealand	–	51	–	49

Notes to the Financial Statements

For the financial year ended 30 June 2022

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 30 June 2022 and 2021: (continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST HELD BY THE GROUP		PROPORTION (%) OF OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS ("NCI")	
			2022 %	2021 %	2022 %	2021 %
Held by Loyz Oil						
Loyz Oil New Zealand Ltd [3]	Dormant	New Zealand	–	100	–	–
Loyz Oil Australia Pty Ltd ("Loyz Oil Australia") [2]	Exploration and production of oil and gas and investment holding	Australia	100	100	–	–

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.
(2) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
(3) Liquidated from Companies Registry of New Zealand with effect from 9 June 2022. The Group has fully impaired its investments in the subsidiary corporations in prior financial years. The liquidations are not material to these financial statements, no further disclosure is made.
(4) Inclusive of 20% Participating Interest in Thailand Operations as disclosed in Note 21(a).
(5) Deregistered from the Companies Registry of Hong Kong with effect from 3 September 2021.

Significant restrictions

As at 30 June 2022 and 2021, there were no significant restrictions with regards to the Company's investments in subsidiary corporations.

Impairment of subsidiary corporations

Movement in allowance for impairment loss of subsidiary corporations during the financial year is as follows:

	2022 US$'000	2021 US$'000
Beginning of financial year	65,316	65,271
Deregistration of subsidiary corporation	(39)	–
Impairment loss	–	45
End of financial year	65,277	65,316

Management has re-assessed the impairment of the Company's investment in subsidiary corporations and is of the viewed that the provision of US$65,277,000 is sufficient for the challenges that may arise from the uncertainties in the macro-economic environment. As a result, there is no reversal or addition of provision during the financial year.

Notes to the Financial Statements

For the financial year ended 30 June 2022

20. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

J&D Capital Limited

The Company has fully impaired its investment in J&D Capital Limited ("J&D"), a wholly-owned subsidiary corporation of the Company, amounting to US$39,000 in the prior financial years. During the financial year, J&D has been deregistered from the Companies Registry of Hong Kong. Accordingly, the impairment in cost of investment in J&D has been written off.

21. INTERESTS IN JOINT OPERATIONS

Interest in the Thailand Operations

On 30 April 2014, Loyz Thai, a wholly-owned subsidiary corporation of the Company, completed the acquisition of 20% participating interest in Petroleum Concessions Nos. 1/2527/24 (SW1) held by ECO Orient Energy (Thailand) Ltd., and 3/2546/60 (L44/43) and 5/2546/62 (L33/43) held by ECO Orient Resources (Thailand) Ltd. located about 300 km north of Bangkok, Thailand (the "Thailand Operations") from Carnarvon Thailand Limited ("CVN"), at a purchase consideration of US$65,000,000 ("the Original SPA"):

Following the acquisition, the Thailand Operations was held by 3 parties, namely the Operator, CVN and Loyz Thai ("3 Parties") with participating interests of 60%, 20% and 20% ("Participating Interests") respectively. On 16 February 2015, CVN assigned its 20% Participating Interests to Berlanga Thailand Limited. Pursuant to the terms of the International Operating Agreements ("IOA") between the 3 Parties, management assessed and concluded that the Thailand Operations qualify as a joint operation under SFRS(I) 11 Joint Arrangements, notwithstanding that all decisions, approvals and other actions of the operating committee are decided by the affirmative vote of one or more parties, with a collective vote of at least 75% Participating Interests.

In the event where votes are not unanimous, the IOA provides for an exclusive operation ("EO") clause, for consenting parties to bear all relevant costs and liabilities of the EO, in proportion to their respective Participating Interests, and to indemnify the non-consenting party from any costs and liabilities incurred in relation to the EO. The EO shall be excluded from the scope of the IOA. Accordingly, the management concluded that the Thailand Operations is jointly controlled by the 3 Parties, and the Group will share the respective rights and interests, the obligations, liabilities and expenses incurred by the Thailand Operations, according to its Participating Interest.

In the Original SPA, the purchase consideration of US$65,000,000 was to be satisfied by:

(i) Cash payment of US$33,000,000; and

(ii) Deferred consideration of US$32,000,000 payable annually, commencing on 30 November 2015, for an amount equal to 12% of the concession revenue for the year, not exceeding US$10,000,000 for any given payment year. The deferred consideration was measured at its present value at initial recognition and subsequently carried at amortised cost in the previous financial years.

Notes to the Financial Statements

For the financial year ended 30 June 2022

21. INTERESTS IN JOINT OPERATIONS (CONTINUED)

Interest in the Thailand Operations (continued)

In the financial year ended 30 June 2017, taking into account of the volatility in the oil and gas industry, the Group and CVN entered into a supplemental agreement to revise the deferred consideration, to be satisfied by:

(a) An upfront payment of US$4,000,000, in cash of US$50,000 and issuance of 331,653,000 new ordinary shares of the Company which has been settled during FY2018; and

(b) In the event of a disposal of the Thailand Operations by the Group and the sale proceeds exceed US$45,000,000, a cash payment amounting to 12% of the sale proceeds that is in excess of US$45,000,000 shall be payable to CVN.

As at 30 June 2022 and 2021, the management has assessed that the fair value of this part of deferred consideration to be US$Nil as the Group does not foresee the disposal of Thailand Operation at amount exceeding US$45,000,000 to be likely within the near future.

The following amounts represent the assets controlled and liabilities obligated, income and expenses incurred by the Group in relation to its interest in the joint operations that are included in the Group's financial statements:

	GROUP	
	2022	**2021**
	US$'000	**US$'000**
Assets and liabilities		
Non-current assets [1]	70,799	69,891
Current assets	2,982	2,914
Non-current liabilities [2]	(36,292)	(35,625)
Current liabilities	(1,447)	(1,242)
Profit or loss		
Income	3,003	1,890
Expenses	(2,892)	(4,897)

(1) Mainly comprise of development asset (Note 16) and oil and gas properties (Note 17).

(2) Mainly comprise provision for restoration costs (Note 28) and deferred tax liabilities (Note 29).

The Thailand Operations is audited by component auditor, Patana Consulting Co., Ltd., and reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.

Notes to the Financial Statements

For the financial year ended 30 June 2022

22. INVESTMENTS IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Unquoted equity shares, at cost	30	1,506	–	1,476
Deemed capital contribution	–	542	–	542
Accumulated share of losses	(30)	(676)	–	–
Accumulated share of other reserves	–	7	–	–
Allowance for impairment loss	–	(1,379)	–	(2,018)
Net carrying amount	–	–	–	–

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

Set out below are the associated companies of the Group:

Name of company	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	% OF OWNERSHIP INTEREST 2022 %	2021 %
Held by the Company				
Fit Global Pte. Ltd. ("FIT") (iv)	Investment holding and trading	Singapore	40	40
Held by FIT				
Fit Fund Investments Pte. Ltd.	Fund management	Singapore	40	40
TEC Advance Trading Pte. Ltd.	Fund management	Singapore	40	40
Held by CWX Investments				
Preferred Mart Pte. Ltd. (i) ("Preferred Mart")	Investment holding and management of a retail supermarket	Singapore	40	40
Held by Preferred Mart				
Chinese International Commodity City Pte. Ltd. (i)	Management of a retail supermarket	Singapore	40	40
Immense Wellness Pte. Ltd. (ii)(iii)	Healthcare services and trading of healthcare products	Singapore	16	16

(i) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
(ii) Incorporated on 22 June 2021.
(iii) Not required to be audited under the laws of country of incorporation.
(iv) Placed under voluntary liquidation with effect from 13 August 2021.

Notes to the Financial Statements

For the financial year ended 30 June 2022

22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

FIT

The investment cost was contributed by the Company through cash of S$1,000,000 (equivalent to approximately US$734,000) and issuance of the Company's shares amounting to US$1,000,000 (equivalent to approximately US$742,000) to the majority shareholder of FIT, Apostar Pte. Ltd. ("APL").

Deemed capital contribution of S$731,167 (equivalent to approximately US$542,000), being the difference between amounts of the zero-coupon 5 years loan disbursed to FIT (Note 16) and its fair value on inception.

Pursuant to an extraordinary general meeting held on 27 October 2017, the Company diversified its business into investment, financial and other related services ("New Business"). Since the inception of the investment into FIT in 2017, the investment and trading business managed by FIT has been hit by the economic downturn and the unprecedented coronavirus pandemic. Based on the past performance and the adverse business conditions which remains uncertain, the business prospects remains fairly dim for now. The Group has made full allowance for impairment since the financial year ended 30 June 2020 against the total gross carrying amount of the debt and equity investments in FIT, on account of the significant economic uncertainties brought about by the COVID-19 pandemic.

