



# Prospectus



**MAIN MARKET**



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) who specialises in advising on the acquisition of shares and other securities.

This document (the “**Document**”), which comprises: (i) a circular prepared in accordance with the UKLR Transitional Provision 7 of the Financial Conduct Authority (“**FCA**”) made under section 73A of the FSMA (the “**UKLR**”) for the purposes of the Extraordinary General Meeting convened pursuant to the Notice of Extraordinary General Meeting set out at the end of this Document; and (ii) a prospectus for the purposes of Article 3 of the UK version of Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) of the FCA made under section 73A of the FSMA, relating to Fintech Asia Limited (the “**Company**”) prepared in accordance with the Prospectus Regulation Rules (the “**Prospectus Regulation Rules**”). A copy of this Document has been filed with, and was approved on 22 January 2025 by, the FCA as competent authority under the UK Prospectus Regulation and has been made available to the public in accordance with the Prospectus Regulation Rules. This Document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”).

The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation in respect of a prospectus; such approval should not be considered as an endorsement of the Company that is, or the quality of the securities (the “**Ordinary Shares**”) that are, the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. The Document has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. Capitalised terms used in this Document which are not otherwise defined have the meanings given to them in the section headed “*Definitions*”.

Trading in the Existing Ordinary Shares on the Main Market for listed securities of London Stock Exchange Group Plc (“**London Stock Exchange**”) was suspended on 14 March 2023 following a request by the Company. On the same day, the Company announced it was considering the acquisition of the entire issued share capital of ICFG Pte. Ltd. (the “**Target**”) (the “**Acquisition**”) which would constitute a “reverse takeover” under the UKLR. Subsequent to that announcement, on 20 January 2025 the Company and the Vendors entered into the Acquisition Agreement, further details of which can be found in paragraph 13.1 of Part 14 (*Additional Information*) of this Document.

The Company has issued, in aggregate principal amount, up to 9,811,572 of convertible loan notes (the “**Convertible Loan Notes**”) to a company beneficially owned by one of the Proposed Directors of the Company. Assuming Admission occurs on 12 February 2025, certain Convertible Loan Notes will automatically convert into 6,357,116 new Ordinary Shares upon completion of the Acquisition. Further details of the Convertible Loan Notes can be found in paragraph 13.2 of Part 14 (*Unsecured Convertible Loan Notes*) of this Document.

Allotment and issue of the Consideration Shares and the Conversion Shares is conditional, *inter alia*, upon Admission and the approval from the shareholders of the Company at the Extraordinary General Meeting. Following Admission, the completion of the Acquisition, and the allotment and issue of the Consideration Shares and the Conversion Shares, assuming Admission occurs on 12 February 2025, the Company will, together with the Existing Share Capital, have 203,957,116 Ordinary Shares in issue (“**Enlarged Share Capital**”).

In accordance with the UK Listing Rules Instrument 2024 (FCA 2024/23), on the 29 July 2024, the Listing Rules were replaced by the UKLR under which companies with a Standard Listing have been mapped into the equity shares (transition) category unless they are eligible to be mapped into the equity shares (international commercial companies secondary listing) category, equity shares (shell companies) category or the equity shares (non-equity shares and non-voting equity shares) category. The Company, being an eligible “shell company” under the UKLR, was mapped into the equity shares (shell companies) category on 29 July 2024. Upon Admission, the Company will be listed on the equity shares (transition) category. It is expected that in accordance with the UKLR the FCA will cancel the existing listing in the Existing Ordinary Shares immediately before 8.00 a.m. on 12 February 2025. Applications will be made to the FCA for the readmission of the Enlarged Share Capital to the equity shares (transition) category of the Official List pursuant to the UKLR and to trading on the Main Market for listed securities of London Stock Exchange (together, “**Admission**”). It is expected that Admission will become effective, and that unconditional dealings

in the Existing Ordinary Shares and the Consideration Shares will commence, at 8.00 a.m. on 12 February 2025. Please see Part 10, (*Consequences of a Listing in the equity shares (transition) category*) for further information in relation to the listing categories of the Ordinary Shares on the Official List currently anticipated by the Directors.

The Company, the Directors and the Proposed Directors (whose names appear at Part 8 (*Directors, Secretary, Registered Office and Advisors*) of this Document) accept responsibility for the information contained in this Document. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

**Shareholders should read the entirety of this Document and, in particular, the section headed “Risk Factors” for a discussion of certain risks and other factors that should be considered in connection with any investment in Ordinary Shares. Shareholders should be aware that an investment in Ordinary Shares involves a degree of risk and that, if some or all of the risks described in the section headed “Risk Factors” occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.**

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## Fintech Asia Limited

(to be renamed as ICFG Limited)

(a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 69264)

### Combined Prospectus and Circular:

#### Acquisition of ICFG Pte. Ltd., constituting a Reverse Takeover

Admission of the Enlarged Share Capital to the equity shares (transition) category of the Official List pursuant to UKLR and to trading on the Main Market of the London Stock Exchange

Approval of waiver of Rule 9 of the City Code on Takeovers and Mergers

and

#### Notice of Extraordinary General Meeting

*Financial Adviser*

Strand Hanson Limited

*Broker*

Novum Securities Limited

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This Document has been prepared solely in connection with Admission and completion of the Reverse Takeover which shall occur upon completion of the Acquisition.

This Document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful. The Ordinary Shares are not being offered to the public.

Recipients of this Document are authorised solely to use this Document for the purpose of considering the Acquisition, and may not reproduce or distribute this Document, in whole or in part, and may not disclose any of the contents of this Document or use any information herein for any purpose other than considering an investment in the Ordinary Shares. Such recipients of this Document agree to the foregoing by accepting delivery of this Document.

**Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this Document in its entirety and, in particular, the section headed “*Risk Factors*”.**

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company, including the merits and risks involved. The investors also acknowledge that: (a) they have not relied on Strand Hanson Limited (“**Strand Hanson**”), Novum Securities Limited (“**Novum Securities**”) or any person affiliated with Strand Hanson or Novum Securities respectively in connection with any investigation of the accuracy of any information contained in this Document or their investment decision; and (b) they have relied only on the information contained in this Document. No person has been authorised to give any information or make any representation other than those contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information in this Document is correct as of any time subsequent to the date hereof.

Without prejudice to any legal or regulatory obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Document nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information in it is correct as of any subsequent time.

Neither the Company, Strand Hanson, Novum Securities or any of their respective representatives is making any representation to any prospective investor in the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of the Document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax advisor for legal, business, financial or tax advice applicable to an investment in the Ordinary Shares.

Neither the Company, Strand Hanson or Novum Securities accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Company. Neither the Company, Strand Hanson or Novum Securities makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and no such information or publication is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future.

Strand Hanson has been appointed as Financial Adviser to the Company in connection with Admission. Strand Hanson, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with Admission and will not regard any other person (whether or not a recipient of this Document) as a client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to Admission or any transaction or arrangement referred to in this Document. Strand Hanson and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. Strand Hanson and any of its respective affiliates may provide such services to the Company and/or any of their respective affiliates in the future.

Novum Securities has been appointed by the Company as broker. Novum Securities, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else and will not regard any other person (whether or not a recipient of this Document) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to any transaction or arrangement referred to in this Document. Novum Securities and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. Novum Securities and any of its respective affiliates may provide such services to the Company and/or any of their respective affiliates in the future.

Strand Hanson, Novum Securities and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments. Accordingly, references in this Document to the Ordinary Shares being issued, offered, acquired, placed or

otherwise dealt in should be read as including any issue or offer to, or acquisition, dealing or placement by, Strand Hanson, Novum Securities and any of their respective affiliates acting as investors for their own accounts. In addition, Strand Hanson, Novum Securities or certain of their respective affiliates may enter into financing arrangements (including swaps) with investors in connection with which Strand Hanson or Novum Securities (or their respective affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. In addition, Strand Hanson or Novum Securities (or their respective affiliates) may enter into financing arrangements with investors, such as share-swap arrangements or lending arrangements where securities are used as collateral, which could result in Strand Hanson or Novum Securities (or their respective affiliates) acquiring shareholdings in the Company. Neither Strand Hanson nor Novum Securities intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, that may be imposed on Strand Hanson or Novum Securities by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Strand Hanson nor Novum Securities accepts any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Document including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Ordinary Shares and nothing in this Document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Strand Hanson and Novum Securities accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Document or any such statement, provided that nothing shall limit the liability of Strand Hanson or Novum Securities respectively for their own fraud. Strand Hanson has given and not withdrawn its consent to the issue of this Document with the inclusion of the references to its name in the form and context to which they are included. Novum Securities has given and not withdrawn its consent to the issue of this Document with the inclusion of the references to its name in the form and context to which they are included.

## **NOTICE TO OVERSEAS INVESTORS**

This Document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer or invitation to purchase or subscribe for, any Ordinary Shares or any other securities in the Company to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, subject to certain exceptions, is not for distribution in the United States, Singapore, Australia, Canada, Japan or the Republic of South Africa.

This Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Ordinary Shares, may not be circulated or distributed, nor may Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in section 4A of the Securities and Futures Act 2001 of Singapore (the “**SFA**”), as modified or amended from time to time, pursuant to section 274 of the SFA; (b) to a relevant person (as defined in section 275(2) of the SFA) pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Ordinary Shares are subscribed for or purchased under section 275 of the SFA by a relevant person which is: (a) a corporation (which is not a corporation that is an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under section 275 of the SFA except: (1) to an institutional investor or to a relevant person (as defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) (in the case of such trust) where the transfer arises from an offer referred

to in or section 276(4)(c)(ii) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

This Document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129.

This Document does not constitute a prospectus for the purposes of any offer of Ordinary Shares or any other securities to the public in the United Kingdom for the purposes of section 85(1) of FSMA.

This Document may not be construed as the prospectus required in Japan under Article 13.1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**FIEL**”) or evidence of filing of the securities registration statement (the “**SRS**”) under Article 4.1 of the FIEL, and the Company does not intend to file the SRS in Japan with regard to any securities issued by the Company. This Document may not be circulated or distributed, or any securities issued by the Company may not be offered or sold, to any residents in Japan other than those who are duly informed that the solicitation of the securities in the Company constitutes the “small private placement” under Article 2.3.2(ha) of the FIEL, and the Company has not filed the securities registration statement with respect to solicitation of the Ordinary Shares under Article 4.1 of the FIEL, and number of such residents may not exceed forty-nine (49).

Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The Ordinary Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of Australia, Canada, Singapore, Japan, the Republic of South Africa or the United States. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in, or to or for the account or benefit of any national, resident or citizen of, Australia, Canada, Japan, Singapore, the Republic of South Africa or the United States. This Document does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this Document and the offer and sale of Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, Strand Hanson or Novum Securities to permit a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken to permit possession or distribution of this Document in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document, nor any advertisement, nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Document comes are required by the Company to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In the United States, persons may not distribute this Document or make copies of it without the Company’s prior written consent other than to people who have been retained to advise prospective investors in connection with this Document.

## **INTERPRETATION**

Certain terms used in this Document are defined in Part 15 (*Definitions*) of this Document.

All references to time in this Document are to London, UK time unless otherwise stated.

## WEBSITE

Save for the copies of the documents listed in “Additional Information—Documents available for inspection” that are extracts from this Document and will be available for inspection for a period of 12 months following Admission on the Company’s website at [www.fintechasialtd.com](http://www.fintechasialtd.com), information contained on the Company’s websites, and the contents of any website accessible from hyperlinks on the Company’s websites do not form part of this Document.

## NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures in the European Economic Area and in the United Kingdom (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Novum Securities will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the MiFID II Product Governance Requirements; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

## DATA PROTECTION

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in Guernsey or the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (i) the relevant DP Legislation and regulatory requirements applicable in Guernsey and/or the United Kingdom as appropriate; and (ii) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at [www.fintechasialtd.com/privacy](http://www.fintechasialtd.com/privacy) (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey, the United Kingdom or elsewhere or any third-party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of Guernsey to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in Guernsey, provided that suitable safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Privacy Notice.

This Document is dated 22 January 2025.

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# PART 1

## SUMMARY

### 1. INTRODUCTION AND WARNINGS

1.1. **Details of the issuer:** The issuer is Fintech Asia Limited (to be renamed ICFG Limited) (the “**Company**”), a non-cellular company limited by shares incorporated in Guernsey with registered number 69264. The legal entity identifier of the Company is 213800C7BC4EZQAEVT76. The Company’s registered and head office is at Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 1AR. The telephone number of the Company’s registered office is +44 1481 743030 and its website is at [www.fintechasia.com](http://www.fintechasia.com).

1.2. **Details of the securities:** On Admission, the Ordinary Shares will be registered with an ISIN of GG00BPGZTM87 and SEDOL of BPGZTM8. It is expected that the Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol “ICFG”.

1.3. **Details of the competent authority:** The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.

This Document was approved by the FCA on 22 January 2025.

1.4. **Warnings:** This summary should be read as an introduction to this Document. This Document should be read in its entirety. Any decision to invest in the securities should be based on a consideration of the Document as a whole by the investor. An investor acquiring Ordinary Shares could lose all or part of their invested capital. Civil liability attaches only to those persons who are responsible for this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or where it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

### 2. KEY INFORMATION ON THE ISSUER

#### 2.1. Who is the issuer of the securities?

The Company was incorporated in Guernsey under the Companies Law on 28 May 2021 as a non-cellular company limited by shares with registered number 69264. The Company has an indefinite life and is domiciled in Guernsey and is tax resident in Guernsey.

2.1.1. **Principal activity:** The memorandum of incorporation of the Company does not restrict the objects of the Company; accordingly, for Guernsey legal purposes, the objects of the Company are unlimited. Following completion of the Acquisition and Admission, the principal activities of the Enlarged Group will be to operate in the microfinance, fintech development and operation, investment banking and property management sectors. The principal legislation under which the Company operates is the Companies Law and regulations made thereunder.

2.1.2. **Major shareholders:** On Admission, the Controlling Shareholder of the Company will be Ankhbold Bayanmunkh, who will hold 35.75 per cent. of the Ordinary Shares in the Company.

2.1.3. The major shareholders (having 5 per cent. or more of the current Ordinary Shares in issue), including the Controlling Shareholder have the same voting rights as the holders of Ordinary Shares in the Company. The Controlling Shareholder has entered into a Relationship Agreement with the Company.

Immediately following Admission, assuming Admission occurs on 12 February 2025, the Controlling Shareholder will hold 35.75 per cent. of the Ordinary Shares. In so far as it is known to the Company as at the date of this Document, the following persons are (as at the date of this Document) or will be (immediately following Admission) directly or indirectly interested in 5 per cent. or more of the Company’s issued share capital (being the threshold for notification of interests that will apply to Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

	Number of Ordinary Shares held immediately prior to Admission No.	%	Number of Ordinary Shares held immediately following Admission No.	%
Andrew Roberto Mankiewicz OBE <sup>(a)</sup>	10,000,000	50.61	10,000,000	4.90
Xangbo Global Markets Pte. Ltd. <sup>(b)</sup>	3,000,000	15.18	3,000,000	1.47
Oliver Stuart Fox	1,000,000	5.06	1,000,000	0.49
Ankhbold Bayanmunkh	0	0	72,914,415	35.75
Hirohito Namiki <sup>(c)</sup>	0	0	30,543,350	14.98
Takaaki Kawazoe <sup>(d)</sup>	0	0	32,372,494	15.87
Munkh-Ochir Batbayar	0	0	19,851,687	9.73

(a) This includes shares held by Forest Nominees Limited and Tanglin Capital Limited, both of which are controlled and beneficially owned by Andrew Roberto Mankiewicz OBE, a Controlling Shareholder of the Company immediately prior to Admission.

