

SH TECH PTE. LTD.

Company Registration Number: 202137623G

FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM
28 OCTOBER 2021 (DATE OF INCORPORATION)
TO 31 DECEMBER 2022

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Helmi Talib LLP



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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF SH TECH PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SH Tech Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 28 October 2021 (date of incorporation) to 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the financial period from 28 October 2021 (date of incorporation) to 31 December 2022.

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 Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

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



Helmi Talib LLP

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 FRSS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Company'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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

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.

Helmi Talib LLP

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 have been properly kept in accordance with the provisions of the Act.

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HELMI TALIB LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 28 June 2023

Partner-in-charge : Suriyati binti Mohamed Yusof
PA No. : 01627

SH TECH PTE. LTD.*Company Registration No.: 202137623G***STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022*

	Note	28 October 2021 to 31 December 2022
		US\$
Revenue	5	916,415
Direct cost		(860,931)
Administrative expenses		(2,211,373)
Finance costs	6	(154,013)
Loss before taxation	7	<u>(2,309,902)</u>
Income tax expense	8	<u>-</u>
Loss for the financial period, representing total comprehensive loss for the financial period		<u>(2,309,902)</u>

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

SH TECH PTE. LTD.

Company Registration No.: 202137623G

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 US\$
Assets		
Current assets		
Cash and cash equivalents	9	390,504
Loans receivable	10	525,529
Total current assets		<u>916,033</u>
Non-current assets		
Loan receivable	10	25,000
Total non-current assets		<u>1,466,562</u>
Total assets		<u>941,033</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Other payables	11	41,399
Total current liabilities		<u>41,399</u>
Non-current liabilities		
Loans and borrowings	12	3,209,165
Total non-current liabilities		<u>3,209,165</u>
Total liabilities		<u>3,250,564</u>
Equity		
Share capital	13	371
Accumulated losses		(2,309,902)
Total equity		<u>(2,309,531)</u>
Total liabilities and equity		<u>941,033</u>

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

SH TECH PTE. LTD.*Company Registration No.: 202137623G***STATEMENT OF CHANGES IN EQUITY***For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022*

	28 October 2021 to 31 December 2022		
	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	US\$	US\$	US\$
Balance at date of incorporation	371	-	371
Comprehensive loss			
Loss for the financial year, representing total comprehensive loss for the period	-	(2,309,902)	(2,309,902)
Balance at end of financial period	<u>371</u>	<u>(2,309,902)</u>	<u>(2,309,531)</u>

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

SH TECH PTE. LTD.

Company Registration No.: 202137623G

STATEMENT OF CASH FLOWS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

	Note	28 October 2021 to 31 December 2022 US\$
Cash flows generated from operating activities		
Loss before taxation		(2,309,902)
Adjustments for		
Allowance for expected credit losses	10	1,946,393
Interest expense	6	154,013
Unrealised exchange differences		95,829
Total adjustments to profit or loss		<u>2,196,235</u>
Total operating cash flows before changes in working capital		(113,667)
Changes in working capital		
Increase in restricted cash		(366,629)
Increase in loan receivables		(2,539,855)
Increase in other payables		44,152
Total changes in working capital		<u>(2,862,333)</u>
Net cash flows used in operating activities		<u>(2,976,000)</u>
Cash flows from financing activities		
Loan from holding company	12	3,067,738
Issuance of ordinary shares	13	371
Repayment to holding company	12	(38,471)
Net cash flows generated from financing activities		<u>3,029,638</u>
Net increase in cash and cash equivalents		53,638
Effect of exchange rate changes on balance of cash held in foreign currencies		(29,763)
Cash and cash equivalents at date of incorporation		-
Cash and cash equivalents at end of financial period	9	<u>23,875</u>
Net cash flows		
Net cash flows used in operating activities		<u>(2,976,000)</u>
Net cash flows generated from financing activities		<u>3,029,638</u>

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

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

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

1 GENERAL

SH Tech Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered address and principal place of business at 50 South Bridge Road, #03-00 CMO Building, Singapore 058682.

The principal activities of the Company are information technology, computer service activities and management consultancy services.