During the prior financial years, management re-assessed the impairment made against the total gross carrying amount of the debt and equity investments in FIT to its recoverable amount, after taking into account the operations and financial conditions of FIT. Based on the re-assessment, the accumulated impairment loss remains appropriate.

With effect from 13 August 2021, FIT has been placed under member voluntary liquidation. As a result, the cost of investment and accumulated impairment losses of US$1,379,000 has been written off during the financial year. As at the date of this report, FIT is still undergoing liquidation process.

Preferred Mart

On 19 February 2021, the Company, through its wholly-owned subsidiary corporation, CWX Investments Pte Ltd ("CWX Investments") acquired 40% of the issued share capital in Preferred Mart, an investment in and/or management of the operation of a retail supermarket chain, for a consideration of S$40,000 (equivalent to approximately US$30,000) through a joint venture agreement entered on 5 February 2021 with four non-related parties.

The four non-related parties (jointly and not severally) irrevocably and unconditionally grants a call option ("Call Option") to the Company, whereby the Company shall have the right to require each of the parties (jointly and not severally) to sell to the Company all Shares held by them for an aggregate consideration of S$120,000. The Call Option shall be exercisable any time and at the discretion of the Company.

On 22 February 2021, Preferred Mart acquired 100% of issued and paid-up share capital of Chinese International Commodity City Pte. Ltd. ("CICC") from a non-related third party (the "Vendor"), on the terms and subject to the conditions set out in a sale and purchase agreement entered into between Preferred Mart and the Vendor on the same day (the "Acquisition"). Following completion of the Acquisition, CICC is a wholly-owned subsidiary corporation of Preferred Mart.

Notes to the Financial Statements

For the financial year ended 30 June 2022

22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Preferred Mart (continued)

On 30 January 2022, the Group entered into a sales and purchase agreement ("Agreement") to sell its 40% interest in Preferred Mart to an unrelated third party ("Buyer") in view that its businesses have not performed to expectations ("Proposed Disposal"). The transaction amount of the Agreement is i) the consideration for the sale and purchase of the 40,000 ordinary shares at S$40,000 (equivalent to approximately US$29,000) ("Sale Consideration"); and ii) full and final settlement of S$2,560,000 (equivalent to approximately US$1,856,000) ("Settlement Amount") (together the "Transaction Amount"). The Transaction Amount shall be payable by the Buyer to the Company in 8 tranches and the completion of the Proposed Disposal will take place following the payment of first 2 payment tranches amounting to S$2,000,000 (equivalent to approximately US$1,450,000) as set out in the Agreement. As at 30 June 2022, the Proposed Disposal has not been completed.

The Group has not recognised its share of losses from Preferred Mart for the financial year ended 30 June 2022 as the Group's cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses at the reporting date.

23. INTANGIBLE ASSETS

	GOODWILL US$'000	PRE-EXPLORATION DATA US$'000	SOFTWARE US$'000	OVERRIDING ROYALTY INTEREST US$'000	TOTAL US$'000
Group					
2022					
Cost					
Beginning of financial year	35,410	423	43	2,886	38,762
Written off	–	(328)	(9)	(2,886)	(3,223)
End of financial year	35,410	95	34	–	35,539
Accumulated amortisation and impairment loss					
Beginning of financial year	35,410	423	43	2,886	38,762
Written off	–	(328)	(9)	(2,886)	(3,223)
End of financial year	35,410	95	34	-	35,539
Net book value	–	–	–	–	–
2021					
Cost					
Beginning of financial year	35,410	593	43	2,886	38,932
Written off	–	(170)	–	–	(170)
End of financial year	35,410	423	43	2,886	38,762
Accumulated amortisation and impairment loss					
Beginning of financial year	35,410	593	43	2,886	38,932
Written off	–	(170)	–	–	(170)
End of financial year	35,410	423	43	2,886	38,762
Net book value	–	–	–	–	–

Notes to the Financial Statements

For the financial year ended 30 June 2022

23. INTANGIBLE ASSETS (CONTINUED)

Pre-exploration data and software and Overriding royalty interest

Pre-exploration data relates to proprietary technologies reports on the non-core concessions in Australia (2021: Australia and New Zealand).

The overriding royalty interest relates to the Group's rights to a 28.5% overriding royalty interest in the gross production of oil and gas from the Awakino permit area (Petroleum Exploration Permit 38479) in New Zealand, under Loyz NZ.

Both assets had been fully impaired since FY2016.

Goodwill

Goodwill arising on acquisition of Loyz Australia and the participating interest in the Thailand operations (Note 21(a)) is attributable mainly to the potential for the recognition of or the access to additional reserves and the synergies expected to be achieved from integrating the investees into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill had been fully impaired since FY2020.

24. FINANCIAL ASSET, AT FVOCI

	GROUP	
	2022 US$'000	2021 US$'000
Beginning and end of financial year	–	–

On adoption of SFRS(I) 9, the Group made an irrevocable election to measure the unquoted equity securities which represent a 13.75% equity interest in Fram Exploration ASA ("Fram") as it is a strategic investment that the Group intends to hold for long term.

As at 30 June 2021, the carrying amount is US$Nil as it has been fully impaired since financial year 2016. In the opinion of the directors this represents the fair value of the investment in view of the financial difficulties faced by Fram (Note 25).

Fram has been liquidated with effect from 15 December 2021. Accordingly, the financial asset, at FVOCI has been written off.

Notes to the Financial Statements

For the financial year ended 30 June 2022

25. BONDS RECEIVABLE

	GROUP	
	2022 US$'000	2021 US$'000
Bonds receivable	–	673
Allowance for impairment	–	(673)
	–	–

In the previous financial years, the Group acquired 67.778% of the 13% senior secured convertible bonds ("Bonds") issued by Fram, with a total par value of NOK48,100,000 (equivalent to approximately US$4,000,000) maturing in December 2016 for an aggregate consideration of US$2,627,000. The Bonds are secured by Fram's certain oil assets in North Dakota and Colorado ("Assets").

The aggregate consideration was satisfied as follows:

(i) US$848,000 by way of issuance of 43,697,520 new ordinary shares of the Company;

(ii) US$803,000 by way of procurement and transfer of 41,344,580 of the Company's existing shares to the Bonds sellers;

(iii) US$98,000 being commission payable in cash to the Bonds sellers within 10 business days, upon full redemption of all the outstanding Bonds by Fram; and

(iv) US$878,000 being commission payable via the issuance of 45,185,333 new ordinary shares of the Company to the Bonds sellers.

Notes to the Financial Statements

For the financial year ended 30 June 2022

25. BONDS RECEIVABLE (CONTINUED)

Pursuant to a bond holders meeting convened by Fram on 4 October 2016, it was concluded that:

(i) The Bonds can be early redeemed, either partially or in full, and the Group shall redeem the Bonds at a par value of US$3,349,000 via (a) set-off arrangement against an amount owing to Fram of US$2,000,000 plus interest of US$151,000, and (b) transferring 41,344,580 of the Company's existing shares held by Fram to the Bond Sellers ("Settlement");

(ii) The maturity date of the Bonds was extended to 31 December 2018, with an early mandatory full redemption of the Bonds in the event of the sale of certain oil assets held by Fram; and

(iii) Interest payable until 31 December 2016 were waived and interest payable from 1 January 2017 until the maturity date was amended to 10% per annum.

Accordingly, the Group exercised and redeemed its Bonds partially in accordance with the Settlement arrangement which result in a net gain of US$755,000 being recorded in the Group's profit or loss due to the derecognition of the Bonds in the financial year ended 30 June 2017.

Pursuant to a bond holders' meeting convened on 19 April 2018 ("Bondholders' Meeting") in Oslo, Norway, due to Fram's financial constraints, it was proposed and approved, inter-alia, the following:

(a) the issuer, Fram, will conduct a partial sale by releasing certain security interest of the Assets in the United States to a third party, of which the third party has an option to purchase the remaining unreleased interest of the Assets within 24 months; and

(b) the maturity date of the Bonds was further extended to 31 December 2019.

Following the Group's review on the recoverability of the Bonds, which took into consideration the outcome of the Bondholders' Meeting, current weak market conditions for the sale of the Assets, the value of the collateral and Fram's financial position, the Bonds amounting to US$673,000 were fully impaired in the financial year ended 30 June 2018.