(b) Xangbo Global Markets Pte. Ltd. is managed by Yarlung Capital (Pte.) Limited, a Singapore based fund manager, holding a Capital Markets Services License and regulated by the Monetary Authority of Singapore.

- (c) This includes shares held by IC Japan LLC and IVC Estonia OU, both of which are controlled and beneficially owned by Hirohito Namiki.
- (d) This includes shares held by IC Japan LLC and Socap Incubation Inc, both of which are controlled and beneficially owned by Takaaki Kawazoe.

**2.1.4. Concert party:** Ankhbold Bayanmunkh, Takaaki Kawazoe, Hirohito Namiki, Munkh-Ochir Batbayar, IC Japan LLC, Eastland Capital OÜ, KKJ Capital LLC, IVC Estonia OÜ, Socap Incubation Inc, Bridge Japan LLC and Masayoshi Itano are deemed to be acting in concert (as defined in the Takeover Code) in respect of the Company.

If the requisite Resolutions are passed at the Extraordinary General Meeting and the Consideration Shares and Conversion Shares are issued by the Company to the Vendors and the Convertible Loan Note holder (including the Concert Party) upon completion of the Acquisition and Admission, then assuming no further new Ordinary Shares are issued by the Company prior to Admission, the Concert Party would on Admission, in aggregate, hold Ordinary Shares carrying a maximum of 80.90 per cent. of the voting rights in of the Company, as set out in the table below.

Furthermore, in the event that the Convertible Loan Notes holder was to convert the Series D Convertible Loan Notes in full post Admission and no additional new Ordinary Shares were to be issued by the Company, then the Concert Party, would in aggregate, hold Ordinary Shares carrying a maximum of 81.21 per cent. respectively of the voting rights in the Company, as also set out in the table below.

Concert Party Members	Number of Consideration Shares issued	Number of Conversion shares issued under Series A, B and C Convertible Loan Notes*	Maximum number of Ordinary Shares on Admission	Maximum percentage of the Enlarged Share Capital held on Admission	Maximum number of Conversion shares issued under Series D Convertible Loan Notes	Maximum number of Ordinary Shares post Series D conversion	Maximum percentage of the Enlarged Share Capital held post issue of the Series D Conversion Shares
Ankhbold Bayanmunkh	72,914,415	0	72,914,415	35.75	0	72,914,415	35.15
Takaaki Kawazoe	27,833,341	0	27,833,341	13.65	0	27,833,341	13.42
Hirohito Namiki	21,340,798	0	21,340,798	10.46	0	21,340,798	10.29
Munkh-Ochir Batbayar	19,851,687	0	19,851,687	9.73	0	19,851,687	9.57
IC Japan LLC	7,113,591	0	7,113,591	3.49	0	7,113,591	3.43
Eastland Capital OÜ	4,516,579	0	4,516,579	2.21	0	4,516,579	2.18
KKJ Capital LLC	2,822,862	0	2,822,862	1.38	0	2,822,862	1.36
IVC Estonia OÜ	0	6,370,434	6,370,434	3.12	3,441,139	9,811,572	4.73
Socap Incubation Inc	1,693,717	0	1,693,717	0.83	0	1,693,717	0.82
Bridge Japan LLC	282,273	0	282,273	0.14	0	282,273	0.14
Masayoshi Itano	266,771	0	266,771	0.13	0	266,771	0.13
<b>TOTAL</b>	<b>158,636,033</b>	<b>6,370,434</b>	<b>165,006,486</b>	<b>80.90</b>	<b>3,441,139</b>	<b>168,447,605</b>	<b>81.21</b>

\* assuming Admission occurs on 28 February 2025 being the latest admission date permitted pursuant to the Acquisition Agreement.

**2.1.5. Key managing directors:** Immediately following Admission, the Directors of the Company will be:

Director	Position
Ankhbold Bayanmunkh (44)	Chairman, Executive Director
Oliver Stuart Fox (44)	Chief Executive Officer, Executive Director
Hirohito Namiki (54)	Executive Director
Nicola Jane Walker (61)	Non-Executive Director
Robert George Shepherd (57)	Non-Executive Director
Amar Lkhagvasuren (45)	Non-Executive Director

**2.1.6. Statutory auditor:** The auditor of the Company is PKF Littlejohn LLP, whose registered office is at 15 Westferry Circus, Canary Wharf, London, E14 4HD. PKF is a member of the Institute of Chartered Accountants in England and Wales and has no interest in the Company.

## 2.2. What is the key financial information regarding the issuer?

### Target Group

**Selected historical key financial information:** Summary financial information for the Target Group for the year ended 31 December 2021 ("FY21"); the year ended 31 December 2022 ("FY22"); and the year ended 31 December 2023 ("FY23"), as set out below, has been extracted without material adjustment from the audited

historical financial information contained herein and should be read in conjunction with the full text of this Document. Investors should not solely rely on the summarised information set out below.

**Summary Income Statement – Target Group**

	Unaudited 6 months to 30 June 2024 US\$'000s	Audited 12 months to 31 December 2023 US\$'000s	Audited 12 months to 31 December 2022 US\$'000s	Audited 12 months to 31 December 2021 US\$'000s
Net interest income	18,906	22,405	16,163	11,444
Net fee and commission income	3,589	4,931	5,322	2,376
Other income (expense), net	(554)	2,560	342	(100)
<b>Net operating income</b>	<b>21,941</b>	<b>29,896</b>	<b>21,827</b>	<b>13,720</b>
Employee costs	(3,815)	(6,184)	(4,234)	(2,557)
Operating and other expenses	(3,321)	(5,854)	(4,191)	(2,690)
<b>Profit before tax</b>	<b>14,805</b>	<b>17,858</b>	<b>13,402</b>	<b>8,473</b>
Income tax expense	(3,679)	(4,703)	(3,208)	(1,706)
<b>Profit after tax</b>	<b>11,126</b>	<b>13,155</b>	<b>10,194</b>	<b>6,767</b>

**Summary Net Assets – Target Group**

	Unaudited 6 months to 30 June 2024 US\$'000s	Audited 12 months to 31 December 2023 US\$'000s	Audited 12 months to 31 December 2022 US\$'000s	Audited 12 months to 31 December 2021 US\$'000s
Cash	37,617	24,405	16,127	8,863
Loans to customers	162,500	134,911	77,597	60,361
Inventories	3,183	4,199	6,051	3,894
Other assets	30,965	21,658	14,382	7,755
<b>Total assets</b>	<b>234,265</b>	<b>185,173</b>	<b>114,157</b>	<b>80,873</b>
Borrowed funds	79,846	59,413	20,277	9,846
Bond payables	24,768	19,651	12,882	9,656
Private Placement of deposits	48,462	41,113	32,632	19,747
Other liabilities	15,709	14,587	11,493	12,519
<b>Total liabilities</b>	<b>168,785</b>	<b>134,764</b>	<b>77,284</b>	<b>51,768</b>
<b>Total equity</b>	<b>65,480</b>	<b>50,409</b>	<b>36,873</b>	<b>29,105</b>

**Summary Net Cash Flows - Target Group**

	Unaudited 6 months to 30 June 2024 US\$'000s	Audited 12 months to 31 December 2023 US\$'000s	Audited 12 months to 31 December 2022 US\$'000s	Audited 12 months to 31 December 2021 US\$'000s
Net cash flows used in operating activities	(10,516)	(43,010)	(24,686)	(21,740)
Net cash flows used in investing activities	(5,000)	(3,882)	(5,874)	(843)
Net cash flow from financing activities	29,040	54,836	39,441	19,416

**Basis of qualified opinion**

InvesCore CA MFC ("InvesCore Kyrgyzstan") is a subsidiary within the Target Group whose commercial activities have historically been predominately transacted in cash. Pre acquisition, by the SIBJ Group and for a period

thereafter, there were limited accounting procedures and financial reporting system in operation until SIBJ Group management introduced new procedures and systems. These new procedures and systems were introduced progressively during 2021 and were substantially in place as at 31 December 2021.

PKF were unable to satisfy themselves concerning opening balances for InvesCore Kyrgyzstan within the Historical Financial Information as at 1 January 2021 through alternative audit procedures for cash held within cash and bank balances and loans and advances to customers within the combined statement of financial position. Consequently, the audit was unable to determine whether any adjustment to these amounts and related balances was necessary. The level of trade associated with InvesCore Kyrgyzstan can be seen within the HFI in Note 46 (Part B), which is in Section B and Bi of Part 12 (*Financial Information*) of this Document.

PKF were unable to satisfy themselves concerning cash based transactions for InvesCore Kyrgyzstan within the Historical Financial Information for the period ending 31 December 2021 through alternative audit procedures. Cash based transaction during this period predominately impacted the calculation of interest income calculated using EIR, loans and advances to customers, impairment of loans receivable, amounts written off loans receivable for the period ended 31 December 2021 together with the loans receivable balance as at 31 December 2021 and therefore reported profit for the year may be materially misstated for this reason. Related movements in the cashflow statement for the same period may therefore be misstated. Consequently, PKF were unable to determine whether any adjustment to these amounts and related balances was necessary.

As a result of the above, the audit opinion is qualified in relation to the opening balances and cash transactions in the year ended 31 December 2021. There are no such qualifications for the year ended 31 December 2022 and 2023.

### **The Company**

Summary financial information for the Company for the period from incorporation on 28 May 2021 to 30 June 2022, the 18-month period ended 31 December 2023 and 6 month period to 30 June 2024, as set out below, has been extracted without material adjustment from the audited historical financial information incorporated by reference herein and should be read in conjunction with the full text of this Document. Investors should not solely rely on the summarised information set out below.

### **Summary Income Statement – the Company**

	<i>Unaudited</i> 6 months to 30 June 2024 £'000s	<i>Audited</i> 18 months to 31 December 2023 £'000s	<i>Audited</i> 13 months to 30 June 2022 £'000s
<b>Total income</b>	2	10	–
<b>Total expenses</b>	(1,622)	(3,410)	(398)
Foreign exchange movement	–	(1)	–
<b>Loss before tax</b>	(1,620)	(3,401)	(398)
Tax	–	–	–
<b>Total comprehensive loss</b>	(1,620)	(3,401)	(398)

### **Summary Statement of Financial Position – the Company**

	<i>Unaudited</i> 6 months to 30 June 2024 £'000s	<i>Audited</i> 18 months to 31 December 2023 £'000s	<i>Audited</i> 13 months to 30 June 2022 £'000s
<b>Total assets</b>	526	326	221
<b>Total liabilities</b>	3,853	2,034	33
<b>Total equity</b>	(3,327)	(1,708)	188

### **Summary Statement of Cash Flows – the Company**

	<i>Unaudited</i> 6 months to 30 June 2024 £'000s	<i>Audited</i> 18 months to 31 December 2023 £'000s	<i>Audited</i> 13 months to 30 June 2022 £'000s
<b>Net cash flow from operating activities</b>	(1,597)	(2,608)	(320)
<b>Net cash flow from investing activities</b>	–	–	–
<b>Net cash flow from financing activities</b>	1,750	2,705	536

## Description of the nature of material uncertainty in the audit report on the Company's Historical Financial Statements

The Company's auditors included a material uncertainty relating to going concern in their audit report for the year ended 31 December 2023. The opinion is summarised as follows:

*"We draw attention to note 4 in the financial statements which indicate the events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. The company is in the process of a target acquisition; however, if the transaction does not complete for various reasons, a break fee is receivable from the target. The Directors consider the break fee to be sufficient to settle all remaining costs incurred in support of the transaction up to the point where any such decision to proceed has not been made. Under such a scenario, the outstanding convertible loan notes payable by the Company would be convertible into ordinary shares at the election of the Noteholder, or settled by other means as agreed between the Company and the Noteholder. As the settlement or conversion of the loan notes are at the discretion of the Noteholder, there exists a level of uncertainty over the exact quantum and timing of the availability of the above sources of future funding which the Company may require in the event that the proposed transaction does not proceed, and the Noteholders do not elect to convert the notes into ordinary shares of the Company. As stated in note 4, these events or conditions indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*

The Company has made reference to the ongoing material uncertainty in relation to going concern in the unaudited interim results at 30 June 2024. The material uncertainty exists if the Acquisition does not proceed, which is irrelevant upon completion of the Acquisition.

## Pro forma financial information – the Enlarged Group

The summary pro forma financial information set out below has been prepared for illustrative purposes only in accordance with Article 7 of the UK Prospectus Regulation. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results. It may not, therefore, give a true picture of the Enlarged Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

US\$'000	The Company	The Target Group	Other adjustments	Pro forma financial information of the Enlarged Group on admission
Total operating income	(61)	21,941	64	21,944
Total operating expenses	(1,991)	(7,136)	(5,040)	(14,167)
Profit/(loss) before tax	(2,052)	14,805	(4,976)	7,777
Tax	–	(3,679)	–	(3,679)
<b>Profit / (loss) after tax</b>	<b>(2,052)</b>	<b>11,126</b>	<b>(4,976)</b>	<b>4,098</b>
<b>Total assets</b>	<b>665</b>	<b>234,265</b>	<b>38,309</b>	<b>273,239</b>
<b>Total liabilities</b>	<b>4,872</b>	<b>168,785</b>	<b>(3,874)</b>	<b>169,783</b>
<b>Net assets / (liabilities)</b>	<b>(4,207)</b>	<b>65,480</b>	<b>42,183</b>	<b>103,456</b>

### 2.3. What are the key risks that are specific to the issuer?

The following represents a summary of the key risks relevant to the Enlarged Group:

**Competition:** The Enlarged Group may face significant competition in some or all of the business activities and the products and services it offers. It may become less attractive to customers and business partners, which could have an adverse effect on the Enlarged Group's business, financial condition, results of operation or prospects.

**Regulation:** The Enlarged Group will operate in the microfinance, fintech development and operations, investment banking and property management sectors. As such it faces a number of risks in respect of a competitive business environment requiring high levels of regulatory compliance, technological robustness and risks specific to operating in the emerging markets of Central Asia.

**Brand Reputation:** Maintaining, protecting, and enhancing the Enlarged Group's brand is vital to expanding its customer base and its connections with capital providers, as well as increasing customers' engagement with its products and services. Any negative publicity about the Enlarged Group, even if unfounded, could adversely affect its reputation with customers, and their confidence in and use of its products and services.

**Technology Risk:** In the event that the Enlarged Group fails adequately to develop and maintain its IT systems, it could result in system failures, malfunctions, outages or data breaches, which in turn would have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and the price of the Ordinary Shares.

**Jurisdiction:** The Enlarged Group will operate in several countries in Central Asia. Central Asia has experienced political instability and regime changes in the past. The lack of political stability could lead to an unpredictable regulatory environment, which may affect the expansion and operations of the Enlarged Group's growth strategy.

**There can be no assurance that future projects will be secured:** There can be no assurance that any early discussions will result in additional project opportunities being secured, which may have a material adverse effect on the Enlarged Group's future business, financial prospects and revenue.