The financial statements of the Company for the financial period from 28 October 2021 (date of incorporation) to 31 December 2022 were authorised for issue in accordance with a resolution as at the date of Directors' Statement.

There have been no significant changes in the nature of these activities during the financial period.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements are prepared under the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in United State Dollar ("US\$"), the Company's functional currency.

Going Concern

The financial statements of the Company have been prepared on a going concern basis notwithstanding the Company's total liabilities exceeded its total assets by US\$2,309,531 as at 31 December 2022 and the Company has incurred losses amounting to US\$2,309,902 for the financial period from 28 October 2021 (date of incorporation) to 31 December 2022.

The ability of the Company to continue as a going concern is dependent on the undertaking of its holding company, Fingular Pte. Ltd., to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

2.2 Adoption of new and amended standards and interpretations

On the date of incorporation, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 28 October 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.3 Standards issued but not yet effective**

The Company has not adopted the following relevant standards and interpretations that have been issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

2.4 Functional and foreign currency**(a) *Functional currency***

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be US\$. Revenue and major costs of providing services including major operating expenses are primarily influenced by fluctuations in US\$.

(b) *Foreign currency*

Transactions in foreign currencies are measured in the respective functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company 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.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTSFor the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 Financial instruments (Continued)****(b) Financial liabilities (Continued)***Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank which are subject to an insignificant risk of changes in value. Cash and cash equivalents carried in the statement of financial position is classified and accounted for as financial asset at amortised cost under FRS 109.

2.7 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Revenue recognition

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

(a) Fee income

Fee income includes among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement.

Fee income is recognised at the point in time when the service is rendered to the customer. The Company considers there are no other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated.

(b) Late payment charges

Late payment charges is recognised on an accrual basis when the event happened.

(c) Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method.

2.12 Borrowing cost

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Taxes

(a) Current income tax

Current income tax and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss except that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Taxes (Continued)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition.

(c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

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SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

4 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company's holding company is Fingular Pte. Ltd. The related party transactions are between the Company and its holding company. The effects of these transactions are reflected in these financial statements on the basis determined between the parties. The related party balances are unsecured, interest-free and are repayable on demand unless otherwise stated.

(a) Significant intercompany and related party transactions

**28 October 2021 to
31 December 2022**
US\$

Holding company, Fingular Pte. Ltd.

Loan from holding company	(3,055,152)
Accrued interest	(154,013)
	<u>(3,209,165)</u>

As at 31 December 2022, the Company has loan amounting to US\$3,209,165 due to its holding company, Fingular Pte. Ltd.

5 REVENUE

(a) Disaggregation of revenue

**28 October 2021 to
31 December 2022**
US\$

Type of services

Disbursement fee	625,918
Interest income	263,394
Late payment fee	20,326
Prologation fee	6,777
	<u>916,415</u>

Timing of service

At a point in time	<u>916,415</u>
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(b) Judgement and methods used in estimating revenue

There is no judgement and methods involved in estimating revenue.

(c) Contract balances

The Company has no contract assets and contract liabilities as at 31 December 2022.

6 FINANCE COST

**28 October 2021 to
31 December 2022**
US\$

Interest expense on loans and borrowings	<u>154,013</u>
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SH TECH PTE. LTD.*Company Registration No.: 202137623G***NOTES TO THE FINANCIAL STATEMENTS***For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022***7 LOSS BEFORE TAXATION**

This item includes the following charges:

	<u>28 October 2021 to 31 December 2022</u> US\$
Provision for expected credit losses	1,946,393
Consultants fee	575,609
Partnership fees	143,543
Travel expenses	137,707
Partner milestone fee	62,599
Advisors and nominees fees	54,861
Foreign exchange loss	<u>6,463</u>

8 INCOME TAX*(a) Income tax expense*

Tax expense attributable to loss is made up of:

	<u>28 October 2021 to 31 December 2022</u> US\$
Current income tax provision	<u>-</u>

The income tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore standard rate of income tax to loss before taxation due to the following factors:

	<u>28 October 2021 to 31 December 2022</u> US\$
Loss before taxation	<u>(2,309,902)</u>
Tax calculated at a tax rate of 17%	(392,683)
Deferred tax asset not recognised	<u>392,683</u>
	<u>-</u>

(b) Income tax payable

As at 31 December 2022, the Company has no income tax payable.