Fram has been liquidated with effect from 15 December 2021 and there was no distribution of residual interests to the Group. Accordingly, the Bonds has been written off.

Notes to the Financial Statements

For the financial year ended 30 June 2022

26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Current				
Trade payables				
- Non-related parties	36	42	–	–
Non-trade payables				
- Non-related parties	1,454	1,216	232	47
- Associated company	–	26	–	–
Accruals for operating expenses	741	365	495	124
Other payable, financial institution (Note 27, Bank Loan I)				
- Amendments fee	–	768	–	–
Total trade and other payables	2,231	2,417	727	171

The trade amounts due to non-related parties are unsecured, interest-free and are on 30 days (2021: 30 days) credit term.

The non-trade payables due to associated company relates to the remaining consideration payables to an associated company, Preferred Mart (Note 22).

The non-trade payables due to non-related parties amounting to US$224,000 (2021: US$Nil) is unsecured, bears interest of 5% per annum and repayable by December 2022.

27. BORROWINGS

	GROUP	
	2022	2021
	US$'000	US$'000
Current		
Bank borrowings		
- Bank Loan I	–	17,826
- Thailand HSBC Loan	110	–
	110	17,826

Notes to the Financial Statements

For the financial year ended 30 June 2022

27. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	GROUP	
	2022	2021
	US$'000	US$'000
6 months or less	110	17,826

The bank borrowings bear the interest rates as follows:

	INTEREST RATE (PER ANNUM) (PER ANNUM)	2022	2021
Bank Loan I	SIBOR + 1%	–	1.29% to 3.55%
Thailand HSBC Loan	1.25%	1.25%	–

Bank Loan I

On 30 April 2014, the Group obtained a bank loan of US$32,000,000 from Oversea-Chinese Banking Corporation Limited ("OCBC Bank") to finance the acquisition of 20% Participating Interest in the Thailand Operations (Note 21(a)). Part of the loan, amounting to US$8,900,000, is repayable 3 months after the drawdown date (i.e. 30 April 2014) and the balance of the remaining loan, amounting to US$23,100,000, is repayable in 21 quarterly instalments starting 6 months after the drawdown date (i.e. starting 30 October 2014).

Subsequently, the Group has restructured the repayment terms of the outstanding loan as follows:

<u>Financial year ended 30 June 2017</u>

(i) Instalments due shall be revised downwards, with the principal to be paid over 47 monthly instalments and a final instalment of US$16,970,000 in July 2020; and

(ii) Amendments fees of 4% over the then outstanding loan amount of US$19,220,000, which amounted to US$768,000 (Note 26), shall be paid on the maturity of the loan or upon full repayment of the loan, whichever is earlier.

<u>Financial year ended 30 June 2018</u>

(i) Deferment of 9 monthly instalments for the period from Oct 2017 to June 2018 totaling US$405,000 to be paid with the final instalment in July 2020;

(ii) Revision on the interest rate spread above the bank's cost of funds from 4% per annum to 1% per annum; and

(iii) In the event of the disposal of the 20% Participating Interest in the Thailand Operations by the Group by 30 June 2019 or post 1 July 2019 and the sale proceeds is above US$30,000,000, a pay-out of 3% of the entire net sale proceeds, capped at US$500,000 or US$1,000,000 respectively shall be payable to OCBC Bank.

Notes to the Financial Statements

For the financial year ended 30 June 2022

27. BORROWINGS (CONTINUED)

Financial year ended 30 June 2019

Deferment of 14 monthly instalments for the period from May 2019 to June 2020 totaling US$630,000, together with the monthly interest, to be paid with the final instalment in July 2020 or upon disposal of the 20% Participating Interest in the Thailand Operations, whichever is earlier. The accrued interest on deferred instalments amounted to US$115,000 as at 30 June 2019.

100% of the funds received from Loyz Thai's Participating Interest in Thailand Operations in excess of the aggregate of the proposed reduced monthly principal and interest obligation and agreed monthly planned operating expenditure of the Company shall be kept in a bank account with OCBC Bank. The funds shall be reserved mainly for repayments to OCBC Bank.

Bank Loan I is also secured by pledge of shares in Loyz Thai, Loyz Oil's cash balances in the accounts maintained with and as designated by OCBC Bank, all earnings and other cash flow of Loyz Thai, as well as corporate guarantees by the Company and a shareholder, Jit Sun Investments Pte. Ltd..

Financial year ended 30 June 2020

On 2 September 2020, the Company obtained OCBC Bank's approval on the following changes to the terms:

(i) Deferment of final instalment, consist of loan principal (Bank Loan I and Specific Advance Facility) of US$18,005,000, accrued interests of US$628,000 and amendment fees of US$768,000 (Note 26) by one year to 30 July 2021 or upon disposal of the 20% Participating Interest in the Thailand Operations, whichever is earlier.

(ii) Discharge of the corporate guarantees by the Company.

Separately from the changes to the terms above, the Company also undertakes to facilitate, support, and obtain all necessary approvals for the sale of the Petroleum Concession Interests on terms (including sale price) and conditions acceptable to OCBC Bank.

As a condition precedent to the deferment, the Company will repay S$2,500,000 (equivalent to approximately US$1,793,000) to OCBC Bank and deposited US$300,000 to the Company's debt servicing account upon the completion of the fund raising exercise in November 2020.

On 10 November 2020 and 11 November 2020, the Company has deposited US$300,000 to the Company's debt servicing account to cover interest for 12 months and repaid S$2,500,000 (equivalent to approximately US$1,793,000) to OCBC Bank respectively.

As at 30 June 2020, the Group has technically breached a financial covenant as stipulated under this loan facility agreement, with the impairments made, resulting in lower Group networth. In addition, a modified audit report that does not give a true and fair view of the consolidated financial statements has also triggered a technical breach of a bank covenant. With regards to the breached of financial covenants, the Group has also confirmed with OCBC Bank, that even if there is a breach, OCBC Bank will have no recourse against the Company and the rest of the Group, apart from the subsidiary corporation, which is the borrower, as the loan has been ringfenced effectively with the release of the corporate guarantee given by the Company.

As at 15 November 2020, OCBC Bank confirmed that the corporate guarantee has been discharged as the payments mentioned above has been paid in accordance to the restructuring agreement. In addition, OCBC Bank has also given an in-principle approval in writing for the waiver of the 2 financial covenants that have been technically breached.

Notes to the Financial Statements

For the financial year ended 30 June 2022

27. BORROWINGS (CONTINUED)

Financial year ended 30 June 2021

On 5 January 2021, OCBC Bank has also given an in-principle approval in writing for the waiver of the 2 financial covenants that have been technically breached for the financial year ended 30 June 2021.

Financial year ended 30 June 2022

On 16 August 2021, the Group entered into a Settlement Agreement with OCBC Bank in relation to the Bank Loan I. Under the terms of the Settlement Agreement, Loyz Oil will make a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank by 30 September 2021. This will extinguish all payables by Loyz Oil to OCBC Bank, including the Term Loan and all related servicing costs, amounting to approximately US$18,600,000 as at 30 June 2021. All collaterals relating to the Term Loan (including pledging of shares and cashflow of Loyz Thailand) will also be discharged by OCBC Bank on Completion.

On 27 September 2021, the Company has made a final repayment of S$1,500,000 (equivalent to approximately US$1,100,000) to OCBC Bank.

In January 2022, the registered charges in favour of OCBC Bank has been discharged.

Thailand HSBC Loan

This loan is in relation to the Thailand Operations. During the financial year, the Thailand Operations drew down its existing credit facilities to finance the drilling of new wells amounting to US$110,000.

The loan has been fully repaid in July 2022.

28. PROVISION FOR RESTORATION COSTS

	GROUP	
	2022 US$'000	2021 US$'000
Provision for restoration costs	2,091	1,460

Notes to the Financial Statements

For the financial year ended 30 June 2022

28. PROVISION FOR RESTORATION COSTS (CONTINUED)

Movements in provision for restoration costs were as follows:

	GROUP	
	2022	2021
	US$'000	US$'000
Beginning of financial year	1,460	1,553
Provision/(reversal) during the financial year (Note 17)	443	(213)
Unwinding of discount (Note 9)	165	120
Utilisation of restoration costs	23	-
End of financial year	2,091	1,460

The Group's site restoration obligation arose from Loyz Thai's interests in joint operations, for the future cost incurred for restoration of oil production facilities.