**Risks relating to market developments or demand for microlending and other neo-banking services:**

There is no guarantee that the Enlarged Group will generate the profits it currently anticipates or that the market for microlending and neo-banking services will develop. Any such unforeseen costs or lower uptake of the Enlarged Group's financial products could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **3.1. What are the main features of the securities?**

3.1.1. **Type, class and ISIN of the securities:** The Ordinary Shares are fully paid ordinary shares with no par value. The Company has and, on Admission will have, one class of ordinary shares, comprising the entire issued share capital of the Company. On Admission, the Ordinary Shares will be registered with an ISIN of GG00BPGZTM87 and SEDOL of BPGZTM8. It is expected that the Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "ICFG".

3.1.2. **Currency, denomination, par value, number of securities issued and term of the securities:** The Ordinary Shares are and, on Admission will be, denominated in UK pounds sterling. On Admission, assuming Admission occurs on 12 February 2025 the number of the Ordinary Shares in issue will be 203,957,116. The Ordinary Shares have no par value and will be fully paid.

3.1.3. **Rights attaching to the securities:** All Ordinary Shares rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto, and all Ordinary Shares have equal rights to participate in capital, dividend and profit distributions by the Company. On a show of hands every Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Ordinary Share. Subject to the Companies Law, on winding-up of the Company, the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available to the shareholders *pro rata* to the number of such Ordinary Shares held (by each holder as the case may be) subject to the rights of any shares which may be issued with special rights or privileges.

3.1.4. **Description of restrictions on free transferability of the securities:** The Ordinary Shares are freely transferable and there are no restrictions on transfer, subject to compliance with applicable securities laws.

3.1.5. **Dividend policy:** The Company's present aim is to retain earnings (if any) for future use within its business operations. The board of directors of the Company (the "**Board**") does not have plans to declare any dividends until it becomes commercially prudent to do so.

#### **3.2. Where will the securities be traded?**

Application will be made for the Enlarged Share Capital to be admitted to the equity shares (transition) category on the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that unconditional dealings will commence at 8.00 a.m. on 12 February 2025.

#### **3.3. What are the key risks that are specific to the securities?**

3.3.1. Upon Admission, 18.61 per cent. of the Enlarged Share Capital will be in public hands. Investments in the Enlarged Share Capital may accordingly be relatively illiquid, compared to other companies whose "free float" percentage is greater than the Enlarged Group's. As such, it may be difficult for shareholders to easily realise their investment. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Share may fall.

3.3.2. The Controlling Shareholder will retain a significant interest in, and will continue to exert substantial influence over, the Company following Admission and their interests may differ from or conflict with those of other Shareholders, albeit the Relationship Agreement will take effect on Admission.

3.3.3. Future sales of shares, the possibility of future sales or issues of a substantial number of new Ordinary Shares, including as consideration for an investment or acquisition, could have an adverse effect on the price of the Ordinary Shares, and the issuance of additional Ordinary Shares may well dilute the interests of current Shareholders.

- 3.3.4. Dividend payments on the Ordinary Shares are not guaranteed and the Enlarged Group does not intend to pay dividends in the near future. The Enlarged Group can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.
- 3.3.5. A listing on the equity shares (transition) category will afford investors a lower level of regulatory protection than that afforded to investors in a company with a listing on the equity shares (commercial companies) category, which is subject to additional obligations under the UKLR, which may have an adverse effect on the valuation of the Ordinary Shares.

## 4 KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

### 4.1. Expected timetable

The times and dates set out below that fall after the date of publication of this Document are indicative only and based on the Company's current expectations and may be subject to change.

Event	Time and date
Publication of this Document	22 January 2025
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	9.00 a.m. on 7 February 2025
Extraordinary General Meeting	9.00 a.m. on 11 February 2025
Event	Time and date
Results of the Extraordinary General Meeting announced through RIS	11 February 2025
Completion of the Acquisition, Admission and recommencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. 12 February 2025
CREST accounts credited with uncertificated shares	As soon as reasonably practicable on 12 February 2025
Despatch of definitive share certificates (where applicable) <sup>(2)</sup>	Within 10 Business Days of Admission

### **Details of admission to trading on a regulated market**

Trading in the Existing Ordinary Shares on the Main Market of the London Stock Exchange was suspended on 14 March 2023 following a request by the Company. The Existing Ordinary Shares have been mapped to the equity shares (shell companies) category since the 29 July 2024. Application will be made for all the Ordinary Shares to be cancelled and readmitted to trading on the London Stock Exchange's Main Market for listed securities and admitted to the Official List. No application has or is currently intended to be made for the Ordinary Shares to be admitted to listing elsewhere or to be traded on any other exchange.

### **Amount and percentage of immediate dilution resulting from the issue**

Following the completion of the Acquisition, and conversion of the Convertible Loan Notes assuming Admission occurs on 12 February 2025, existing Shareholders will experience a 90.31 per cent. dilution as a result of the issue of the 184,197,116 new Ordinary Shares (that is, its, his or her proportionate interest in the Company will decrease by 90.31 per cent. The new Ordinary Shares will be the issue of the Consideration Shares and the Conversion Shares only, there has been no offer of security undertaken in connection with the proposed admission.

### 4.2. Why is this Document being produced?

#### **Reasons for the offer or for the admission to trading on a regulated market**

The Company's completion of the Acquisition will amount to a Reverse Takeover pursuant to the UKLR and the Existing Ordinary Shares were suspended on 14 March 2023, when the Company announced that it was considering the Acquisition, pending its application for their cancellation and readmission of the Existing Ordinary Shares and the new Ordinary Shares. This Document is being produced for the purposes of the Admission.

### 4.3. Material conflicts of interest

There are no material conflicts of interest between any duties owed to the Company by any of the Directors, the Proposed Directors or senior management and their private interests or other duties. If there is a conflict of interest in future, the Articles provide for how the Board is to manage and deal with conflicts of interest. The Company and Board will, wherever possible, try to ensure that a conflict of interest does not arise. The Company's practices in managing conflicts of interest enable the Company to identify and document conflicts of interest on an ongoing basis and includes controls, such as documented investment and review processes, to manage any such identified conflicts.

The Company and its senior management will seek to mitigate or resolve any conflict of interest that has been identified and will take appropriate action to do so. This may involve the implementation of additional control measures. Conflicts of interest that are of an ongoing nature are reviewed by the non-executive directors of the Company as part of their ongoing monitoring responsibilities.

## PART 2

### RISK FACTORS

*Investing in and holding Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any such investment in the Ordinary Shares, the Company's business and the industry in which it operates, together with all other information contained in this Document (including, in particular, the risk factors described below).*

*Prospective investors should note that the risks relating to the Company, its business and industry and the Ordinary Shares summarised in Part 1 (Summary) of this Document are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part 1 (Summary) of this Document but also, among other things, the risks and uncertainties described below.*

*The risks and uncertainties described below are those that are known to the Directors and which they consider to be material as at the date of this Document. However, they do not comprise an exhaustive list and do not necessarily include or explain all of the risks associated with the Company, its business and the industry within which it operates and should be used as guidance only.*

*Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, prospects, results of operations, financial position and/or the price of the Ordinary Shares. If any or a combination of these risks actually occurs, the business, prospects, results of operations and/or financial position of the Company's business could be materially and adversely affected. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Document and their personal circumstances.*

#### RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND INDUSTRY

##### **1. The Enlarged Group faces competition in all of its business activities and its market evolves rapidly.**

The Enlarged Group faces competition in each business activity and the products and services it offers in microlending and other neo-banking services, investment banking, property management and IT development. In particular the Enlarged Group faces competition in the microlending market in Mongolia, which is core to its business proposition, from Tavanbogd Finance NBF, Ashid Capital NBFI and TransCapital NBFI enterprise. In June 2024, Target Group subsidiary ICNJ had a market share of 13 per cent. in Mongolia.

Some of the Target Group's current and the Enlarged Group's future competitors may have larger customer bases, scale and resources, which may provide them with competitive advantages. They may devote greater resources to the development, promotion, and sale of products and services in the areas in which the Enlarged Group operates, and they may offer lower interest rates or fees or more effectively introduce and market their own innovative products and services that may in turn adversely impact the Enlarged Group's growth. Mergers and acquisitions by the Enlarged Group's competitors in future may lead to the emergence of even larger competitors with greater resources. If these companies gain a greater share of the market or if the Enlarged Group is unable to react successfully to changes in the industry spurred by the entry of these new market participants, it could have a material adverse effect on its business, financial condition and results of operations.

Competing services tied to established brands both in Mongolia, where the Target Group was established, or other jurisdictions in which it introduces its services, might engender greater confidence in the safety and efficacy of their services relative to those which may be offered by the Enlarged Group.

New entrants might bring more innovative or efficient technology to reach customers in the rapidly evolving environment of personal user device applications making their services preferable to those of the Enlarged Group.

The Enlarged Group's customers may prefer its competitors, for any reason, such as the relative pricing and/or terms of any such competitors' products, or due to the Enlarged Group's inability to continue to develop high-quality and up-to-date services such as personal user device applications or to appropriately co-ordinate its services with market opportunities. The Enlarged Group's products may therefore become less attractive to customers and business partners, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations or prospects.

**2. Damage to the brand, image and reputation of the Enlarged Group could materially adversely impact the Enlarged Group's business, financial condition and results of operations.**

The Target Group has developed a strong and trusted brand that has contributed to the success of its business, particularly in Mongolia. Maintaining, protecting, and enhancing the Enlarged Group's brand is vital in expanding its customer base and its connections with capital providers, as well as increasing customers' engagement with its products and services. This will depend largely on the Enlarged Group's ability to maintain trust and provide and continue to provide high quality, convenient and competitive products and services.

Any negative publicity about the Enlarged Group, even if unfounded, could adversely affect its reputation with customers, and their confidence in and use of its products and services. Adverse publicity in the markets in which the Enlarged Group operates, particularly regarding the quality and reliability of its products and services, its management, its technology systems, its risk management processes, its ability to effectively manage and resolve customer complaints, its privacy and security practices, litigation, regulatory enforcement or other activity, the experience of customers with its products or services, and other actions, could potentially be damaging. Harm to the Enlarged Group's brand and reputation could arise from many sources, including failure by the Enlarged Group or third parties that provide services for the Enlarged Group to operate to satisfy expectations of service and quality; inadequate protection of sensitive information; compliance failures and claims; litigation and other claims; employee misconduct; rumours or false stories; and misconduct by its partners or service providers. To the extent that it is a party to any direct and indirect contractual and non-contractual relationships, agreements and/or associations, the Enlarged Group's reputation is also vulnerable to the actions and omissions of, as well as adverse publicity relating to, these third parties.

The Enlarged Group may be the target of incomplete, inaccurate, and misleading or false statements about the Enlarged Group, its business, and its products and services that could damage its brand and reputation, and materially deter people from adopting its products or services. In addition, as the Enlarged Group undertakes certain sales and marketing activities to promote its brand, if the Enlarged Group is unable to market and promote its brand effectively, its ability to acquire and maintain customers could be materially harmed. If the Enlarged Group does not successfully maintain a strong and trusted brand, this could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

The Enlarged Group is also vulnerable to reputational concerns that affect the microlending and fintech services market as a whole. Increased scrutiny by regulators or consumer protection groups as a result of anti-money laundering ("AML") practices, a service outage, fraud, a data breach or a similar incident at a significant competitor or any other reason, could also erode the public trust in the industry. Damage to, or a negative perception of, any of the companies the Enlarged Group is associated with or the microlending and fintech services industry could also have a material adverse effect on the Enlarged Group's products and services.

**3. The Enlarged Group will derive a substantial majority of its revenue from its holding in Mongolian listed entity, ICNJ, which may have an impact on the valuation of the Enlarged Group**

The Enlarged Group will hold majority ownership of 80.5 per cent. in ICNJ, a subsidiary of the Target, whose securities are listed on the MSE. The trading price of ICNJ's securities listed on the MSE may

be subject to fluctuations due to factors such as changes in estimates, recommendations by securities analysts in respect of ICNJ's listed securities, developments affecting the competitors of ICNJ and changes in general economic conditions which could affect the sentiment in the MSE in general. The volatility of ICNJ's securities listed on the MSE may also adversely affect the trading price of the Ordinary Shares listed on the London Stock Exchange regardless of the Enlarged Group's collective operating performance. For this reason, there may be an impact on the Ordinary Shares which may trade at prices that are higher or lower than the net asset value of the Ordinary Shares and which in turn have an impact on the valuation of the Enlarged Group.

**4. The Enlarged Group's business depends on consumers' consumption and income.**

The non-bank financial institution industry in Mongolia, Central Asia, Southeast Asia, or any market in which the Target Group operates currently or in the future, is highly dependent on global and regional economic stability and growth. Demand for the products and services of the Enlarged Group may therefore decrease if there is a deterioration in the future performance of the economies in which the Enlarged Group operates or any stagnation or reduction in levels of personal income, individual purchasing power or consumer confidence. SME growth and consumer spending habits are affected by, among other things, levels of employment, salaries, consumer confidence and perception of economic conditions, inflation, prevailing interest rates, income tax rates, consumer debt levels, housing and utilities costs and consumer aspirations.

During periods of economic stagnation or decline, customers may tend to become more price-sensitive, which is likely to lead to a decrease in demand for the Enlarged Group's products and services and/or affect the prices at which the Enlarged Group's products and services are offered.

The Mongolian economy has faced, and might face in the future, challenges, primarily due to the decline in prices of commodities which are its principal export and current drivers of its economy, as well as the effects of any downturns in the economies of the country's key trading partners, including China. Other countries in which the Enlarged Group may operate in Central Asia such as Kyrgyz Republic, Uzbekistan, Kazakhstan and beyond may face similar challenges which potentially impact the whole region or have global impact such as the recent COVID-19 pandemic or the ongoing conflict in Ukraine.

If the state of the economy in the countries that the Enlarged Group operates in was to deteriorate, it could lead to a reduction in levels of personal income, individual purchasing power and/or consumer confidence, weakening consumer spending and savings and increasing insolvencies. As a result, the size of operations for the Enlarged Group may grow at a slower rate or even decrease, resulting in a slowdown or decrease in all or any sources of revenue (interest, fees and commissions), which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and/or prospects.

**5. The Enlarged Group may rely upon certain highly skilled employees and it may not be able to attract, retain, and develop the highly skilled employees it needs to support its business and future growth.**

The Enlarged Group's performance depends on the continued services and contributions of its senior managers and highly skilled employees, particularly its management, IT developers and loan officers.

The loss of services of the senior managers or other key employees could significantly delay or prevent the achievement of the Enlarged Group's strategic objectives. The loss of key business and systems knowledge upon the departure of key individuals could result in material knowledge gaps within the business.

From time to time, there may be changes in the Enlarged Group's senior managers resulting from the hiring or departure of senior managers, which could disrupt its business. The loss of the services of one or more of the Enlarged Group's senior managers, or other key employees, for any reason could affect the Enlarged Group's operations and performance, could require significant amounts of time, training cost and resources to find suitable replacements and integrate them within the Enlarged

Group's business, and could negatively affect its corporate culture, any of which could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

In addition, competition may be intense for highly skilled employees in the fields which are key to the Enlarged Group's business and growth strategy. The specialised skills the Enlarged Group requires can be difficult to acquire and, as a result, such skills are in short supply, and employees who possess such skills may be more expensive to employ and retain.