SH TECH PTE. LTD.*Company Registration No.: 202137623G***NOTES TO THE FINANCIAL STATEMENTS***For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022***9 CASH AND CASH EQUIVALENTS**

	<u>31 December 2022</u> US\$
Cash at bank	368,196
Cash held by third party	21,937
Cash on hand	371
	<u>390,504</u>

Cash at bank is held in non-interest bearing accounts.

Included in cash at bank of the Company amounting to US\$ 390,504 are restricted cash balances amounting to US\$ 366,629 which comprise of cash balances on bank accounts set up for the purpose of loan issuance.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprised of the following balances.

	<u>31 December 2022</u> US\$
Cash at bank	368,196
Cash on hand	371
Less: Restricted cash	<u>(366,629)</u>
	<u>1,938</u>

Cash and bank balances are denominated in the following currencies:

	<u>31 December 2022</u> US\$
Indonesian Rupiah	366,636
Singapore Dollar	23,497
United States Dollar	371
	<u>390,504</u>

SH TECH PTE. LTD.

Company Registration No.: 202137623G

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 28 October 2021 (date of incorporation) to 31 December 2022

10 LOANS RECEIVABLES

	<u>31 December 2022</u> US\$
Non current	
Loan to third party	<u>25,000</u>
Current	
Loans to outside parties	2,325,736
Interest accrued	146,186
Less: Allowance for expected credit losses	<u>(1,946,393)</u>
	<u>525,529</u>
	<u>550,529</u>
Total loan receivables	550,529
Add: Cash and cash equivalents (Note 9)	<u>390,504</u>
Total financial assets measured at amortised cost	<u>941,033</u>

Loan to third party is unsecured, bearing interest at 5% per annum, repayable on 16 November 2025.

Loans to outside parties are unsecured, bearing interest at 5-15% per annum, repayable within 14 days to 3 months.

Loan receivables are denominated in the following currencies:

	<u>31 December 2022</u> US\$
Indonesian Rupiah	525,529
United States Dollar	<u>25,000</u>
	<u>550,529</u>

The movement in allowance for expected credit losses of loan receivables are as follows:

	<u>31 December 2022</u> US\$
Balance at date of incorporation	-
Charge for the financial period	<u>1,946,393</u>
Balance at end of financial period	<u>1,946,393</u>

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11 OTHER PAYABLES

	<u>31 December 2022</u> US\$
Advances from outside parties	30,974
Accrued operating expenses	7,014
Others	3,411
	<u>41,399</u>
Total other payables	41,399
Add: Loan and borrowings (Note 12)	3,209,165
Total financial liabilities measured at amortised cost	<u>3,250,564</u>

Advances from outside parties are direct costs paid by the digital partner on behalf of the Company.

Other payables are denominated in the following currencies:

	<u>31 December 2022</u> US\$
Indonesian Rupiah	30,974
United States Dollar	3,411
Singapore Dollar	7,014
	<u>41,399</u>

12 LOANS AND BORROWINGS

	<u>31 December 2022</u> US\$
Loan from holding company	3,055,152
Accrued interest	154,013
Total loans and borrowings	<u>3,209,165</u>
Add: Other payables (Note 11)	41,399
Total financial liabilities carried at amortised cost	<u>3,250,564</u>

Loan from holding company

Loan from holding company is non-trade in nature, unsecured, bears interest at 5% per annum and repayable on 27 December 2026.

A reconciliation of liabilities arising from financing activities is as follows:

	28 October 2021	Cash flows	<u>Non-cash changes</u> Accretion of Interests	31 December 2022
	\$	\$	\$	\$
Loans				
- Non-current	-	3,055,152	154,013	3,209,165
		<u>3,055,152</u>	<u>154,013</u>	<u>3,209,165</u>

Loans and borrowings are denominated in Singapore Dollar.

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13 SHARE CAPITALIssued and fully paid ordinary share capital, with no par value

	31 December 2022	
	No. of shares	US\$
Balance at date of incorporation and end of financial period	<u>5,000</u>	<u>371</u>

On date of incorporation, the Company issued 5,000 ordinary shares at US\$371 (S\$500) to Fingular Pte. Ltd.