In accordance with the Ministerial Regulation of Thailand ("Regulation") which was made retroactive in 2016, all oil and gas operators are required to pay the costs of decommissioning assets they have installed, including those they will transfer free of charge to a next operator. Following recent development of arbitration proceedings taken by the Thailand Authorities against major oil and gas operators, management assessed that the imposition of this Regulation will likely affect the Group's Thailand Operations. Therefore the Group recognised a provision for restoration costs in December 2019 as management believes there exists a present legal obligation for Thailand Operations to restore the production sites at the end of the operating life of the oil and gas assets.

The provision represents the present value of restoration costs which are expected to be incurred up to the end of the concession license using a discount rate of 10% per annum.

29. DEFERRED TAX LIABILITIES

	GROUP	
	2022	2021
	US$'000	US$'000
Beginning of financial year	(34,164)	(37,179)
(Charged)/credited to profit or loss (Note 10)	(37)	3,015
End of financial year	(34,201)	(34,164)

Notes to the Financial Statements

For the financial year ended 30 June 2022

29. DEFERRED TAX LIABILITIES (CONTINUED)

The components of deferred tax assets and liabilities as at 30 June prior to offsetting are as follows:

	GROUP	
	2022 US$'000	2021 US$'000
Deferred tax assets of the Group		
Unutilised tax losses	1,661	1,491
Provision for restoration costs	642	608
Others	80	121
	2,383	2,220
Deferred tax liabilities of the Group		
Exploration, evaluation and development assets	(6,348)	(7,094)
Oil and gas properties	(30,236)	(29,290)
	(36,584)	(36,384)

30. SHARE CAPITAL

	NO. OF ORDINARY SHARES		AMOUNT	
	2022 '000	2021 '000	2022 US$'000	2021 US$'000
Group and Company				
At beginning of the year	6,867,914	3,900,018	146,784	140,245
Issuance of shares	1,625,926	2,967,896	3,245	6,579
Share awards vested	58,696	–	96	–
Share issue expense	–	–	(42)	(40)
At end of the year	8,552,536	6,867,914	150,083	146,784

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

Fully paid ordinary shares carry one vote per share without restrictions and entitled to receive dividends as and when declared by the Company.

Notes to the Financial Statements

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30. SHARE CAPITAL (CONTINUED)

On 22 September 2021 and 10 February 2022, the Company issued 700,000,000 ordinary shares and 925,925,925 ordinary shares for a total consideration of S$1,865,000 (equivalent to approximately US$1,400,000) and S$2,500,000 (equivalent to approximately US$1,820,000) respectively to provide funds for the Group's operations. The newly issued shares rank pari passu in all aspects with the previously issued shares.

On 18 February 2022, the Company issued 58,695,651 ordinary shares in the capital of the Company at a fair value grant date of S$0.002 per new share, pursuant to the vesting of the share awards granted under the CapAllianz Holdings Limited Performance Share Plan.

CapAllianz Holdings Limited Employee Share Option Scheme (the "ESOS")

The Company has a share options scheme which provides for the grant of incentive share options to employees and Directors of the Company.

Under the ESOS, the total number of shares in respect of which the committee may grant options on any date, when added to the number of shares issued and issuable or delivered and deliverable in respect of (a) all options granted under the ESOS, and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15% of the number of all issued shares (excluding treasury shares, as defined in the Act) on the day preceding that date. The ESOS allows the issue of options with a subscription price at a discount of up to 30% of the market price, or its nominal value, whichever is higher.

An option may be exercised in whole or in part, after the second anniversary of the date of grant of that option but before the fifth anniversary of the date of grant of that option in the case where options are granted at a discount, or after the first anniversary of the date of grant of that option in the case where options are not granted at a discount. The lapsing of options is provided for upon the occurrence of certain events, which includes:

(a) the termination of the grantee's employment;

(b) misconduct on the part of the grantee as determined by the Committee;

(c) bankruptcy of the grantee;

(d) the company by which the grantee is employed ceasing to be a company within the Group; and

(e) the winding-up of the Company (voluntary or otherwise).

There were no grant of options under the ESOS since the commencement of the ESOS to the end of the financial year.

Notes to the Financial Statements

For the financial year ended 30 June 2022

30. SHARE CAPITAL (CONTINUED)

CapAllianz Holdings Limited Performance Share Plan (the "PSP")

The Company has a performance share plan which provides for the grant of incentive share awards to employees and directors for no consideration. Under the PSP, the total number of shares in respect of which the committee may grant awards on any date, when added to the number of shares issued and issuable or delivered and deliverable in respect of (a) all awards granted under the PSP, and (b) all awards, shares and options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15% of the number of all issued shares (excluding treasury shares, as defined in the Act) on the day preceding that date. In relation to each performance-related awards, the release of awards is based on the sole discretion of the Committee. The Committee reviews the performance conditions in respect of the awards and determines whether these have been satisfied. The Company shall release to the grantee the share awards on the vesting period in case where awards are not performance-related.

The lapsing of the awards is provided for upon the occurrence of certain events, which includes:

(i) the termination of the grantee's employment;

(ii) non-executive director ceasing to be a director of the Group;

(iii) the bankruptcy of the grantee;

(iv) the death of the grantee;

(v) the breach by the grantee of any terms on the awards; and

(vi) the misconduct of the grantee as determined by the Committee in its discretion.

The table summarises the number of awards that were outstanding as at the balance sheet date as well as the movements during the financial year.

	2022	
	NUMBER OF AWARDS	**WEIGHTED AVERAGE MARKET PRICE***
		SGD
Beginning of financial year	–	–
Granted	58,695,651	0.0022
Vested	(58,695,651)	0.0022
End of financial year	–	–

* Fair value of the award is based on the average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five consecutive Market Days immediately prior to the date of grant. The share awards had been vested on the date of grant.

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For the financial year ended 30 June 2022

31. RESERVES

	GROUP	
	2022	2021
	US$'000	US$'000
Other reserve (i)	–	(5,102)

(i) Other reserve pertains to reserve arising from the non-reciprocal capital contribution made to a non-wholly-owned subsidiary corporation. During the financial year, the non-wholly-owned subsidiary corporation has been liquidated.

32. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

(i) Currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than its functional currency. The currencies giving rise to this risk is primarily Singapore Dollar ("SGD") and Thai Baht ("THB"). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in the currency that is not the entity's functional currency.

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	USD US$'000	SGD US$'000	THB US$'000	OTHERS US$'000	TOTAL US$'000
2022					
Financial assets					
Cash and bank balances	2	685	726	–	1,413
Trade and other receivables	–	1,297	415	–	1,712
Financial assets, at FVPL	–	9	–	–	9
	2	1,991	1,141	–	3,134
Financial liabilities					
Borrowings	–	–	110	–	110
Trade and other payables	1,054	775	402	–	2,231
	1,054	775	512	–	2,341
Net financial (liabilities)/ assets	(1,052)	1,216	629	–	793
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	1,216	629	–	1,845

Notes to the Financial Statements

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	USD US$'000	SGD US$'000	THB US$'000	OTHERS US$'000	TOTAL US$'000
2021					
Financial assets					
Cash and bank balances	160	100	660	2	922
Trade and other receivables	–	1,814	273	15	2,102
Financial assets, at FVPL	–	14	–	–	14
	160	1,928	933	17	3,038
Financial liabilities					
Borrowings	17,826	–	–	–	17,826
Trade and other payables	950	252	1,214	1	2,417
	18,776	252	1,214	1	20,243
Net financial (liabilities)/ assets	(18,616)	1,676	(281)	16	(17,205)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	–	1,676	(281)	16	1,411

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

If the SGD and THB change against USD by 3% (2021: 1%) and 7% (2021: 3%) respectively with all other variables including tax rate being held constant, the effects are as follows:

	LOSS AFTER TAX	
	2022 US$'000	2021 US$'000
SGD against USD		
- Strengthened	36	13
- Weakened	(36)	(13)
THB against USD		
- Strengthened	44	(7)
- Weakened	(44)	7

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

	USD US$'000	SGD US$'000	TOTAL US$'000
2022			
Financial assets			
Cash and bank balances	–	646	646
Trade and other receivables	–	1,314	1,314
	–	1,960	1,960
Financial liabilities			
Trade and other payables	–	727	727
Net financial assets	–	1,233	1,233
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	1,233	1,233

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows: (continued)

	USD US$'000	SGD US$'000	TOTAL US$'000
2021			
Financial assets			
Cash and bank balances	2	41	43
Trade and other receivables	-	1,813	1,813
	2	1,854	1,856
Financial liabilities			
Trade and other payables	–	171	171
Net financial assets	2	1,683	1,685
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	–	1,683	1,683

If the SGD had strengthened/weakened against USD by 3% (2021: 1%) with all other variables including tax rate being held constant, the Company's profit/(loss) after tax would have been higher/lower by US$37,000 (2021: US$16,800) as a result of currency translation gains/(losses) on SGD denominated financial instruments.