An inability to hire and train employees, or replacements, at a sufficient speed, or to retain qualified employees once hired, could materially hinder the Enlarged Group's business by, for example, delaying its ability to grow the number of customers, develop new products and services or to make technological enhancements. Any of the foregoing could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

## **6. The Target Group's reliance on four funding sources.**

The Target Group's lending activities are primarily funded by four sources, being customer trust deposits, third party bank loans, public and private bonds and retained earnings. Customer trust deposits, which amounted to an aggregate of MNT 164.7 billion (US\$ 48.1 million) as at 30 June 2024, vary in length and interest yields, but (subject to forfeiture of interest) are repayable to the customer on demand. Third party bank loans, which amounted to an aggregate of MNT 271.4 billion (US\$ 79.3 million) as at 30 June 2024, and have a range of maturity dates, are predominantly from Mongolian banks and accordingly are at a comparatively high rate of interest (ranging from 18 per cent. per annum to 19 per cent. per annum). Bonds, which were either issued publicly via the MSE or privately, amounted to MNT 84.2 billion (US\$ 173.7 million) as at 31 December 2023 and have a range of maturity dates and rates of interest.

The Target Group endeavours to balance the range of its sources of funding, amortisation of funding and maturity dates, and to obtain the best commercially available rates of interest and other terms on such funding. It also has a broad range of customers and product types, and seeks to ensure that it is not overly exposed to a limited number of borrowers or product types. However, by the nature of its business model the Target Group is highly leveraged, and interest rates are typically high in Mongolia.

As the Target Group expands, it will require additional borrowings to enable it to fund its lending activities, as this expansion could not be financed wholly out of retained earnings. If an event of default were to occur under any of the Target Group's third party loans or bonds, then this could result in cross-defaults and the Target Group might not be able to repay all of its debts when they fall due. If a significant number of the Target Group's customers with trust deposits demanded repayment of those deposits, for example because of an actual or perceived risk of default by the Target Group, or general economic uncertainty in Mongolia, then the Target Group may not have sufficient available funds to repay all of those deposits. Either of these events could have a material adverse effect on the Enlarged Group. However, nothing in this risk factor is intended to qualify the statement in relation to the Enlarged Group's working capital position.

## **7. The Enlarged Group may face the risk of IT system failures or cyber-attacks which may compromise its IT systems and even expose customers' data.**

The Enlarged Group's IT systems, and those of its partners, local financial institutions that the Enlarged Group works with and service providers, may experience system failures or interruptions which disrupt the Enlarged Group's services and could harm its business and its reputation, and subject it to substantial liability. It may also be vulnerable to cyber-attacks from a number of sources that tend to use various sophisticated and fraudulent techniques.

Sophisticated IT systems require constant monitoring and routine maintenance as well as enhancement and development to continue both to operate as required and to improve the customer experience and offering.

Cyber-attacks could expose customers' sensitive data (for example, their names, addresses and bank account information), result in unauthorised transactions and cause delay or temporarily shut down the Enlarged Group's products and services. The security measures may also be breached due to human and system errors.

Financial service providers like the Enlarged Group are generally at a heightened risk of such attacks. The systems and processes that the Target Group has developed to protect data and customer data and to prevent data loss and other security breaches may not provide adequate protection.

If the Enlarged Group's products and services are interrupted for a prolonged period of time or frequently due to issues experienced either with the Enlarged Group's developed or third-party systems, customers may view the Enlarged Group's services as unreliable, leading them to switch to a competitor, which may impact profitability and growth. If any cyber-attack or system failure results in damages to customers or partners, they could also seek significant compensation for their losses, which, even if unsuccessful, would likely be time-consuming and costly, divert the Enlarged Group's team's attention and could have a negative impact on the Enlarged Group's reputation.

**8. The Enlarged Group may be exposed to financial losses due to errors in codebase or other manual processing errors.**

The Enlarged Group's infrastructure provides fast and efficient access to microlending and other financial services in the NBFI marketspace.

This infrastructure is in turn powered by IT software and manual operational processes, both of which the Enlarged Group develops and maintains internally. The Enlarged Group may constantly evolve this software and process with the objective of improving its products and services to customers. However, errors in the code base and manual errors, if not detected, can lead to errors in the products and services offered by the Company, which can lead to adverse impacts. As a technology focused business, the Enlarged Group would value speed of execution and have controls in place both to prevent and detect these errors; however, such controls may be insufficient, or could fail, resulting in losses occurring undetected.

**9. The Enlarged Group has experienced rapid growth, which may not be sustainable or indicative of future growth, and the Enlarged Group's growth assumptions could be inaccurate.**

There can be no assurance that the recent historical growth in customer demand from new and existing customers will continue or that the Enlarged Group's growth assumptions regarding demand from existing and new customers are accurate. As a result, the Enlarged Group's current growth trajectory could decline, and its growth targets may fail to be met.

In addition, the Enlarged Group's future growth depends in part on the successful further expansion of its operations internationally in Central Asia, Southeast Asia and Eastern Europe either organically or through acquisitions. If the Enlarged Group is not able to achieve the geographical expansion or its assumptions are not realised, the Enlarged Group's growth may be harmed, which could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

**10. The Enlarged Group may fail to successfully execute its growth strategy and targets or sustain its growth.**

The Enlarged Group may fail to successfully execute its growth strategy/targets or sustain its growth due to, for instance, the reliance on historical growth data, trends, assumptions, or other factors and conditions for projecting future growth which may not hold true, difficulty of integrating operations and personnel after acquisition and the inability to obtain anticipated return from investments, if relevant. As a result, the Enlarged Group might not be profitable or be able to complete its growth strategy in a manner that is consistent with its objectives or at all, which would have a material adverse effect on the Enlarged Group's business, financial condition, or results of operations. Furthermore, the success of the Enlarged Group depends heavily on the ability of the Enlarged Group and its management to integrate and implement the commercial objectives of the Enlarged Group following the Acquisition.

**11. The Enlarged Group may acquire other businesses, but these acquisitions may fail to meet expectations and/or create risk for the Enlarged Group.**

The Enlarged Group may consider future acquisition opportunities as part of its strategy. Any acquisitions that it undertakes could subject it to integration and other risks and difficulties, including difficulties in confirming the acquired company's accounting, books and internal controls; difficulties in integrating the acquired company's information technology systems and platforms and retaining vital employees; difficulties in fulfilling regulatory requirements or being able to operate under or renew an acquired licence; failure to capture expected financial benefits (e.g. due to lack of synergy in overheads, unexpected transaction or ongoing costs or underestimated liabilities); and diversion of management's time and attention from existing business and business opportunities.

If any of these risks were to occur, the Enlarged Group may not be able to achieve the anticipated benefits from the acquisitions. In addition, the Enlarged Group's financial performance may be impaired as we incur costs and use vital resources in an effort to rectify the issues defined above.

Where the Enlarged Group considers additional acquisitions, there is no guarantee that such acquisitions will be completed, and significant management time and cost may be spent on considering potential acquisitions that ultimately do not proceed.

**12. The Enlarged Group may require additional financing in the long term and there is no guarantee that it will be able to obtain such funding on commercially acceptable terms or at all**

The Enlarged Group intends to raise additional funds within 12 months for growth capital but there is no guarantee that the then prevailing market conditions will allow for such a fundraising on attractive terms. The Enlarged Group will have cash reserves post-Completion of the Acquisition and Admission. The Enlarged Group expects to incur further significant expenses in the long term in connection with expansion activity and business development relating to the longer term strategy of the Enlarged Group, extended further than scope of the working capital statement. The Enlarged Group may be unable to obtain additional capital on a timely basis on commercially acceptable terms within 12 months, if at all. If the Enlarged Group fails to obtain sufficient capital on acceptable terms, it may be forced to curtail or abandon its growth activity and to forego further development of its business. Moreover, additional equity financing could dilute the number of the shares in issue and therefore the value of the Ordinary Shares for Shareholders, while additional equity financing at lower level would dilute the interests of the Enlarged Group (and thus of its Shareholders) in the future results of ICFG's business. Any of these developments could result in a reduction of funding available to the Enlarged Group and could thereby reduce the Enlarged Group's revenues, increase its losses and adversely affect its business, financial condition or results of operations and prospects.

**13. The Enlarged Group's insurance coverage may not be adequate.**

The Enlarged Group's insurance does not cover all of the Enlarged Group's assets and liabilities. Mongolia's insurance industry is less developed than that in some more economically developed countries, with some insurance products which may not be available to the Enlarged Group on equivalent terms to those available in such economically developed countries, including insurance coverage for a business interruption. The Enlarged Group may incur an uninsured loss of assets and face claims which are not covered or are inadequately covered by its insurance policies. Any such losses or claims could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations or prospects.

**14. The Enlarged Group faces exposure to counterparty credit risk.**

The Enlarged Group, particularly through ICNJ, its largest entity and NBFI, faces exposure to counterparty credit risk, whereby the failure of counterparties to meet their financial obligations could adversely affect the Enlarged Group's business, financial condition and results of their operations.

Depending on the scale of the financial obligation in question, there could be a significant impact on the Enlarged Group's ability to achieve its objectives.

The FRC implements a requirement ratio for microfinance entities regarding loans, other assets equivalent to loans, and payment guarantees of single party and its related parties. Under such requirement, the ratio for single borrower exposure to total equity of microfinance entities should be no more than 30 per cent. As of 30 June 2024, ICNJ had total equity of US\$ 60.0 million and its largest single borrower exposure was around US\$ 2.4 million, keeping the ratio at 4.1 per cent. ICNJ submits a report on its 40 largest borrowers to FRC monthly and as of 30 June 2024, its top 10 borrowers' total exposure is 13.3 per cent. of the total equity. Its second and third largest borrowers' exposure ratios are 1.5 per cent. (US\$ 915,840) and 1.4 per cent. (US\$ 813,862) respectively. The remaining seven largest borrowers' ratios are within the range of 0.2-0.9 per cent. ICNJ also meets the requirement of a maximum of 25 per cent. for total related party exposure to total equity ratio by 2.2 per cent., and maximum 10 per cent. for single related party exposure to total equity by 0.8 per cent.

**15. The Enlarged Group is at risk of fraud, including as a result of employee misconduct.**

Fraud may arise as a result of customer fraud as well as through collusive behaviour where employees, directors, agents or contractors may be complicit, and these activities may result in financial losses.

In the case of employee misconduct, the Enlarged Group may potentially fail to detect, deter or prevent such employee misconduct or error and may suffer financial losses either directly or as a consequence of damage to its reputation.

As a financial services provider, the Enlarged Group could also be a party in any litigation or investigation relating to fraudulent transactions in the future, including litigation or investigation where the Enlarged Group may not be directly involved.

**RISKS RELATING TO THE ENLARGED GROUP'S LEGAL, REGULATORY AND GOVERNANCE FRAMEWORK**

**16. Legal and regulatory regimes may impose barriers to non-banks such as stricter licence conditions or regulatory capital requirements, which can have an impact on the Enlarged Group's ability to compete with banks.**

The Enlarged Group operates as a neo-bank or micro finance institution having been granted a number of licences that allows it to offer products and services without being registered and regulated as a bank. If regulatory policy were to shift to alter the conditions of operation of existing licences or if these were to be removed, it could significantly impact the Enlarged Group's ability to compete with banks operating in the lending business in particular. Any conditions or prerequisites related to or required for these licences may also have an impact on the Enlarged Group's business, financial condition, results of operations or prospects.

Due to the jurisdictions in which the Target Group operates, it is not required to hold a significant amount of regulatory capital as is the case in certain other jurisdictions. Such a requirement, if introduced, could have a negative impact on operations with the Enlarged Group's capital base which is not fully deployed for the purposes of lending. Raising further capital for the purposes of meeting regulatory capital requirements without increasing business returns could prove not to be possible resulting in a scale down of business operations and could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations or prospects.

**17. The Enlarged Group may fail to meet AML, CTF, PF and anti-bribery and corruption regulations.**

The Enlarged Group is subject to the laws covering money laundering (AML), anti-bribery and corruption (ABC), the financing of terrorism (CTF) and proliferation financing (PF). The regulations in the area continue to evolve and therefore monitoring the Enlarged Group's compliance with AML, ABC, CTF, PF and sanctions rules could lead to significant financial cost and require appropriately qualified and experienced staff to be in place. Failure to comply with current or future regulations in the jurisdictions in which the Enlarged Group operates could lead to potentially significant fines or sanctions from regulatory bodies and reputational damage.

Although some companies in the Enlarged Group have policies, training programmes and monitoring procedures on AML, ABC, CTF and PF in place, it cannot be guaranteed that these policies and procedures will completely prevent situations of non-compliance with the regulations. This would include actions by the Enlarged Group's employees, suppliers or other related persons for which the Enlarged Group might be held responsible.

**18. The Enlarged Group's risk management policies and procedures may not be fully effective in mitigating its risk exposure against all types of risks.**

The Enlarged Group has various risk management policies and procedures in place in addition to those on AML, CTF, ABC and PF. The main policies and procedures adopted by the Enlarged Group cover general business code of conduct, procedures on credit, factoring, trust services, short term financial investment, clearing activities, brokerage and underwriting. In addition, procedures on information security and market abuse prevention have also been adopted.

However, these may not be sufficient in fully preventing all types of risks faced by the Enlarged Group, and it cannot be guaranteed that these existing policies and procedures will completely prevent all types of risks from materialising. Failure to maintain or design effective policies, procedures and practices could increase the risk that the Enlarged Group could breach applicable laws and regulations, thus exposing it to the risk of litigation and investigations and possible sanctions by regulatory authorities. Even if the Enlarged Group implements effective policies, procedures and practices, new and unanticipated risks may arise which the Enlarged Group fails to identify and prevent, which may result in significant financial losses.

**19. The Enlarged Group conducts business with and provides products and services to customers in several jurisdictions, which may expose it to risks related to compliance, and could have an adverse effect on its business, results of operations, financial condition or prospects.**

The Enlarged Group operates in several countries in Central Asia, including Mongolia, Kazakhstan, Kyrgyzstan, and Uzbekistan. Since the Enlarged Group may provide services in an evolving regulatory environment in these jurisdictions and is intending to expand into others, which may expose it to risks related to compliance, this may have an adverse effect on its business, results of operations, financial condition or prospects.

There are a variety of different approaches by enforcement agencies in different countries, ranging from permissive to restrictive, as well as jurisdictions where the legal and regulatory framework is ambiguous or unclear. As a result, if the Enlarged Group does not keep up with regulatory developments in all of the markets in which it operates, if a regulator interprets the relevant legal framework differently than the Enlarged Group or if the Enlarged Group fails to comply with applicable law and regulation, the Enlarged Group may face regulatory fines or penalties for the products or services it provides, face limitations imposed by the regulator or be prevented from accessing the market by the regulator. Even if it were not prevented by a local regulator from accessing the market, in the event of any regulator engagement, the Enlarged Group may decide to discontinue products or services in certain markets if challenged by a regulator, or if it considered regulatory burdens to be unduly onerous, or if it were found not to be in compliance in any of its markets.

Failure by the Enlarged Group, or by any third-party providers, to comply with any of the laws, rules or regulations where the Enlarged Group serves customers or provides products and services could result in material adverse effects on the Enlarged Group's business, results of operations, financial condition or prospects, including as a result of regulatory investigations and enforcement proceedings, civil litigation, fines and/or other settlement payments. In addition, adverse publicity could damage the Enlarged Group's reputation arising from its or the third parties it utilises failure or perceived failure to comply with legal or regulatory requirements, which could adversely affect the Enlarged Group's ability to attract and retain customers.