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

14 FINANCIAL INSTRUMENTS**(a) Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk refers to the risk the risk of loss arising from the counterparty's default on the contract, and as well as non-payment of principal and/or interest on fixed debts due within the time limit fixed by the treaty.

The Company's exposure to credit risk arises primarily from all active loans at the end of every month and contains principal and interest on balance sheet. Loan portfolio is divided into buckets of days past due, and it is considered that portfolio in each bucket has the same quality.

The Company considers the probability of default event when assessed over a given time horizon.

The Company has determined the default event is a phenomenon that is caused by unwillingness, impossibility, or partial inability of a legal or individual to pay debts. Default occurs on 91 days past due.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating is determined in accordance with internal rules and models and is based on external and internal information and risk data.

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14 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management objectives and policies (Continued)****Credit risk (Continued)**

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL or Lifetime ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
31 December 2022						
Loan receivables - third party	10	Performing (Note A)	Lifetime ECL (Simplified)	25,000	-	25,000
Loan receivables - outside parties	10	Performing (Note A)	Lifetime ECL (Simplified)	2,471,922	(1,946,393)	525,529
				<u>2,496,922</u>	<u>(1,946,393)</u>	<u>550,529</u>

Loan receivable (Note A)

The Company has applied the simplified approach to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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14 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management objectives and policies (Continued)****Liquidity risk**

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		31 December 2022			
Note	Carrying amount US\$	Contractual cash flows US\$	One year or less US\$	2 to 5 years US\$	
<u>Financial assets</u>					
Cash and cash equivalents	9	390,504	390,504	390,504	-
Loan receivables	10	550,529	550,529	550,529	-
Total undiscounted financial assets		941,033	941,033	941,033	-
<u>Financial liabilities</u>					
Other payables	11	41,399	41,399	41,399	-
Loans and borrowings	12	3,209,165	3,209,165	90,780	3,118,385
Total undiscounted financial liabilities		3,250,564	3,250,564	132,179	3,118,385
Total net undiscounted financial assets/(liabilities)		(2,309,531)	(2,309,531)	808,854	(3,118,385)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Company's foreign currency risk exposures arise from the exchange rate movements of Singapore Dollar (SGD) and Indonesian Rupiah (IDR) to United State Dollar (USD), which is the Company's functional currency. As at the end of the reporting period, foreign currency balances for cash and cash equivalents, other payables and loans and borrowings are disclosed in notes 9, 11 and 12 to the financial statements.

The Company has no formal policies in place to mitigate the effect of this foreign currency exposure.

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14 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management objectives and policies (Continued)****Market risk (Continued)****(i) Foreign currency risk (Continued)**Sensitivity analysis of foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in IDR and SGD (against USD), with all other variables held constant, of the Company's loss net of tax and equity.

	<u>31 December 2022</u>	
	<u>Loss net of tax</u> US\$	<u>Equity</u> US\$
IDR - strengthened 3%	21,444	21,444
- weakened 3%	(21,444)	(21,444)
	<u> </u>	<u> </u>
SGD - strengthened 3%	(79,498)	(79,498)
- weakened 3%	79,498	79,498
	<u> </u>	<u> </u>

(b) Fair values of financial assets and financial liabilities

The Company has no fair value measurement hierarchy recognised in the statement of financial position as at the end of the reporting period.

During the financial period, no amount has been recognised in profit or loss in relation to the change in fair value of financial assets or financial liabilities, estimated using a valuation technique.

Assets and liabilities not measured at fair value**(i) Cash and cash equivalents and other payables and loan receivable**

The carrying amounts of these balances approximates their fair values due to the short-term nature of these balances.

(ii) Loans and borrowings

The carrying amount of loans and borrowings approximates its fair value as they are subject to inherent risk close to market rate of interest.

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15 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and accumulated losses.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is dependent on its holding company to provide continuous financial support to meet its liabilities as and when they fall due. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial period from 28 October 2021 (date of incorporation) to 31 December 2022.

16 COMPARATIVE FIGURES

The financial statements cover the period from 28 October 2021 (date of incorporation) to 31 December 2022. There are no comparative figures as this is the first set of financial statements.