(ii) Equity price risk

The Group is exposed to equity risk arising from its investment in quoted equity securities which are classified as fair value through profit or loss (Note 13). These equity securities are listed in Singapore.

Equity price risk sensitivity

If the prices for equity securities listed in Singapore had increased/decreased by 10% (2021: 10%) with all other variables including tax rate held constant, the profit or loss for the financial year would have been decreased/increased by US$1,000 (2021: US$1,000).

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at floating interest rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable rate borrowings. The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

As at 30 June 2022, the Group's borrowings at variable rates are denominated in THB. If the THB interest rate increase/ decrease by 0.5% with all other variables including tax rates being held constant, the net profit and equity will be lower/ higher by US$1,000.

As at 30 June 2021, the Group's borrowings at variable rates are denominated in USD. If the USD interest rate increase/ decrease by 0.5% with all other variables including tax rates being held constant, the net profit and equity will be lower/ higher by US$89,000.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

Bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers and borrowers of loan receivables to make payments when due. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

At the end of the reporting period, approximately 71% (2021: 84%) of the Group's trade and other receivables are due from associated company. As at 30 June 2022, 100% (2021: 100%) of trade receivables are due from a single customer in Thailand.

As at 30 June 2022, approximately 94% (2021: 98%) of the Company's trade and other receivables are due from associated company.

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The Group manages credit loss based on Expected Credit Losses (ECL) model.

Trade receivables

The Group's exposure to credit risk arises from trade receivables, which are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry or country brought about by the general economic condition.

The Group applies simplified approach to all trade receivables. Impairment loss allowance is measured at life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ("Life-time ECL").

The ECL assessment is based on historical credit loss experience, adjusted for forward-looking factors specific to those customers. The Group did not experience any credit loss from its only customer for the past years and there are no significant changes in the business operation of that customer nor significant change in credit quality.

The Group considers trade receivables are in default (credit-impaired) when the customers fails to make contractual payments within 90 days when due. When the receivables are overdue for 90 days, the Group will provide provision for the balances while continuing to engage in enforcement activity to recover the balances.

The management have assessed that there are no material ECL on the trade receivables.

Other receivables

The Group applies general approach on all other financial instruments and recognise a 12-months ECL on initial recognition, which are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter. Life time ECL is recognised for all other financial instruments if the credit risk on the financial instrument has increased significantly since initial recognition.

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Other receivables				
- Non-related parties	26	50	–	–
- Subsidiary corporations	–	–	5,496	5,453
- Associated companies	2,300	6,607	2,317	6,607
Total gross carrying amount	2,326	6,657	7,813	12,060
ECL allowance	(1,052)	(4,798)	(6,547)	(10,251)
Net carrying amount	1,274	1,859	1,266	1,809

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Other receivables (continued)

The movement of the ECL impairment on other receivables are as follows:

	12-MONTHS ECL US$'000	LIFETIME ECL (CREDIT - IMPAIRED) US$'000	TOTAL US$'000
Group			
2022			
Beginning of financial year	–	4,798	4,798
ECL allowance recognised during the financial year (Note 14(b))	–	1,052	1,052
Written off (Note 14(a))	–	(4,798)	(4,798)
End of financial year (Note 14)	–	1,052	1,052
2021			
Beginning and end of financial year (Note 14)	–	4,798	4,798

	12-MONTHS ECL US$'000	LIFETIME ECL (CREDIT - IMPAIRED) US$'000	TOTAL US$'000
Company			
2022			
Beginning of financial year	–	10,251	10,251
ECL allowance recognised during the financial year	–	1,094	1,094
Written off	–	(4,798)	(4,798)
End of financial year (Note 14)	–	6,547	6,547
2021			
Beginning of financial year	–	10,427	10,427
ECL allowance recognised during the financial year	–	15	15
Written off	–	(191)	(191)
End of financial year	–	10,251	10,251

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Other receivables (continued)

Subsidiary corporations

The life-time ECL allowance of the Company on the amount due from subsidiary corporations is made based on the financial position of the subsidiary corporations, and the underlying assets relevant to the ultimate manner of recovery of these amounts. Based on the particular circumstances and unpredecented uncertainties brought about by COVID-19 and the macro environment, the Company has determined that the balances are credit-impaired (Stage 3), as at 30 June 2022 and 30 June 2021 due to lack of revenue generating activities and net liabilities position.

Associated companies - FIT

As disclosed in Note 22, FIT represents the Group's investment in associated companies with a fairly dim business prospects, and has assessed the amount due from FIT as credit-impaired (Stage 3) and provided full impairment since the financial year ended 30 June 2020.

The amount due from FIT has been fully written off as at financial year ended 30 June 2022.

Associated companies – PM and CICC

As disclosed in Note 22, in view that its businesses have not performed to expectations, the management has assessed the amount due from the associated companies as credit-impaired (Stage 3) in view that its businesses have. The Group has recognised an impairment loss of US$1,052,000 during the financial year.

Bond receivables

As disclosed in Note 25, a full impairment loss of US$673,000 was recognised in the Group's profit or loss in the financial year ended 30 June 2018, which the Group has assessed and determined the financial assets to be credit-impaired (Stage 3).

The bonds receivables has been fully written off as at financial year ended 30 June 2022.

Bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents has been measured on the 12-months expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. ECL on cash and cash equivalents are immaterial.

Deposits

The Group assessed and determined the ECL on the deposits are immaterial.

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet obligations when due. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 12 to the financial statements.

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

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Less than 1 year				
Trade and other payables	2,231	2,417	727	171
Borrowings	110	17,826	–	–
	2,341	20,243	727	171

(d) Capital risk

The Group manages its capital to ensure that the Group is able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group is able to service any debt obligations based on its operating cash flows. The Group's overall strategy remains unchanged from 2021.

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

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Net debt	928	19,321	81	128
Total equity	37,078	19,065	60,194	59,290
Total capital	38,006	38,386	60,275	59,418
Gearing ratio	2.4%	50.3%	0.1%	0.2%

Notes to the Financial Statements

For the financial year ended 30 June 2022

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

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

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 13 and Note 24 to the financial statements.

	GROUP			
	(LEVEL 1) US$'000	(LEVEL 2) US$'000	(LEVEL 3) US$'000	TOTAL US$'000
2022				
Financial asset, at FVPL	9	–	–	9
2021				
Financial asset, at FVPL	14	–	–	14

The carrying amount of financial assets and financial liabilities carried at amortised cost approximate their fair values due to the relatively short-term maturity of these financial instruments.

(f) Financial instruments by category

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

	GROUP		COMPANY	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Financial assets, at FVPL	9	14	–	–
Financial assets, at amortised cost	3,125	3,024	1,960	1,856
Financial liabilities, at amortised cost	2,341	20,243	727	171

Notes to the Financial Statements

For the financial year ended 30 June 2022

33. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group with related parties at terms and rates agreed between the parties:

(a) Sales and purchase of goods and services

	GROUP	
	2022 US$'000	2021 US$'000
Payment made on behalf of associated companies	47	–
Interest income from loan	53	25

(b) Key management personnel compensation

	GROUP	
	2022 US$'000	2021 US$'000
Directors' fees	137	67
Short-term benefits	1,114	412
Share-based payments	77	–
Defined contributions plans	25	22
	1,353	501
Analysed into:		
- Compensation of Directors of the Company	1,192	387
- Compensation of Directors of the subsidiary corporations and other key management personnel	161	114
	1,353	501

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and respective subsidiary corporations, including all directors of the Company and respective subsidiary corporations. The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Financial Statements

For the financial year ended 30 June 2022

34. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (chief operating decision maker). A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

For management purposes, the Group has 2 operating and reportable segments – oil and gas segment and investment and trading segment. The principal activities of the Group's operating segments are summarised as follows:

(i) Oil and gas segment – Comprising exploration, development and production activities and drilling activities; and

(ii) Investment and trading – Mainly comprising of the following business activities:

(a) investments, including in private equity deals, pre-initial public offerings (mature stage), initial public offerings, fixed income and hybrid instruments; and

(b) trading, including the trading of equities, commodities and other financial instruments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Notes to the Financial Statements