In addition, changes in existing rules or regulations, including the interpretation thereof, or the adoption of new rules or regulations, may subject the Enlarged Group to increased cost and risk of regulatory

investigation, fines or penalties or civil litigation. Any one or more of the foregoing could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

**20. The Enlarged Group would hold certain personally identifiable information relating to its customers and other counterparties and it and its partners may fail to appropriately handle this data, which may increase the Enlarged Group's costs or adversely affect its business and reputation.**

To operate its business, the Enlarged Group must electronically receive, process, store and transmit its customers' and partners' sensitive personal information, including bank account information and expense data. While the Enlarged Group has contracts, policies and procedures in place which are designed to enable compliance with applicable data protection laws and regulations, the Enlarged Group may nonetheless be exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of the applicable privacy or data protection laws in the jurisdictions in which the Enlarged Group operates. Additionally, there can be no guarantee that its employees, contractors, partners, data providers or agents will not violate such laws and regulations or the Enlarged Group's contracts, policies and procedures.

Any perceived or actual failure by the Enlarged Group, or by its third party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm the Enlarged Group's reputation, adversely affect revenue, reduce its ability to attract and retain customers or result in litigation or other actions being brought against the Enlarged Group and the imposition of significant fines. Any such occurrence could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

**21. The Enlarged Group may be exposed to the risk of changes in, or interpretation of, tax legislation and to increases in the rate of corporate and other tax.**

The Enlarged Group may be subject to many different forms of taxation in a number of jurisdictions. Tax authorities around the world may not agree with the Enlarged Group's determinations (or that of the local banks that the Enlarged Group works with) with respect to the application of tax law. Any disagreements with tax authorities could result in lengthy and costly legal disputes, fines, an increased overall tax rate applicable to the Enlarged Group's taxable profit, and, ultimately, in the payment of substantial amounts for tax, interest and penalties, and potential criminal proceedings against the Enlarged Group and its officers. If an agreement cannot be reached with tax authorities on the responsibility for any increased tax costs or filings, challenges by tax authorities may result in material financial exposures for the Enlarged Group.

The Enlarged Group could also be adversely affected by the introduction of new taxes and from time to time, governments may enact legislation that could increase the Enlarged Group's effective tax rates. Negative assessments could cause the Enlarged Group to have to pay certain fees and penalties for its past products and services or increase its costs moving forward. Additional tax expenses could accrue in relation to previous tax assessment periods, which may be subject to a tax audit within the applicable statute of limitations, which may be extended due to lack of disclosure of transactions, negligence or fraud. As a result, the tax authorities could revise original tax filings or assessments and substantially increase the tax burden (including interest and penalty payments) on the Enlarged Group's affected entities.

Any of the aforementioned could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

**22. The Enlarged Group may not be able to obtain the required licence(s) to operate in new jurisdictions**

The Enlarged Group operates as a neo-bank or micro finance institution having been granted a number of licences that allows it to offer products and services in Mongolia, Kazakhstan and Kyrgyz Republic. Although the company is in the process of application for a licence to operate in Uzbekistan there is no guarantee that this licence will be obtained nor that a licence to operate in any other jurisdiction

that the Enlarged Group decides to operate in will be obtained. Without such licences it will not be possible to engage in business activity that are regulated and licensed in other jurisdictions and this may cause a limitation on the ability of the Enlarge Group to grow in those jurisdictions. Any such occurrence could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition or prospects.

**23. The Enlarged Group may not be able to protect its IP rights, or third parties could allege that the Enlarged Group infringes their IP rights.**

The Enlarged Group's intellectual property rights may be contested, circumvented, or found unenforceable or invalid in any of the jurisdictions that the Enlarged Group operates in, and so the Enlarged Group may not be able to prevent third parties from infringing, diluting or otherwise violating its rights and the Enlarged Group may be required to spend significant time and expense enforcing them.

The Enlarged Group may also be unsuccessful in protecting or enforcing its rights in every jurisdiction, particularly where "InvesCore" or similar names, may be in use by third parties, and trademarks associated with this name may be deemed to be generic or non-distinctive. In this regard, the Enlarged Group has registered the trademark related to "InvesCore" in Mongolia, Japan, Kyrgyzstan and Kazakhstan, but not in any of the other jurisdictions. In this regard, subsidiaries in the Target Group may be subject to objections by trademark owners with the same or similar names. The trademark is also registered in Japan, by InvesCore Japan Co., Ltd., which is owned by iCore Partners LLC which is in turn jointly owned by Ankhbold Bayanmunkh, Munkh-Ochir Batbayar and Takaaki Kawazoe. The Enlarged Group does not currently operate in Japan, and does not currently have plans to operate in Japan.

If the Enlarged Group is unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate its trademark rights, the value of the Enlarged Group's brands could be diminished, and its business could be adversely affected. In some instances, the Enlarged Group may need to engage in litigation, settle claims, pay royalty or licensing fees, or satisfy indemnification obligations to resolve disputes related to intellectual property with third parties.

The Target had filed for registration of the "InvesCore" trademark with the UK Intellectual Property Office ("UK IPO"), as well as the Intellectual Property Office of Singapore ("IPOS"). There were three objections to the registration of the said trademark with the UK IPO. There was one objection to the registration of the said trademark with IPOS. The Target has subsequently withdrawn both trademark registrations applications. It has also changed its business name to "ICFG" in Singapore and UK so as not to use the "InvesCore" trademark. The Target's application to register the "ICFG" trademark has been successful in Singapore with IPOS.

**RISKS RELATING TO MONGOLIA, AND OTHER CENTRAL AND SOUTHEAST ASIAN COUNTRIES**

**24. The Enlarged Group operates in developing market jurisdictions that may be subject to political instability and geopolitical tensions.**

The Enlarged Group will operate in several countries in Central Asia, such as Mongolia, Kazakhstan, Kyrgyzstan, and Uzbekistan. Central Asia has experienced political instability and regime changes in the past. Central Asia has a history of being at the crossroads of major empires and civilisations, including the Persian, Mongol, Russian, and Ottoman Empires. These historical interactions have left a legacy of ethnic and cultural diversity and, at times, territorial disputes and power struggles. This instability may in turn affect the stability of the Enlarged Group's operations in the region, thereby affecting its performance. Geopolitical tensions can result in higher market volatility, with stock markets experiencing sudden fluctuations in response to news or events. Tensions can also lead to fluctuations in currency exchange rates, resulting in potential depreciation or devaluation of the Company.

The lack of political stability could lead to an unpredictable regulatory environment, which may affect the expansion and operations of the Enlarged Group's growth strategy. Central Asia has experienced political instability and leadership changes in several countries. Frequent changes in leadership could result in a shift in policy direction and regulatory frameworks, creating uncertainty for businesses and investors. It is not possible for the Enlarged Group to predict potential changes, and such uncertainty could lead to delays and disruption to the future business.

**25. The Enlarged Group operates in Central Asia which is heavily dependent upon export trade and commodity prices and may experience currency exchange rate and economic volatility.**

Central Asian currencies may be subject to volatility, and economic conditions can change rapidly due to several internal and external factors. Central Asian countries rely heavily on the export of commodities such as oil, natural gas, minerals and agricultural products as major sources of revenue. As prices of these commodities in the global market are subject to fluctuations, they may lead to revenue instability for these countries. In addition, some Central Asian countries have historically used fixed or semi-fixed exchange rate regimes that peg their currencies to a foreign currency, typically the U.S. dollar or the Russian rouble. This can create challenges when external economic conditions change, as these pegs may become unsustainable. Underdeveloped financial markets and banking systems in some Central Asian countries can also result in limited access to credit, inadequate risk management, and inefficient allocation of resources. Exchange rate fluctuations and economic volatility may affect the financial stability of businesses, including the Enlarged Group.

## **RISKS RELATING TO THE ORDINARY SHARES**

**26. Investors in the Enlarged Group may not be able to realise returns on their investment within a period that they would consider reasonable.**

Investments in the Ordinary Shares may be illiquid. Upon Admission, the Controlling Shareholder, Ankhbold Bayanmunkh, will hold 35.75 per cent. of the Enlarged Share Capital, and he will be subject to the sale restrictions in the Lock-In Agreement together with Namiki Hirohito, Kawazoe Takaaki, Munkh-Ochir Batbayar and Oliver Fox. There will therefore be a limited number of Shareholders and this factor, may contribute to infrequent trading in the Ordinary Shares on the London Stock Exchange and volatile price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall.

**27. The issue of additional shares in the Enlarged Group as consideration in connection with future growth opportunities, any share incentive or share option plan or otherwise will in certain circumstances dilute all other shareholdings.**

The Enlarged Group may issue Ordinary Shares as consideration for new acquisitions, to raise the funds necessary to pay any cash consideration for an investment or to raise financing to fund other future growth opportunities. The Enlarged Group may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. The Articles confer rights of pre-emption, however such rights do not apply to allotments and issues of equity securities that are, or are to be, wholly or partly paid otherwise than in cash. To the extent that such issues take place on a non-pre-emptive or partially non-pre-emptive basis, the Enlarged Group's shareholders may suffer dilution in their percentage ownership and/or the price of the Ordinary Shares may be adversely affected. Any Shareholder who is unable or unwilling to participate in future equity offerings is likely to suffer dilution.

**28. The Company's Articles do not grant pre-emption rights to Shareholders in all circumstances.**

The Articles confer rights of pre-emption on the Shareholders, however such rights do not apply to allotments and issues of equity securities that are, or are to be, wholly or partly paid otherwise than in cash. A non-pre-emptive issuance of Ordinary Shares would dilute existing holders of Ordinary Shares in respect of both voting power and economic rights.

**29. It is expected that there will be a Controlling Shareholder of the Company who upon Admission who will hold approximately 35.75 per cent. of the voting rights of the Company, and the Concert Party will upon Admission have an interest in approximately 80.90 per cent. of the voting rights of the Company**

Ankhbold Bayanmunkh, the proposed Chairman of the Enlarged Group is expected to hold approximately 35.75 per cent. of the voting rights of the Company upon Admission, and will be a Controlling Shareholder. In addition, Ankhbold Bayanmunkh is a member of the Concert Party, who together are expected to have an interest in approximately 80.90 per cent. of the voting rights of the Company upon Admission. As a result, the Controlling Shareholder in his own capacity and the Concert Party together will possess sufficient voting power to have a significant direct or indirect influence over the Company, including in relation to matters requiring Shareholder approval, such as the election of the directors, the amendment of the Articles, any proposed capital increase and engaging in a significant transaction.

To mitigate this risk, Ankhbold Bayanmunkh has voluntarily entered into a Relationship Agreement with the Company to govern his conduct when transacting and acting in relation to the Company. The Relationship Agreement governs the relationship between Ankhbold Bayanmunkh and the Company to ensure that the Enlarged Group is capable at all times of carrying on its business independently of the Controlling Shareholder and his associates. In particular, the Relationship Agreement contains undertakings from the Controlling Shareholder to, among other things: (i) conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms; (ii) not take any action which would have the effect of preventing the Enlarged Group from complying with its obligations under the UKLR; and (iii) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the UKLR. The Relationship Agreement is not subject to any additional penalty or indemnity clauses. There may be instances when the Controlling Shareholder has interests that diverge from those of the other Shareholders and the Company cannot assure investors that the interests of the Controlling Shareholder will be the same as or align with the interests of purchasers of shares in a future placement or in the market following Admission.

**30. Future substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares.**

Following the expiry of the Lock-In Agreements, one or more of the Directors or substantial shareholders of the Company could sell a substantial number of Ordinary Shares in the public market. Such sales, or the perception that such sales could occur, may materially adversely affect the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price that they deem appropriate and could also impede the Enlarged Group's ability to issue equity securities in the future. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-in arrangements, the market price of the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Ordinary Shares owned by the Shareholders who were previously subject to them. The Company cannot predict whether a substantial number of Ordinary Shares will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, such Shareholders will not reduce their holdings of the Ordinary Shares.

**31. The Enlarged Group's ability to pay dividends in the future depends, among other things, on the Enlarged Group's financial performance and is therefore not guaranteed.**

The Company's present aim is to retain any earnings for future use within its business operations. The Board does not have plans to declare any dividends at the date of this Document. However, the Board will consider paying dividends to Shareholders when it becomes commercially prudent to do so.

The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if paid. Any such dividends must be in compliance with the Companies Law, which requires the Company to pass a solvency test after payment of the dividend.

**32. Exchange rate fluctuations may impact on the value of and the investment in the Ordinary Shares or any dividends in foreign currency terms.**

The Ordinary Shares will be quoted and any dividends to be paid in respect of them will be paid in UK pounds sterling. An investment in Ordinary Shares by an investor in a jurisdiction whose principal currency is not UK pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the UK pound sterling in relation to such foreign currency will reduce the value of the investment of the Ordinary Shares or any dividends in foreign currency terms.

**33. The price of the Ordinary Shares may fluctuate in response to a number of factors, many of which may be out of the Company's control, and investors could lose all or part of their investment.**

Publicly traded securities from time-to-time experience significant price and trading volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Ordinary Shares may prove to be volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price for the Ordinary Shares could fluctuate for various reasons, many of which are outside the Company's control. These factors could include: variations in operating results in the Company's reporting periods; cyclical fluctuations in the performance of the Company's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by the Company or its competitors of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of the Company's major Shareholders or significant sales of shares by any such Shareholders or short selling of the Ordinary Shares; speculation, whether or not well-founded, regarding possible changes in the Company's management team; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares. Investors may not be able to sell their Ordinary Shares.

**34. The proposed listing of the Ordinary Shares in the equity shares (transition) category will afford investors a lower level of regulatory protection than a listing in the equity shares (commercial companies) category.**

A listing in the equity shares (transition) category affords Shareholders a lower level of regulatory protection than that afforded to investors in a company with a listing in the equity shares (commercial companies) category, which is subject to additional obligations under the UKLR. A listing in the equity shares (transition) category will not permit the Company to gain a FTSE indexation, which may impact the valuation of the Ordinary Shares.

**35. Overseas shareholders may have only a limited ability to bring actions or enforce judgements against the Company or its directors.**

The ability of certain persons in certain jurisdictions to bring an action against the Company may be limited under applicable laws and regulations. The Company is a non-cellular company limited by shares incorporated in Guernsey. At the date of this Document, the majority of Directors are citizens or residents of countries other than Guernsey and all or a substantial portion of their assets will be located outside of Guernsey. As a result, it may be impossible or difficult for investors to effect service of process within their home jurisdiction upon such persons or the Company or to enforce against them in their home jurisdiction a judgment obtained in such courts. For example, there is doubt as to the enforceability, in Guernsey, of original actions or actions for enforcement based on the federal or state securities laws of the United States or judgments of United States courts, including judgements based on the civil liability provisions of the United States federal or state securities laws. Subject to reciprocal enforcement legislation, the courts of Guernsey are unlikely: (i) to recognise or enforce against the Company judgements of foreign (i.e. non-Guernsey) courts predicated upon the civil liability provisions of foreign securities laws; and (ii) in original actions brought in Guernsey, to impose liabilities against the Company predicated upon the civil liability provisions of foreign securities laws, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, the courts of Guernsey will recognise and enforce a foreign money judgement of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgement of a competent foreign

court imposes upon the judgement debtor an obligation to pay the sum for which judgement has been given, provided certain conditions are met. For a foreign judgement to be enforced in Guernsey, such judgement must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Guernsey judgement in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of Guernsey (awards of punitive or multiple damages may well be held to be contrary to public policy). A Guernsey court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

## PART 3

### IMPORTANT INFORMATION

#### **1. GENERAL**

Investors should only rely on the information in this Document. No person has been authorised to give any information or to make any representations concerning the Company, and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, Strand Hanson or Novum Securities. No representation or warranty, express or implied, is made by Strand Hanson, Novum Securities or any of their respective representatives or affiliates as to the accuracy, completeness or verification of such information, and nothing contained in this Document is, or shall be relied upon as, a promise or representation by Strand Hanson, Novum Securities or any of their respective representatives or affiliates in this respect, whether or not to the past, present or future. Neither Strand Hanson, nor Novum Securities, assumes any responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Document or any such statement, save that nothing shall act to limit the liability of Strand Hanson or Novum Securities for their own respective fraud. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Document, or that the information contained herein is correct as of any time subsequent to its date.

