2. BASIS OF PREPARATION (Continued)

2.2 Fundamental accounting concept

The Group reported consecutive net loss of $1,455,000 (2022: $14,602,000) and negative operating cash flows of $7,754,000 (2022: $2,851,000) for the financial year ended 31 December 2023. In addition, as disclosed in Note 31(a), the Group has discontinued the Management Services Agreement with the Major Customer on 15 August 2024 (which is announced by the Company via SGXNet on 15 August 2024).

As announced by the Company dated 11 December 2025, the Company received notice of compliance ("NOC") from the SGX RegCo dated 11 December 2025 as the Company has yet to convene the FY 2023 and FY 2024 Annual General Meeting. On 12 February 2026, the Company also announced via SGXNet regarding the notification of all directors of the Company being placed on the Directors' and Executive Officers' Watchlist, due to the above non-compliance as stated in the SGX RegCo's NOC.

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts on the ability of the Group and of the Company to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis as management has assessed that the Group and the Company are able to continue as going concerns due to the following key considerations and assumptions:

(a) The Group has obtained continuing financial support from the Chairman, Mr. Ji;

(b) As disclosed in Note 31(b), in August 2025, the Group entered into co-operation agreement for a property project in Beijing, PRC with a guaranteed return of 4% per annum. Management expects this will generate cash inflows of $400,000 within next 2 years;

(c) As disclosed in Note 31(c), the Group proposed to dispose its interest in NVH (comprising ordinary shares and shareholder's loan), subject to approval by shareholders in an EGM to be convened. Based on the sale and purchase agreement entered into in December 2025, the cash proceeds attributable to the Group is $21,018,000;

(d) Management expects to collect partially the loan to an associate, MCC Land (TMK) Pte Ltd, during FY 2026; and

(e) As announced by the Company via SGXNet on 12 February 2026, the management will work towards convening the AGMs of FY 2023 and FY 2024 by mid-March 2026 and mid-May 2026 respectively. The Company is also in the progress of getting the necessary approval from SGX RegCo in order to convene an EGM to approve and ratify the Potential IPT (as announced by the Company via SGXNet on 17 July 2024). As at the date of authorisation of these financial statements, the shareholders' circular has not been issued. Management is confident that these combined efforts will manage the compliance risk relating to notices issued by SGX RegCo.