For the financial year ended 30 June 2022

34. SEGMENT INFORMATION (CONTINUED)

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

	OIL AND GAS US$'000	INVESTMENT AND TRADING US$'000	UNALLOCATED US$'000	TOTAL US$'000
2022				
Revenue				
Sales to external customers	3,003	53	–	3,056
Segment results	1,260	53	–	1,313
Interest income	–	–	2	2
Other income	17,501	153	–	17,654
Other losses	(241)	(1,066)	(6)	(1,313)
Administrative expenses	(1,653)	(377)	(566)	(2,596)
Finance costs	(184)	-	(9)	(193)
Profit before tax				14,867
Income tax expense				(160)
Profit for the financial year				14,707
Total assets	73,796	1,279	737	75,812
Total liabilities	37,986	8	740	38,734
Other information				
Capital expenditure	1,334	–	–	1,334
Other material non-cash items				
Depreciation of other property, plant and equipment and right-of-use asset	(49)	–	(34)	(83)
Depletion of oil and gas properties	(782)	–	–	(782)
Net fair value change in investment carried at fair value through profit or loss	–	(5)	–	(5)
Gain on recovery of loan to associated company	–	153	–	153
Gain on settlement of bank loan	17,481	–	–	17,481

Notes to the Financial Statements

For the financial year ended 30 June 2022

34. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments are as follows: (continued)

	OIL AND GAS US$'000	INVESTMENT AND TRADING US$'000	UNALLOCATED US$'000	TOTAL US$'000
2021				
Revenue				
Sales to external customers	1,890	25	–	1,915
Segment results	222	25	–	247
Interest income	–	–	2	2
Other income	7	11	55	73
Other losses	(5,647)	27	(26)	(5,646)
Administrative expenses	(1,142)	(229)	(593)	(1,964)
Finance costs	(373)	–	(34)	(407)
Share of loss of associated companies	–	(30)	–	(30)
Loss before tax	–	–	–	(7,725)
Income tax credit	–	–	–	3,000
				(4,725)
Total assets	72,822	1,843	281	74,946
Total liabilities	54,878	35	961	55,874
Other information				
Capital expenditure	116	–	–	116
Other material non-cash items				
Depreciation of property, plant and equipment and right-of-use asset	(50)	(8)	(91)	(149)
Depletion of oil and gas properties	(848)	–	–	(848)
Net fair value change in investment carried at fair value through profit or loss	–	27	–	27
Impairment loss on oil and gas properties	(4,372)	–	–	(4,372)
Impairment loss on exploration, evaluation and development assets	(1,114)	–	–	(1,114)

* Capital expenditure consists of additions to oil and gas properties and other property, plant and equipment.

Notes to the Financial Statements

For the financial year ended 30 June 2022

34. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's business segments operate in 2 geographical areas:

- Singapore – the operation comprise investment and trading segment.
- Thailand – the operation comprise oil and gas segment.

	REVENUE		NON-CURRENT ASSETS	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Singapore	53	25	4	1,816
Thailand	3,003	1,890	70,799	69,890
	3,056	1,915	70,803	71,706

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from and is measured in a manner consistent with that in the statement of comprehensive income.

Non-current assets are presented based on the location of the assets mainly include exploration, evaluation and development assets and oil and gas properties held under Thailand Operations (Note 21(a)) and other property, plant and equipment (Note 18) in Singapore.

Revenue from major customers

Revenue of approximately US$3,003,000 (2021: US$1,890,000), or 98% (2021: 99%) of the Group's revenue is derived from one customer in Thailand, which is attributable to the "Oil and gas" segment.

35. SUBSEQUENT EVENTS

On 28 July 2022, the Company entered into a placement agreement ("Placement Agreement") with one (1) placee. Subject to and upon the terms of the Placement Agreement, the Company has agreed to allot and issue, and the placee has agreed to subscribe and pay for, an aggregate of 1,000,000,000 new ordinary shares in the capital of the Company ("Placement Shares") at S$0.00274 per Placement Share, amounting to an aggregate consideration of approximately S$2.74 million (equivalent to approximately US$1.97 million) (the "Proposed Placement").

On 26 August 2022, the Company entered into a supplemental agreement with the placee to extend the date of completion of the Proposed Placement and the long-stop date of the Placement Agreement. Pursuant to the terms and conditions of the Placement Agreement (as supplemented by the supplemental agreement), completion of the Proposed Placement shall take place by 21 October 2022 (or such other date as the parties to the Placement Agreement may agree in writing), and in any event before 31 October 2022.

Notes to the Financial Statements

For the financial year ended 30 June 2022

35. SUBSEQUENT EVENTS (CONTINUED)

The Proposed Placement is undertaken by the Company to raise funds and strengthen the Group's financial position. The Proposed Placement will improve the Group's cash flows to meet anticipated general working capital requirements and provide capital to the Group to fund acquisition of potential assets as and when opportunities arise, as part of the Group's strategy for long-term business growth.

The Board of Directors are also of the view that the Proposed Placement is necessary and beneficial to the Group in view of continuing global uncertainties, including the impact of the coronavirus pandemic. In situation whereby the global economy continue to deteriorate and further affect the market sentiment, the Company may not be able to raise funds when required.

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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 July 2022 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the balance sheet date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment:

Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Notes to the Financial Statements

For the financial year ended 30 June 2022

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:

Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of CapAllianz Holdings Limited on 13 October 2022.

Statistics of Shareholdings

As At 22 September 2022

SHARE CAPITAL

Issued and fully paid-up capital	:	S$173,423,632.52
Number of issued shares	:	8,552,536,455
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	6	0.19	107	0.00
100 - 1,000	803	26.10	778,221	0.01
1,001 - 10,000	320	10.40	2,052,500	0.02
10,001 - 1,000,000	1,527	49.63	425,089,902	4.97
1,000,001 AND ABOVE	422	13.68	8,124,615,725	95.00
TOTAL	3,078	100.00	8,552,536,455	100.00

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 22 September 2022 and to the best knowledge of the directors of the Company, approximately **78.53%** of the issued ordinary shares of the Company was held by the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

Statistics of Shareholdings

As At 22 September 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	AUSTRALIA HONGSHAN CAPITAL PTY LTD	670,666,666	7.84
2	MAYBANK SECURITIES PTE. LTD.	607,633,800	7.10
3	ZHANG JIAHUI	500,000,000	5.85
4	UOB KAY HIAN PTE LTD	484,309,293	5.66
5	CITIBANK NOMINEES SINGAPORE PTE LTD	460,262,700	5.38
6	CHRISTINE TAN WAN ZHEN	348,118,670	4.07
7	SAW GEOK CHING@DONGYU TAISHANG	345,370,371	4.04
8	PHILLIP SECURITIES PTE LTD	310,185,500	3.63
9	TAN KIM GUAN	283,333,333	3.31
10	OCBC SECURITIES PRIVATE LIMITED	239,881,485	2.80
11	DBS NOMINEES PTE LTD	214,561,811	2.51
12	LIM HWEE YONG NANA	183,927,844	2.15
13	TANG CHUNMEI	144,338,624	1.69
14	HUANG CHUNLAN	133,333,333	1.56
15	RAFFLES NOMINEES (PTE) LIMITED	106,288,100	1.25
16	TAN YEN KEOW	105,555,556	1.23
17	OCBC NOMINEES SINGAPORE PTE LTD	102,507,900	1.20
18	ZHANG YANGYANG	100,000,000	1.17
19	WU YIXIN	96,000,000	1.12
20	HO BENG SIANG	89,000,000	1.04
		5,525,274,986	64.60

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1.	Australia Hongshan Capital Pty Ltd[(a)]	925,925,925	10.83	–	–
2.	Huang Shi Hao[(a)(b)]	–	–	925,925,925	10.83
3.	Zhang Jiahui[(c)]	650,000,000	7.60	–	–

Notes:

(a) As per the Register of Members of the Company as at 22 September 2022, the number of shares of the Company held by Australia Hongshan Capital Pty Ltd ("**Australia Hongshan**") in its own name is 670,666,666.

(b) Mr Huang Shi Hao holds 81% shares in Australia Hongshan and accordingly, Mr Huang Shi Hao is deemed interested in all the shares of the Company held by Australia Hongshan by virtue of Section 7 of the Companies Act 1967 of Singapore.

(c) Mr Zhang Jiahui holds 150,000,000 shares of the Company through a nominee account with Phillip Securities Pte Ltd.