A copy of this Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the UK Prospectus Regulation.

The Company will update the information provided in this Document by means of a supplement if a significant new factor that may affect Admission occurs after the publication of the Document or if this Document contains any material mistake or material inaccuracy. This Document and any supplement will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules.

Shareholders must not treat the contents of this Document or any subsequent communications from the Company or the Target or any of their respective affiliates, officers, directors employees or agents as legal, tax, business and/or financial advice. Each shareholder should consult his or her or its advisors as to the legal, tax, business, financial and related aspects of subscribing for or purchasing Ordinary Shares. In making an investment decision, each shareholder must rely on his or her or its own examination, analysis and enquiry of the Company, the Ordinary Shares, including the merits and risks involved.

Neither the Company, the Directors, Strand Hanson, Novum Securities or any of their respective affiliates or representatives is making any representation to any offeree, subscriber or purchaser of the Ordinary Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

#### **2. HISTORICAL FINANCIAL INFORMATION**

The Company's financial information as of and for the period commencing from the date of incorporation on 28 May 2021 to 30 June 2022 (audited), the 18 month period to 31 December 2023 (audited) and unaudited interim period to 30 June 2024 (collectively the "**Historical Financial Information**") has been incorporated by reference in Section A of Part 12 of this Document.

The Historical Financial Information has been prepared in accordance with the basis of preparation and accounting policies as set out in Note 2 to the financial statements in the Report and Audited Financial Statements of Fintech Asia, as incorporated by reference within Section A of Part 12 of this Document which are consistent with those that will be used by the Company in its audited financial statements as at and for the year ending 31 December 2024.

Excluding the interim period to 30 June 2024 which are unaudited, the Historical Financial Information incorporated by reference in Section A of Part 12 of this Document is audited and the audits were prepared in

accordance with the International Standards of Auditing (UK), issued by the Financial Reporting Council in the United Kingdom.

The Company's first financial year commenced on the date of incorporation and ended on 30 June 2022. The Company then changed its accounting reference date and had a long period of accounts to 31 December 2023. Subsequent financial years of the Company will run from 1 January to 31 December.

The Historical Financial Information ("HFI") on the Target Group is contained in two separate sets of HFI and accountant's reports as included in Section B of Part 12 of this Document ("Target Group Financials"). The first HFI and accountant's report covers the combined financial information of ICFG Pte Ltd (the "Target"), and SIBJ Capital LLC and various commonly controlled entities that will form part of the ongoing business (the "SIBJ Group") (together, the "Target Group") for the years ended 31 December 2021 and 31 December 2022 ("Combined Historical Financial Information") and the consolidated financial information of the ICFG Pte Ltd and its subsidiaries for the year ended 31 December 2023 ("Consolidated Financial Information"). The financial information for the Target is in the HFI and accountant's report from the date it acquired SIBJ Capital LLC, which was 18 January 2023 and is within the second HFI for the earlier two periods.

The second HFI and accountant's report covers the standalone financial information of the Target for the two years ended 31 December 2021 and 31 December 2022. The reason for the two separate reports is because the Target was not under common control of the rest of the SIBJ Group prior to 18 January 2023. Both accountant's reports were prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom.

### **3. CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this Document to:

"**€**" are to the single currency of the participating member states of the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;

"**GBP**" or "**£**" are to the lawful currency of the United Kingdom;

"**S\$**" are to the lawful currency of Singapore;

"**MNT**" or "**₮**" are to the lawful currency of Mongolia;

"**KGS**" are to the lawful currency of Kyrgyzstan;

"**US dollars**", "**US\$**" are to the lawful currency of the United States;

"**JPY**" are to the lawful currency of Japan; and

"**€**" and "**EUR**" are to the lawful currency of the member states of the European Monetary Union that have adopted the euro as their currency.

Other than in Part 9 and Part 12 of this Document, and unless otherwise indicated in this Document, the following exchange rates have been applied:

MNT 1 = US\$ 0.000292

JPY 1 = US\$ 0.006372

EUR 1 = US\$ 1.34

KGS 1 = US\$ 0.0019

### **4. ROUNDING**

Certain data in this Document, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Document may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this Document, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

## **5. MARKET, ECONOMIC AND INDUSTRY DATA**

This Document contains historical market, economic and industry data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Company and its business contained in this Document consist of estimates based on data compiled by professional organisations and on data from other external sources. The Company confirms that all such third-party information contained in this Document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Whilst the Directors believe the third-party information included therein to be reliable, the Company has not independently verified such third-party information.

In some cases, there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Company to rely on internally developed estimates.

Where third-party information has been used in this Document, the source of such information has been identified. Where the Company has relied upon internally developed estimates, the information is identified as Company estimates or beliefs.

The Company does not intend, and does not assume any obligation, to update industry or market data set forth in this Document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Document and estimates based on any data therein may not be reliable indicators of future market performance or the Company's future results of operations.

## **6. REFERENCES TO DEFINED TERMS**

Certain terms used in this Document, including certain capitalised terms and certain technical and other terms, are defined, and certain selected industry and technical terms used in this Document are defined and explained in Part 15 (*Definitions*) of this Document.

## **7. INFORMATION NOT CONTAINED IN THIS DOCUMENT**

No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this Document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information in this Document is correct as of any time subsequent to the date hereof.

## **8. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This Document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Board's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "targets", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. In particular, the statements under the sections headed "Summary Information", "Risk Factors", "Business Description" and "Operating and Financial Review" of this Document as well as other expressions of the Company's targets and expectations and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Company's actual results to so vary include, but are not limited to:

- the availability and cost of equity or debt capital, if required, for future transactions;
- changes in the economic environment; and
- legislative and/or regulatory changes in the fintech sector globally, which may affect the Company's investments.

For more information regarding these and other uncertainties, please see Part 2 (*Risk Factors*) of this Document.

Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the UKLR, or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of it.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Document.

## **9. ADVICE**

Prospective investors should not treat the contents of this Document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares. Prospective investors must rely upon their own representatives, including their own legal or financial advisors and accountants, as to legal, taxation, investment or any other related matters concerning the Company and an investment therein. Statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

## **10. NO INCORPORATION OF WEBSITE INFORMATION**

The contents of the Company's or the Target Group websites and any other website mentioned in this Document or directly or indirectly linked to these websites do not form part of this Document unless it is expressly incorporated by reference. The information on such websites has not been verified or approved by the FCA, and investors should not rely on such information.

## PART 4

### DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Mr Oliver Stuart Fox, <i>Chief Executive Officer, Executive Director</i> Mr Robert George Shepherd, <i>Independent Non-Executive Director</i> Ms Nicola Jane Walker, <i>Independent Non-Executive Director</i>
<b>Proposed Directors</b>	Mr Ankhbold Bayanmunkh, <i>Proposed Chairman, Executive Director</i> Mr Hirohito Namiki, <i>Proposed Executive Director</i> Mr Amar Lkhagvasuren, <i>Proposed Non-Executive Director</i>
<b>Administrator and Company Secretary</b>	New Street Management Limited Les Echelons Court Les Echelons, St Peter Port Guernsey GY1 1AR
<b>Registered and Head Office</b>	Les Echelons Court Les Echelons, St Peter Port Guernsey GY1 1AR
<b>Telephone Number</b>	+44 1481 743030
<b>Financial Adviser</b>	Strand Hanson Limited 26 Mount Row London W1K 3SQ UK
<b>Broker</b>	Novum Securities Limited 2nd Floor 7, 10 Chandos St, London W1G 9DQ
<b>Auditor and Reporting Accountant</b>	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD UK
<b>Solicitors to the Company</b>	Pinsent Masons MPillay LLP 182 Cecil Street #32-01 Frasers Tower Singapore 069547
<b>Guernsey counsel to the Company</b>	Carey Olsen (Guernsey) LLP Carey House, Les Banques St. Peter Port GY1 4BZ Guernsey
<b>Mongolian counsel to the Company</b>	MahoneyLiotta LLP The Landmark, 7 <sup>th</sup> Floor Chinggis Avenue – 13 Ullaanbaatar Mongolia

**Kazakhstan, Kyrgyzstan and  
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Republic of Kazakhstan

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Adviser and Broker**

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UK

**Solicitors to the Target**

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#33-00 UOB Plaza 1  
Singapore 048624

**Registrars**

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Bulwer Avenue  
St Sampson  
Guernsey GY2 4LH

**Financial public relations  
advisers to the Company**

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Birchin Court  
20 Birchin Lane  
London EC3V 9DU  
UK

## PART 5

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*All references to times are to the time in London, UK. Each of the times and dates in the table below is indicative only and is subject to change without further notice.*

Event	Time and date
Publication of this Document	22 January 2025
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	9.00 a.m. on 7 February 2025
Extraordinary General Meeting	9.00 a.m. on 11 February 2025
Results of the Extraordinary General Meeting announced through RIS	11 February 2025
Completion of the Acquisition, Admission, issue of Consideration Shares and Conversion Shares and recommencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. 12 February 2025
CREST accounts credited with uncertificated shares	As soon as reasonably practicable on 12 February 2025
Despatch of definitive share certificates (where applicable) <sup>(2)</sup>	Within 10 Business Days of Admission

*Notes:*

- (1) *No temporary documents of title will be issued.*
- (2) *All references to time in this Document are to London time unless otherwise stated, and may be subject to change.*
- (3) *The timing of Completion remains uncertain and subject to the satisfaction or waiver of the Conditions.*

## PART 6

### ADMISSION STATISTICS

Issue Price (per Ordinary Share)	£0.64
Number of Existing Ordinary Shares	19,760,000
Number of Consideration Shares	177,840,000
Number of Conversion Shares*	6,357,116
Enlarged Share Capital upon Admission*	203,957,116
Number of Warrants outstanding on Admission*	2,237,171
Number of Consideration Shares as a percentage of the Enlarged Share Capital immediately following Admission*	87.19%
Number of Conversion Shares as percentage of the Enlarged Share Capital immediately following Admission*	3.12%
Expected market capitalisation of the Company upon Admission at the Issue Price	£130,532,554

In accordance with UKLR 22.2.2, at the time of Admission at least 10 per cent. of the Ordinary Shares will be in public hands (as defined in the UKLR).

\* Assuming Admission occurs on 12 February 2025, in the event Admission is delayed interest will accrue at a rate of 5 per cent. per annum on the principle outstanding amount pursuant to the relevant Convertible Loan Notes.

### DEALING CODES

**ISIN**  
**SEDOL**  
**TIDM**  
**LEI**  
**ZQAEBT76**

**GG00BPGZTM87**  
**BPGZTM8**  
**ICFG**  
**213800C7BC4E**

## PART 7

### STRATEGY AND BUSINESS OVERVIEW

#### **1. INTRODUCTION**

The Company was incorporated in Guernsey on 28 May 2021 for the purposes of acquiring one or more companies or businesses in the financial technology sector, commonly referred to as “fintech”, that offer new technologies that seek to improve and automate the delivery and use of financial services in Asia.

The Company was admitted to listing on the Official List by way of a Standard Listing and to trading on the Main Market on 15 September 2022. The Company raised a total of £1,445,000 (before expenses) in conjunction with the IPO and the formation of the Company through an initial placing and a founder subscription.

##### **1.1 Overview and reasons for the Acquisition**

Following the Company’s Admission to trading on the Main Market on 15 September 2022, the Company proceeded with carrying out its stated strategic objective of attempting to acquire one or more companies or businesses in the financial technology sector, focused on improving the delivery and use of financial services in Asia. During this period, the Company identified and considered the potential suitability of a number of acquisition targets and entered into initial discussions, including with the Target Group. The Target Group was considered by the Board to be a suitable proposed acquisition target and further detailed discussions commenced.

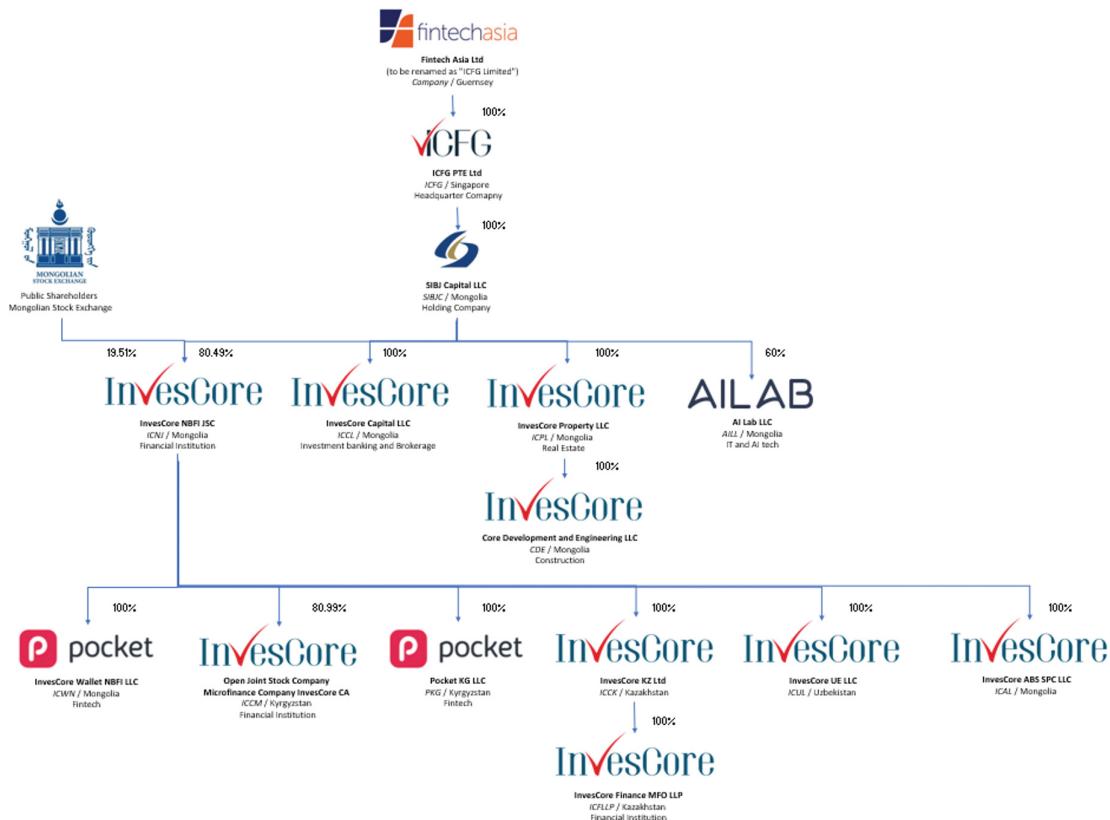
On 10 March 2023, the Company executed a non-binding heads of terms (save for, *inter alia*, break fee, exclusivity restrictions, confidentiality and other customary terms which are binding) in relation to the potential acquisition by the Company of the entire issued share capital of the Target, the holding company of the Target Group. The Target Group was established in Mongolia in 2016 and currently operates across three synergistic sectors, being: (a) financial services; (b) information technology and artificial intelligence; and (c) real estate development and management. As such, the Directors believe the Acquisition fulfils the main strategy of the Company as set out in its prospectus dated 12 September 2022.

The Acquisition constitutes a Reverse Takeover under the UKLR as it results in a fundamental change in the business of the Company. Therefore, trading in the Existing Ordinary Shares was suspended with effect from 14 March 2023, when the non-binding heads of terms were announced pending the publication of this Document. The Acquisition is conditional on, *inter alia*, compliance with legal and regulatory requirements (including obtaining the requisite shareholder approval) and Admission.

Further funding was obtained by the Company to finance advisory costs in connection with the Acquisition, by issuing convertible loan notes of an aggregate of £1.0 million, which were fully drawn down in November 2023. Additional convertible loan notes of a further £1.0 million in aggregate were issued, which were fully drawn down in February 2024. The Company issued further convertible loan notes on 23 April 2024, of an aggregate principal amount of £2.0 million, of which £1.3 million has been subscribed, and further convertible loan notes on 4 December 2024 of an aggregate principal amount of £2.0 million, of which £1.5 million has been subscribed.

##### **1.2 Principal Business Activities of the Enlarged Group**

Upon completion of the Acquisition, the Company will hold the entire issued share capital of the Target. The Target Group has a controlling interest (*via* wholly owned subsidiary, SIBJ Capital LLC) in a number of subsidiaries operating under four business segments: financial services; investment banking; AI and IT services; and real estate development and management. The Target Group has a total of 527 employees across its business units operating in Singapore, Mongolia, Kyrgyzstan, Kazakhstan and Uzbekistan



In addition to the 80.49 per cent. in InvesCore NBFI JSC (“ICNJ”) held by SIBJ Capital LLC as shown above, InvesCore Capital LLC (“ICCL”) currently holds shares in ICNJ representing 0.32 per cent. of the shares in issue and therefore the Target Group has an aggregate shareholding in ICNJ representing 80.81 per cent. As such the public shareholding in ICNJ is currently 19.19 per cent.

Note that at the end of 2023, ICCL held 0.22 per cent. of ICNJ to make the aggregate holding at that time 80.71 per cent. (as set out in the Section B of Part 12 of this Document).

(a) **Financial services**

InvesCore NBFI JSC, was incorporated in May 2016 in Mongolia and currently has operations in Mongolia, and has subsidiaries operating in Mongolia, Kyrgyzstan, Kazakhstan and Uzbekistan. Holding licences from the Financial Regulatory Commission of Mongolia, ICNJ is authorised to provide lending, trust deposit, factoring, payment guarantees, and to invest in short-term financial instruments. In May 2019, ICNJ went public on the MSE through an IPO, offering 15 per cent. of its shares to the Mongolian market. In July 2022, ICNJ conducted a secondary issue through a follow-on public offering, offering a further 5 per cent. of its total issued share capital to the Mongolian market. Following these fund raisings, 19.51 per cent. of ICNJ’s total shares (the portion not held by the Group) are owned by third party investors through the MSE.

ICNJ is the most significant business of the Target Group with a total market capitalisation, as on the Latest Practicable Date, of MNT 681.7 billion (US\$ 199.1 million). The 80.81 per cent. of ICNJ held by the Target Group is therefore valued at MNT 550.9 billion (US\$ 160.9 million).

ICNJ combines traditional microfinance practices with the innovation of fintech, capitalising on technology to enhance efficiency and elevate the customer experience. The Target Group recognises the importance of technology in the industry’s revolution and in collaboration with its IT subsidiary, AILL (see paragraph 1.2(c) below), launched the fintech application, Pocket. Additionally, it has launched an in-house developed, fully automated loan origination system (LOS) and an AI-driven credit scoring system.

Beyond conventional microfinance offerings, the Target Group has introduced further products to the microfinance market. These include foreign currency loans, credit lines, bridge financing,

corporate bond-collateralised loans, and credit cards, in addition to car loans, business loans and consumer loans.

As of June 2024, the gross loan portfolio of ICNJ increased by 17.9 per cent. from December 2023 to US\$ 176.2 million (MNT 602.8 billion).

ICNJ had a market share of 10.4 per cent. in the Mongolian NBFI market in 2022, which increased to 13.4 per cent. in 2023. In 2024, ICNJ continued to expand its market share at a similar rate as the previous year.

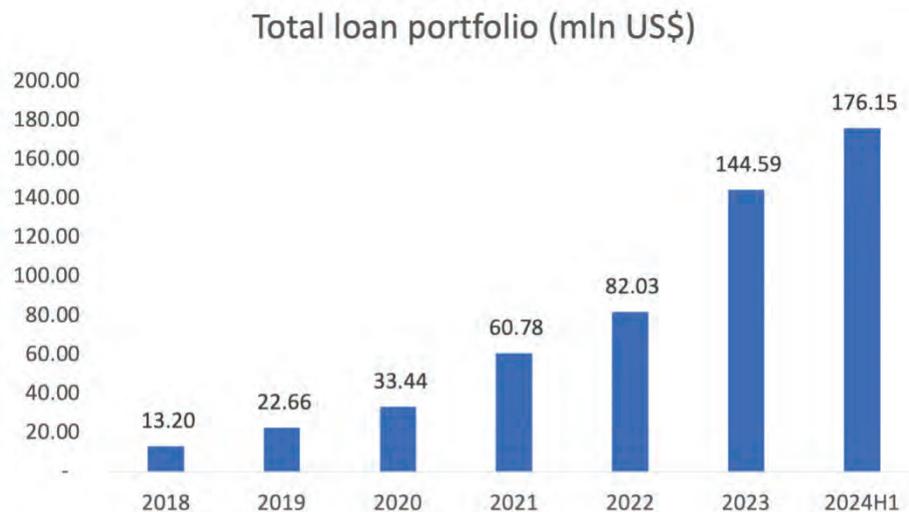
In the Kyrgyz market, ICCM had a market share of 2.1 per cent. in 2023. By mid-2024, it had increased its share to 2.5 per cent. and is continuing its efforts to grow further, aiming to reach 3 per cent. by the end of 2024.

The Target Group's lending activities are primarily funded by four sources: customer trust deposits, third party bank loans, public and private bonds and retained earnings. Trust deposits are where cash deposits are made at branches and interest is subsequently paid to the deposit holder. There are two types of trust deposits designed for individuals and companies. The deposit holders can opt for regular or flexible terms, with regular terms paying interest at the end of the 6 - 24 month period and flexible deposits paying interest monthly or quarterly on a 6 - 12 months term. Interest rates vary depending on the length of period and deposit account selected. Customers are charged penalties for early withdrawal.

As at June 2024, InvesCore NBFI had c.350 trust deposit holders, with company deposit accounts representing c.20 per cent. and individual deposit accounts representing c.80 per cent. The weighted average duration of a trust deposit is 12 months and the weighted average annual interest rate was 18.4 per cent., paid in the national currency MNT, which represents c. 97 per cent. of total trust deposits. Trust deposits are not ringfenced and are used to fund day to day trading activity. These lending activities are covered in more detail in Part 9 of this Document.

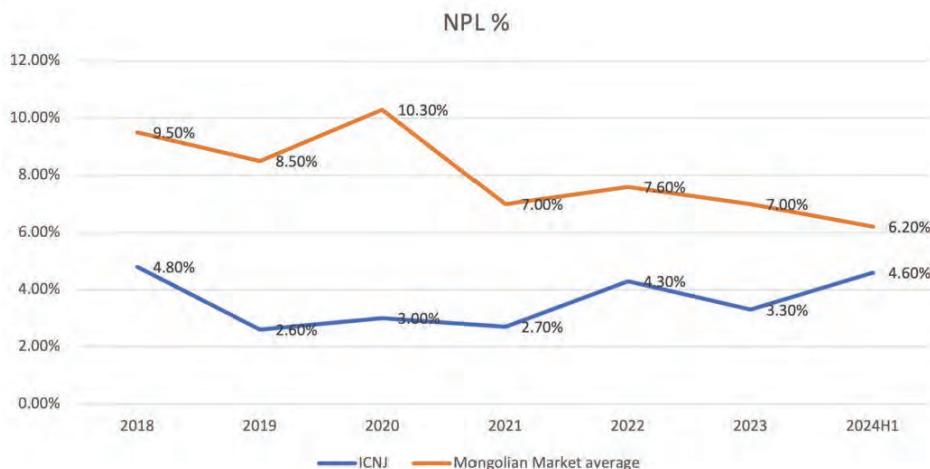
At the time of its 2019 IPO, ICNJ had projected its loan portfolio to reach US\$ 74.55 million by the end of 2022. This was exceeded by 10.7 per cent. to reach US\$ 82.0 million as at 31 December 2022, as shown in Figure 1. There was a significant increase in 2023, with total loan portfolio growing by 43.3 per cent. to US\$ 144.6 million by the end of the year 2023. This growth can be attributed to the post-COVID business recovery.

Figure 1. Total Loan Portfolio ICNJ, US\$ million



ICNJ has a non-performing loan rate (NPL) of 4.6 per cent. of the total loan portfolio, with overdue loans constituting 2.7 per cent. of the loan portfolio. This non-performing loan percentage is 1.6 points lower than the Mongolian market industry average.

Figure 2. NPL of ICNJ and industry NPL, historical



(Source: ICNJ, FRC Mongolia)

The interest rates offered to ICNJ customers are competitive within the Mongolian NBFI market as the table below shows, with comparison to the top three competitors and overall NBFI market.

*Loan interest rate ICNJ and NBFI competitors in Mongolia:*

*ICNJ (2024H1)*

ICNJ	Consumer loan interest rate	3.16% p.m.
	SMEs loan interest rate	2.9-3.2% p.m.
	Non-performing loan rate	4.60%
Mongolian NBFI Market	Weighted average loan interest rate	3.5% p.m.
	Non-performing loan rate	6.20%
Mongolian Commercial Bank Market	Weighted average loan interest rate	1.32% p.m.
	Non-performing loan rate	8.30%

(Source: Mongolia: FRC 2024H1 Report, Mongol Bank monthly report)

ICNJ has increased its loan book in response to the increasing demand for both business and consumer loans and has financed this through the issuances of shares and corporate bonds on the MSE and long-term financing agreements with financial institutions. ICNJ has raised funds from institutions such as the EMF Microfinance Fund (US\$ 5.0 million in 2023, and secured further US\$ 5.0 million in 2024 H1), LendaHand (US\$ 1.9 million in 2023), EBRD (US\$ 5.0 million), and the ADB (US\$ 10.0 million). ICNJ further expanded its cooperation with international funds, and obtained US\$ 10.0 million funding from Blue Orchard Microfinance fund in 2024 H1. This funding is intended to support the expansion of ICNJ's MSME loan portfolio within the Mongolian market. Blue Orchard Micro Finance Fund, a leading global impact investment fund, manages assets totalling US\$ 2.6 billion.

In addition to raising funds from international organisations, ICNJ also collaborated with local banks and financial organisations by raising MNT 30.0 billion (US\$ 8.8 million) from XacBank, and MNT 15.0 billion (US\$ 4.38 million) from Bogd Bank. ICNJ has raised MNT 15.0 billion (US\$ 4.38 million) from Golomt Bank in 2023 and increased the financing to MNT 75.0 billion (US\$ 21.92 million) and acquired additional funding of MNT 30.0 billion (US\$ 8.8 million) and US\$ 5.0 million in 2024 H1, making the total funding from Golomt Bank US\$ 35.54 as of 2024 H1. The company has also raised total of MNT 70.0 billion (US\$ 20.5 million) from the Mongolian Mortgage Corporation since 2021 in various tranches.

On the corporate bond market, ICNJ, in collaboration with ICCL, issued asset-backed-securities by issuing a loan-backed security US\$ 0.9 million (MNT 3.1 billion) on the Mongolian Stock Exchange and a public bond programme on the same exchange, issuing a US\$ 5.8 million (MNT 19.8 billion) corporate bond. Another bond programme of US\$ 14.6 million (MNT 49.9 billion) was launched in the fourth quarter of 2022. In addition to these initiatives, ICNJ uses the regulated over-the-counter market, issuing corporate bond instruments for capital raising purposes.

As part of the Target Group's local expansion strategy, it has established partnerships through its "Alliance" programme with other financial institutions in rural areas rather than opening physical branches. At the date of this Document, the Target Group has six Alliance members in different provinces in Mongolia and continues to seek further Alliance partners in the remaining 21 provinces. To achieve this, the company will co-operate with a non-banking financial institution (NBFI) as a partner for each province, based on criteria such as governance practices, risk management capabilities, and track record of profitability, and support the Alliance members by sharing its systems, processes, knowledge, and business know-how. The Alliance programme is in line with the Target Group's strategy for advancing financial accessibility and inclusivity in the rural, underdeveloped areas of Mongolia and is expected to enable the Target Group and its members to leverage the collective resources for greater impact on sustainable social and financial returns.

ICNJ has achieved certification of its Integrated Management System encompassing ISO 9001 and ISO/IEC 27001, being the first non-banking financial institutions in Mongolia to do so. ISO 9001, a globally recognised quality management system, demonstrates the Target Group's commitment to meeting and exceeding international standards in product production and service quality management. ISO/IEC 27001, an international standard for information security management, provides a framework for establishing, implementing, maintaining, and continually improving an information security management system.

The Target Group has had its credit rating upgraded from "A-" to "A" from the international rating organisation "MicroFinanza Rating" SRL. The "A" rating is the highest rating among financial institutions in Mongolia. Globally, only 28 of the more than 681 banks and financial institutions have received an "A" rating since 2010, 10 of which have received an "A" institutional rating as same category as ICFG.

ICNJ is the holding company for the following entities and has a total of 361 (at June 2024) employees across the subgroup:

- I. InvesCore Wallet NBFI LLC was incorporated in Mongolia on 6 May 2019. On 25 November 2019, ICWN received a licence from the FRC, which permitted the following activities: lending, issuing payment instruments, providing investment advice, and providing electronic payment and money transfer services. In addition, on 13 January 2023, the Meeting of the Digital Council of the FRC granted a licence for trust services and factoring to ICWN. Based on this decision, the trust services and factoring were registered as approved activities of the ICWN with State Registration Authority of Mongolia on 23 January 2023. ICWN, in accordance with the relevant regulatory requirements subsequently registered its main product and service, a mobile application called "Pocket", with the FRC. Pocket is an 'application' on mobile phones that can be used for, *inter alia*, digital wallet, payment and remittance, instalment purchases and for obtaining online instant loans. ICWN has 99 employees in June 2024.
- II. Pocket KG LLC was incorporated in the Kyrgyz Republic on 28 July 2020 and its main activity is to provide a digital lending marketplace for financial institutions and electronic payment solutions to individuals and corporations. PKG is currently introducing the Pocket application to the Kyrgyz Republic market, which will be the first online credit and instalment purchase payment product in the local market.
- III. Open Joint Stock Company Microfinance Company InvesCore CA was incorporated in the Kyrgyz Republic under the name of MKK Zolotoy Standard LLC, with ICNJ then acquiring it in 2020 and changing the company's name to Open Joint Stock Company Microfinance Company InvesCore CA ("**ICCM**"). ICNJ then transferred 30 per cent. of ownership to the local management team in the Kyrgyz Republic. In May 2024, ICNJ increased its share

ownership by increasing the share capital of the company. ICNJ retains a 80.99 per cent. interest in this company. Its main activity is to provide microfinance services to individuals and legal entities and to provide investment consulting services. As at the date of this Document, ICCM is operating with four branches and 43 employees (at June 2024). The following graph illustrates the changes in ICCM's loan portfolio and its NPL rates. After acquiring ICCM in August 2022, the NPL rates were initially high. However, following the implementation of the company's professional management strategies and expertise, the NPL rates decreased significantly and have been maintained at approximately 1 per cent.