Statistics of Warrantholdings

As At 22 September 2022

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	17	2.78	660	0.00
100 - 1,000	34	5.57	16,550	0.00
1,001 - 10,000	77	12.60	404,725	0.08
10,001 - 1,000,000	428	70.05	80,873,525	16.59
1,000,001 AND ABOVE	55	9.00	406,206,796	83.33
TOTAL	611	100.00	487,502,256	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDER	NO. OF WARRANTS	%
1	PAUL GO KIAN LEE	70,000,000	14.36
2	YEO HOON CHONG	50,000,000	10.26
3	PHUA BOON KENG	40,000,000	8.21
4	NG KIM SOON	25,000,000	5.13
5	DBS NOMINEES PTE LTD	22,737,177	4.66
6	KOH WEE SENG	20,000,033	4.10
7	MAYBANK SECURITIES PTE. LTD.	15,537,525	3.19
8	UOB KAY HIAN PTE LTD	13,721,750	2.81
9	IFAST FINANCIAL PTE LTD	10,880,000	2.23
10	SOH LYE HOCK	10,500,000	2.15
11	RAFFLES NOMINEES (PTE) LIMITED	10,496,925	2.15
12	LOH POH LIM	10,000,000	2.05
13	PHILLIP SECURITIES PTE LTD	9,956,500	2.04
14	TANG SIAW WEI	6,000,000	1.23
15	OCBC SECURITIES PRIVATE LTD	5,170,487	1.06
16	ENG KOON HOCK	4,970,000	1.02
17	FAN BAOQI	4,175,000	0.86
18	WEE MICHAEL JAMES	3,500,000	0.72
19	LIM TIONG KHENG STEVEN	3,112,349	0.64
20	HOE TENG LEE	3,000,000	0.62
		338,757,746	69.49

Notice of Annual General Meeting

CAPALLIANZ HOLDINGS LIMITED
(Company Registration No. 199905693M)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting ("**AGM**") of CapAllianz Holdings Limited (the "**Company**") will be held by way of electronic means at the date and time for the following purposes:

Date: Friday, 28 October 2022
Time: 1.00 p.m.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 ("**FY2022**"), together with the Auditors' Report thereon. — Resolution 1

2. To re-elect Mr Yu Jinfeng, a Director of the Company retiring in accordance with Regulation 117 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. — Resolution 2

   [See Explanatory Note (i)]

3. To re-elect Mr Liu Qiang, a Director of the Company retiring in accordance with Regulation 117 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. — Resolution 3

   [See Explanatory Note (ii)]

4. To re-elect Ms Huang Lin, a Director of the Company retiring in accordance with Regulation 117 of the Company's Constitution and who, being eligible, offer herself for re-election, as a Director of the Company. — Resolution 4

   [See Explanatory Note (iii)]

5. To re-elect Mr Pang Kee Chai, Jeffrey, a Director of the Company retiring in accordance with Regulation 107 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. — Resolution 5

   [See Explanatory Note (iv)]

6. To approve the payment of Directors' fees of S$142,521 for FY2022 (FY2021: S$85,123). — Resolution 6

   [See Explanatory Note (v)]

7. To approve the payment of Directors' fees of S$180,000 for the financial year ending 30 June 2023 ("**FY2023**"), to be paid quarterly in arrears. — Resolution 7

   [See Explanatory Note (vi)]

Notice of Annual General Meeting

8. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. Resolution 8

9. To transact any other business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

10. To approve a one-time ex-gratia payment of S$20,000, to be paid fully in cash, to the former Non-Executive and Lead Independent Director of the Company, Mr Ong Beng Chye. Resolution 9

    [See Explanatory Note (vii)]

11. **Authority to allot and issue shares** Resolution 10

    "That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to allot and issue shares and/or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit provided that:

    (i) the aggregate number of shares and/or convertible securities to be issued pursuant to this Resolution must not be more than one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and/or convertible securities to be issued other than on a *pro-rata* basis to existing shareholders of the Company must not be more than fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

    (ii) (subject to such manner of calculations 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 (i) above, the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company 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 the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

        (c) any subsequent bonus issue, consolidation or subdivision of shares;

Notice of Annual General Meeting

adjustments in accordance with sub-paragraph (ii)(a) or (ii)(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;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

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

[See Explanatory Note (viii)]

BY ORDER OF THE BOARD

Yap Peck Khim
Company Secretary
Date: 13 October 2022

Explanatory Notes:

(i) Mr Yu Jinfeng shall, upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors of the Company ("**Board**"), a Non-Executive Independent Director of the Company, Chairman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee. Mr Yu Jinfeng is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

(ii) Mr Liu Qiang shall, upon re-election as a Director of the Company, remain as an Executive Director and Chief Executive Officer of the Company.

(iii) Ms Huang Lin shall, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Audit Committee, as well as a member of the Nominating Committee and the Remuneration Committee. Ms Huang Lin is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

(iv) Mr Pang Kee Chai, Jeffrey shall, upon re-election as a Director of the Company, remain as the Vice Chairman of the Board, an Executive Director of the Company and a member of the Nominating Committee.

Detailed information (including information as set out in Appendix 7F to the Catalist Rules) on the aforesaid Directors of the Company can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2022.

(v) Resolution 6 is to approve the payment of Directors' fees of an aggregate of S$142,521 for FY2022 (FY2021: S$85,123) to the Non-Executive Directors (who are all Independent Directors).

Shareholders' approval is required for the payment of Directors' fees pursuant to the Companies Act and the Constitution of the Company.

The Non-Executive Directors will abstain from voting his/her holding of shares in the Company (if any), and will procure that their respective associates abstain from voting their respective holdings of shares in the Company (if any), in respect of this Resolution 6.

Notice of Annual General Meeting

(vi) Resolution 7 is to approve the payment of Directors' fees of an aggregate of S$180,000 for FY2023 to the Non-Executive Directors (who are all Independent Directors), to be paid quarterly in arrears.

Shareholders' approval is required for the payment of Directors' fees pursuant to the Companies Act and the Constitution of the Company.

The Non-Executive Directors will abstain from voting his/her holding of shares in the Company (if any), and will procure that their respective associates abstain from voting their respective holdings of shares in the Company (if any), in respect of this Resolution 7.

(vii) Resolution 9 is to approve the proposed one-time ex-gratia payment of S$20,000, to be paid fully in cash, to the former Non-Executive and Lead Independent Director of the Company, Mr Ong Beng Chye ("**Mr Ong**") in recognition of Mr Ong's service and contributions to the Company and its subsidiaries as a Director of the Company since August 2016.

Resolution 9 above, if passed, will empower the Directors of the Company to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution.

Mr Ong will abstain from voting his holding of shares in the Company, and will procure that his associates abstain from voting their respective holdings of shares in the Company (if any), in respect of this Resolution 9.

(viii) Resolution 10 above, if passed, will empower the Directors of the Company from the date of the 2022 AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or the date such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue shares and/or convertible securities in the capital of the Company. The number of shares and convertible securities, which the Directors of the Company may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution. For allotment and issuance of shares and/or convertible securities other than on a *pro-rata* basis to existing shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time of passing this Resolution.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company will be calculated based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

"**Subsidiary holdings**" has the meaning ascribed to it in the Catalist Rules.

Notes:

Participation at the AGM

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

2. Printed copies of the documents and information relating to the AGM (including the Annual Report 2022, Notice of AGM and Proxy Form) will not be despatched to shareholders of the Company ("**Shareholders**"). These documents have been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

   (a) https://www.sgx.com/securities/company-announcements; or
   (b) https://www.capallianzholdings.com.

Notice of Annual General Meeting

3. The Company has made the following arrangements for the AGM:

   (a) observing and listening to the proceedings of the AGM contemporaneously via a "live" audio-visual webcast (via smart phones, tablets or laptops/computers) of the AGM ("**LIVE WEBCAST**");

   (b) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;

   (c) submitting text-based questions during the LIVE WEBCAST of the AGM;

   (d) appointing proxy(ies) to attend, speak and vote on their behalf at the AGM; and

   (e) participating in the live voting during the LIVE WEBCAST of the AGM.

4. Persons who hold the shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS investors, and who wish to participate at the AGM by:

   (i) observing and listening to the proceedings of the AGM contemporaneously via LIVE WEBCAST;

   (ii) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;

   (iii) submitting text-based questions during the LIVE WEBCAST of the AGM;

   (iv) appointing proxy(ies) to attend, speak and vote on their behalf at the AGM; and

   (v) participating in the live voting during the LIVE WEBCAST of the AGM,

   should contact the relevant intermediary (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 of the Company as soon as possible in order for the necessary arrangements to be made for their participation at the AGM.

Pre-registration Process for LIVE WEBCAST

5. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate at the AGM by observing and listening to the proceedings of the AGM by accessing the LIVE WEBCAST (via smart phones, tablets or laptops/computers). To do so, Shareholders are required to pre-register their participation at the AGM at the URL https://conveneagm.com/sg/CapallianzAGM2022 **by 1.00 p.m. on 25 October 2022** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) ("**Registration Deadline**") for verification of their status as Shareholders (or the corporate representatives of such Shareholders).

6. Upon successful verification, each such authenticated Shareholder or its corporate representative will receive an email **by 25 October 2022** which will contain an user ID, a password and a link to access the LIVE WEBCAST to observe and listen to the proceedings of the AGM.

7. Shareholders or their corporate representatives must not forward the email to other persons who are not Shareholders and who are not entitled to participate at the AGM. This is also to avoid any technical disruptions or overload to the LIVE WEBCAST.

8. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email by **25 October 2022** may contact the Company via email at enquiries@capallianzholdings.com.

Voting at the AGM

9. **Please note that Shareholders who wish to vote on the resolutions to be tabled for approval at the AGM may vote live at the AGM through the LIVE WEBCAST or vote with their Proxy Forms (as defined herein) by appointing proxy(ies) or the Chairman of the Meeting as proxy to cast votes on their behalf.**

10. The Proxy Form for the AGM may be accessed on the Company's corporate website at the URL www.capallianzholdings.com and on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

Notice of Annual General Meeting

11. A Shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Shareholder's Proxy Form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

    A Shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder's Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

    "**Relevant intermediary**" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

12. A proxy need not be a member of the Company.

13. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their votes by 17 October 2022 (at least seven (7) working days before the AGM).

14. The duly executed instrument appointing a proxy(ies), together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy ("**Proxy Form**") must be submitted to the Company in the following manner:

    a. if submitted in person or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03 Robinson 77, Singapore 068896; or

    b. if submitted electronically, by sending a scanned pdf copy by email to enquiries@capallianzholdings.com,

    in either case **by 1.00 p.m. on 26 October 2022** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.

    A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it in person or by post to the address provided above, or before scanning and sending it by email to the email address provided above.

15. Submission by a Shareholder of a valid Proxy Form appointing a proxy(ies) at least forty-eight (48) hours before the time appointed for holding the AGM will supersede any previous Proxy Form appointing a proxy(ies) submitted by that Shareholder.

Submission of Questions

16. Shareholders may submit any questions related to the resolutions to be tabled at the AGM by email to enquiries@capallianzholdings.com by 9.00 a.m. on 21 October 2022 ("**Cut-Off Time**"). Alternatively, **Shareholders will be able to ask text-based questions during the AGM via LIVE WEBCAST under the "Ask a Question" tab to input queries in the questions text box.**

17. The Company will endeavour to address the substantial and relevant questions received from Shareholders by the Cut-Off Time, no later than forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms by publishing the responses to these questions on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL www.capallianzholdings.com. The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received at the AGM, during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

18. The Company will publish the minutes of the AGM (together with the responses to the substantial and relevant questions received from Shareholders which are addressed during the AGM, if applicable) on the SGX's website at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website within one (1) month after the date of the AGM.

Notice of Annual General Meeting

Personal Data Privacy:

By (a) submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe and listen to the proceedings of the AGM via LIVE WEBCAST, or (c) submitting any question prior to or during the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing proxy(ies) 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 the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST to observe and listen to the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members of the Company received before or during the AGM and if necessary, following up with the relevant members of the Company in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/ or guidelines by the relevant authorities.

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

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

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CAPALLIANZ HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Registration No. 199905693M

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. The 2022 Annual General Meeting of the Company to be held on Friday, 28 October 2022 at 1.00 p.m. (the "**AGM**" or "**Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Company's Notice of AGM dated 13 October 2022 ("**Notice**") and this accompanying proxy form will not be sent to members. Instead, the Notice and this accompanying proxy form will be sent to members by electronic means via publication on the Company's corporate website at the URL www.capallianzholdings.com and on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast) are set out in the Notice.
3. A relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM (please refer to behind for the definition of "relevant intermediary").
4. For investors who have used their CPF and SRS monies to buy shares ("**CPF and SRS Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors who hold shares through CPF Agent Banks and SRS Operators and who wish to appoint the Chairman of the Meeting as proxy should contact their respective CPF Agent Banks and SRS Operators to submit their votes by 17 October 2022 (at least seven (7) working days before the AGM).
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies) or the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We_____________________________________(Name), NRIC/Passport/Co. Reg. No.______________________________________

of ____(Address)

being a member(s) of CapAllianz Holdings Limited (the "**Company**"), hereby appoint

Name	**NRIC/PASSPORT NO.**	**PROPORTION OF SHAREHOLDINGS**	
		NO. OF SHARES	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/PASSPORT NO.**	**PROPORTION OF SHAREHOLDINGS**	
		NO. OF SHARES	**%**
Address			

or failing the person, or either or both persons referred to above, the Chairman of the Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the 2022 Annual General Meeting of the Company (the "**AGM**" or "**Meeting**") to be held by way of electronic means on Friday, 28 October 2022 at 1.00 p.m. (Singapore time) and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Meeting as indicated below.

NO.	RESOLUTIONS RELATING	FOR	AGAINST	ABSTAIN
1	To adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022, together with the Auditors' Report thereon			
2	To re-elect Mr Yu Jinfeng as a Director of the Company			
3	To re-elect Mr Liu Qiang as a Director of the Company			
4	To re-elect Ms Huang Lin as a Director of the Company			
5	To re-elect Mr Pang Kee Chai, Jeffrey as a Director of the Company			
6	To approve the payment of Directors' fees of S$142,521 for the financial year ended 30 June 2022			
7	To approve the payment of Directors' fees of S$180,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears			
8	To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
9	To approve a one-time ex-gratia payment of S$20,000, to be paid fully in cash, to the former Non-Executive and Lead Independent Director of the Company, Mr Ong Beng Chye			
10	Authority to allot and issue shares			

Note: Voting will be conducted by poll. If you wish your proxy(ies) to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided. If you wish your proxy(ies) to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy(ies) is directed to abstain from voting in the "Abstain" box provided. **In the absence of specific directions in respect of a resolution, your proxy(ies) (including the Chairman of the Meeting if he/she is appointed by a Shareholder) will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.**

Signed this __________ day of______________ 2022

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

____

Signature(s)/Common Seal of Shareholder(s)

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend, speak and vote at the Meeting is entitled to appoint one or two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A member who is a relevant intermediary* entitled to attend, speak and vote at the Meeting is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

4. A proxy need not be a member of the Company.

5. The duly completed and executed proxy form must be submitted to the Company in the following manner:

   a) if submitted in person or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03 Robinson 77, Singapore 068896; or
   b) if submitted electronically, by sending a scanned pdf copy by email to enquiries@capallianzholdings.com,

   in either case **by 1.00 p.m. on 26 October 2022** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the proxy form shall not be treated as valid.

   A member who wishes to submit a proxy form must first download, complete and sign the proxy form before submitting it in person or by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified true copy thereof must be lodged with the instrument.

7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act 1967 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company as certified by The Central Depository (Pte) Limited to the Company.

* A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 October 2022.

Corporate Information

BOARD OF DIRECTORS

YU JINFENG
Chairman and Non-Executive Independent Director

PANG KEE CHAI, JEFFREY
Vice Chairman and Executive Director

LIU QIANG
Executive Director and Chief Executive Officer

LIM HWEE YONG NANA
Non-Executive Independent Director

ZHAO JIAN
Non-Executive Independent Director

HUANG LIN
Non-Executive Independent Director

SECRETARY

YAP PECK KHIM

REGISTERED OFFICE

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6826 2549
Website: capallianzholdings.com
Email: enquiries@capallianzholdings.com

SHARE REGISTRAR

B.A.C.S. PRIVATE LIMITED
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

NEXIA TS PUBLIC ACCOUNTING CORPORATION
80 Robinson Road
#25-00
Singapore 068898
Partner-In-Charge: Chan Siew Ting
(with effect from the financial year ended 30 June 2021)

CONTINUING SPONSOR

ZICO CAPITAL PTE. LTD.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

PRINCIPAL BANKER

RHB BANK BERHAD
90 Cecil Street
#01-00 RHB Bank Building
Singapore 069531

CapAllianz
HOLDINGS LIMITED | 共享资本

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6826 2549
Website: www.capallianzholdings.com
Investors and Media: enquiries@capallianzholdings.com