- IV. InvesCore KZ Ltd was incorporated on 6 May 2022 in Kazakhstan and its main activity is to serve as a holding company. The Target is working to launch both its traditional and fintech products and services in the Kazakh market.
- V. InvesCore UE LLC was incorporated on 1 February 2023 in the Republic of Uzbekistan. Its main activity is the provision of "other types of crediting(services)".
- VI. InvesCore Finance MFO LLP was incorporated in Kazakhstan as a wholly-owned subsidiary of ICCK on 24 October 2023. The company has obtained the licence to operate as a registered microfinance organisation in Kazakhstan on 18 June 2024 and started operations on 1 August 2024.

(b) **Investment Banking**

InvesCore Capital LLC was incorporated in Mongolia on 8 June 2018 with the purpose of advising the Target Group, as well as external corporate clients on equity and debt financing, mergers and acquisitions, and providing investors with online access to capital markets. ICCL holds licences from the FRC for the following activities: brokerage, dealing, underwriting, and investment consultancy. ICCL also received permission for rendering cash transactions services through cash nominee accounts from the FRC in 2020 brokerage for foreign securities in 2023, and brokerage for mining commodities in 2024. Focusing on bridging the emerging markets with the developed markets, ICCL supports innovative, tech-driven companies as well as ICNJ, and has underwritten approximately US\$ 141.3 million (MNT 483.4 billion) of funds since inception.

The market capitalisation of the Mongolian Stock Exchange grew from US\$ 0.6 billion in 2015 to more than US\$ 2.9 billion in 2023. The entrance of commercial banks into the stock market, with issuance of their shares on the market through IPOs, has significantly contributed to the market's growth. Following amendments to core banking laws and regulations in 2021, it became a requirement for systemic banks to become public companies and reduce their ownership concentration. This has resulted in banks going public with five major banks doing so since 2021. The expansion of the stock market, combined with the IPOs of major commercial banks, has increased public interest in the local capital markets with retail and corporate investors being increasingly able to participate in the market, driven by regular information about IPOs and broader media coverage. ICCL has worked as a lead underwriter for the third largest commercial bank, raising approximately US\$ 34.5 million (MNT 118.0 billion) through an IPO in 2022. The market has seen significant growth in both equity and local debt markets. With the introduction of regulation of over-the-counter corporate bonds in 2021, businesses seeking expansion have had an additional financing solution and have begun issuing short and medium-term corporate bonds over-the-counter, with the assistance of underwriting companies, such as ICCL. ICCL has helped a diverse base of issuers, encompassing various industries ranging from the financial sector to real estate developers, in raising corporate debt instruments.

ICCL has introduced innovative products and services and through close collaboration with regulatory bodies, ICCL and ICNJ launched the first-ever asset backed security product on the Mongolian Stock Exchange. Additionally, ICCL has introduced a bond programme that periodically issues corporate bonds on the exchange. In the equity market, ICCL provides consulting and underwriting services for IPOs, private placements and the issuance of additional shares. The company offers advisory services during the early stages of IPO preparation, assistance in mid-term planning, management structuring and stock ownership plans. ICCL has been an equity underwriter on projects including the IPOs and further public offerings for ICNJ, Golomt Bank, Monlogistics Holding, Innovation Investment and as a lead underwriter for the Mongolian Stock Exchange's own IPO in 2022, raising approximately US\$ 3.5 million (MNT 12.0 billion) for a 34 per cent. stake in the company.

ICCL also focuses on developing robust and scalable digital solutions with its online trading platform, developed by a group subsidiary, AILL. This is constantly being developed to meet the demands and needs of its clients.

Finally, ICCL, as a financial intermediary, recognises the opportunities to guide their clients towards a more sustainable economy, providing advice and assistance in sustainable financing and supporting social, environmental, and governance initiatives.

(c) **AI and IT Services**

AI Lab LLC, incorporated on 17 August 2018, is a technology enterprise with a focus on developing fintech and digital banking solutions using artificial intelligence (AI) innovations. A significant proportion of AILL's technology research and development is conducted through a collaborative partnership with professors from the Department of Information and Computer Science of the National University of Mongolia who, collectively, hold a 40 per cent. beneficial interest in AILL.

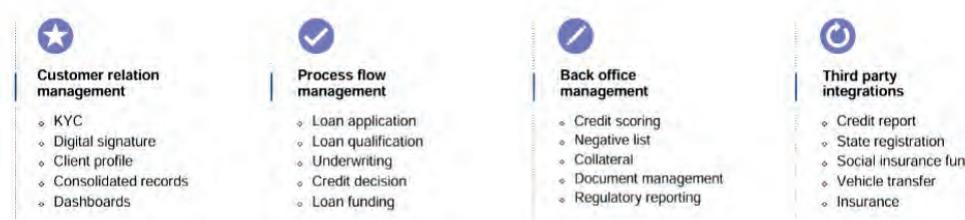
AILL provides products and services to various members of the Target Group but also to its own client-base, which is comprised of participants in the financial sector such as traditional and digital lenders, credit organisations, capital markets and crowdfunding firms. AILL seeks to partner with its clients on research and development projects, whereby project costs and future revenues are shared across the partnership. This model ensures AILL's revenue streams are not limited to development fees and licence sales.

AILL's workforce consists of over 51 skilled IT engineers and is led by PhD holders and professionals specialising in a number of domains, including banking infrastructure, lending, digital banking, asset trading, and AI-based P2P platform development. The diverse professional skillsets, combined with the academic partnership at the National University of Mongolia, means that AILL is well placed to drive technological advancement in the fintech sector in its chosen markets.

A brief description of AILL's projects to date is summarised below:

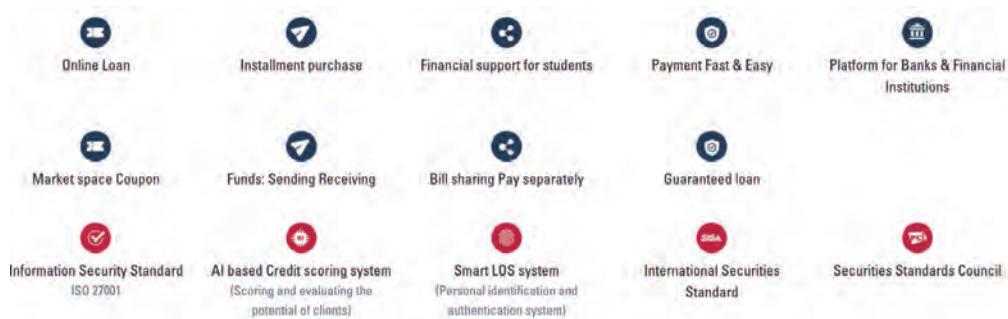
I. *Smart Loan Origination System (Smart LOS)*

Smart LOS is a software that automates the loan application process, from qualification, to underwriting and through to decision making. The software incorporates automation and application programming interface connections with AI-based cashflow analysis which aims to minimise potential lending risks and improve efficiency by streamlining the lending process for NBFIs. Smart LOS's functions are summarised below:



## II. *Pocket: Digital wallet application (Pocket)*

Pocket is a fintech mobile application that provides customers with a digital banking solutions platform. The platform seeks to simplify and automate a comprehensive banking service through incorporation of its AI-backed functions. Pocket's functions are summarised below:



## III. *Securities Trading System*

AILL's Securities Trading System is an integrated system, connected to the MSE, the Central Depository and the central Clearing House, as well as three of the major commercial banks in Mongolia. The system is accessible to all types of securities traders including professional representatives, retail traders and legal entities. The system provides users with a secure system based in real-time to perform their securities trading activities. AILL has developed both a front and back-office IPO system, which features third party integrations for ICCL. The system's main functions are summarised below:



## IV. *Worki: AI-based talent matching platform*

Worki seeks to connect employers with suitable potential employees using an AI-based algorithm that matches job descriptions with curricula vitae (CV). This intends to streamline the hiring process for employers through the recommendation of suitable candidates and offers a targeted and more efficient approach to job applications for jobseekers. Worki's main functions are summarised below:



## V. *Finberry: Crowdfunding platform*

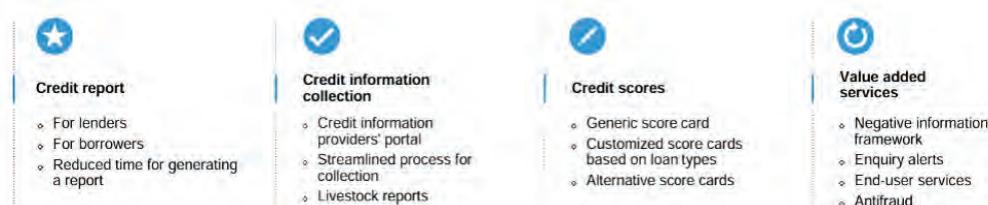
Finberry is a crowdfunding platform that allows project developers and investors to collaborate and raise funds without the additional cost of intermediaries. Finberry was chosen to be part of the FRC's one-year term sandbox programme in 2022. Upon successful completion of the programme, the company launched its operations in January 2023 and has since been actively facilitating the funding of various reward projects, lending projects, and donation projects.

VI. *iLease: Home, car, office & equipment leasing*

iLease provides a leasing service for automobiles, heavy equipment and real estate for Mongolian citizens living abroad. The company provides services through its representative offices in Japan and the Republic of Korea.

VII. *Credit Bureau Core System*

This software was exclusively developed for one of the only two credit bureaus in Mongolia. It collects credit information from lenders and, from which, provides consolidated credit reports, credit scores and other services. The software's main functions are summarised as set out below:



(d) **Real Estate Development and Management**

InvesCore Property LLC, incorporated in Mongolia on 29 November 2017, is a real estate management company, offering a comprehensive suite of services that covers property management, operations management, and real estate investment products. The FRC granted ICPL licences for the following activities in 2020: sale, purchase and transfer of rights related to immovable property; lease and rental of rights related to immovable property; immovable property management; and brokerage/sale of immovable properties financed by other companies. In June 2024, ICPL had 527 employees, and the company manages a property portfolio comprising one residential and three commercial real estate projects, spanning a total area of 23,984m<sup>2</sup> and market value of US\$ 50.2 million (MNT 171.7 billion). This portfolio provides real estate development and project management services to both local and international investors.

With the help of ICPL, the Target Group can sell other investment products to investors that invest in real estate, offering them an opportunity to partake in the evolving fintech sector. This diversifies the Target Group's portfolio and aligns with the global trend of digital financial solutions, providing traditional investors with a gateway to innovative investment opportunities.

ICPL adopts a fully integrated approach to the real estate process, from development to management. This holistic methodology presents a differentiated service proposition compared to other real estate firms in the region, which typically operate in discrete stages of the real estate business. The company has introduced Japanese quality standard services and operational methodologies to the Mongolian market. This adoption has elevated the benchmark in the property management sector and demonstrated proactive risk management strategies to help improve continuity of rental income.

ICPL operates in two main areas: real estate financing and development as well as property management.

I. *Real estate financing*

The company offers services in real estate financing, which allows the investors to invest in real estate and receive the yields and securities from ICPL's management services.

Buy-to-let

ICPL offers a buy-to-let service, catering to clients who require a property manager to manage their investment. This service involves ICPL selling real estate to individuals or entities. The new owners then take ownership over the property, while ICPL manages and leases it out to a third party. To enhance the appeal to investors, the company offers a guarantee of a specified annual return yield for a set period. As of December 2022, the

company successfully sold 7,852m<sup>2</sup> of properties, including ProOne office, Khoimor office, Ambassador Residence apartment and IC Tower office. The initial capital raised through the buy-to-let scheme amounted to US\$ 7.0 million, and the market value of these properties at December 2022 is US\$ 11.7 million, representing a 68 per cent. increase in value. The company's primary business activities are providing project management and property management services. Strategically, ICPL has not engaged in real estate financing since 2023, following the completion of its last development project, IC Tower, in December 2022.

#### Convertible bonds

ICPL is currently launching a new product in the Mongolian financial market based on financial instruments such as convertible bonds, in co-operation with ICCL. The project owner issues a bond to fund its on-going construction project and the bond pays coupon payments throughout the development of the project. Once the project is completed and ready to generate rental income, the bondholders have an option to convert the bond into shares of the project owner company, making the bond holder an equity holder.

The initial capital raised through the issuance of the convertible bond totalled US\$ 2.9 million.

#### II. *Real estate development and property management*

ICPL provides real estate development project management services to local and international investors and carries out activities including planning, structuring and financing, development, liquidation and maintenance. By vertically integrating these aspects of the real estate value chain, ICPL is able to control the quality and consistency of its services, reduce costs, increase efficiency, and improve returns on investment.

Illustration for Real Estate Value Chain:



ICPL provides real estate property management and facility management services for four entire properties in Ulaanbaatar – three commercial offices and one serviced apartment project. The total assets under the management's market value was estimated to be US\$ 51.7 million (MNT 177.0 billion) as of 30 June 2024 by ICPL.

ICPL concentrates on executing "Premier" projects with criteria including prime location, advanced engineering structures and amenities, proficient on-site management, features that align with sustainability objectives, and designs that resonate with current market trends and demands. These properties tend to yield several beneficial outcomes, including:

- Less volatility in occupancy level.
- More creditworthy tenants.
- Upper-tier rental rates.
- Longer weighted average lease term (WALT).

## 2. BUSINESS FOCUS AND STRATEGY

The Target Group is focused on the microfinance sector employing advanced information technology solutions to offer competitive advantage and a scalable business model. Founded in Mongolia, the Target Group has recently begun expansion into other Central Asian markets. As at the date of this Document, the Target Group has two primary strategies, which it labels "Comprehensive Financial Service and Product Provider" and "Innovative Fintech Solutions & Extensive Fintech Platform Provider". To bring these core offerings to the market effectively, the Target Group has established four distinct but interrelated businesses, being: micro-finance, investment banking, real estate, and IT and AI technology.

The Target Group's overarching goal is to improve the quality of life in emerging economies by providing access to innovative financial solutions and to bridge the financial gap between developed and emerging markets, creating value for its shareholders. The Target Group's strategy focuses on:

1. advancing financial inclusivity;
2. facilitating economic capital flow between developed and emerging markets; and
3. implementing a partnership-based business model with a focus on technology and governance.

## 2.1 **Advancing financial inclusivity**

Financial inclusivity means that individuals and businesses have access to useful and affordable financial products and services that meet their needs in a way that is transparent and sustainable. This includes transactions, payments, savings, credit, and insurance products. Transaction accounts – whether they are with a bank or a regulated institution such as a credit union, microfinance institution, or a mobile money service provider – allow their owners to safely and affordably store money, send and receive payments for everyday needs, plan for emergencies and make investments for the future. People without a transaction account, remain manually managing their finances, often in cash, which may be less safe, less reliable and offer fewer benefits than digitalised methods.

Despite the growth in account ownership and the utilisation of other financial services, there remains a reluctance in emerging economies to apply for “instant” lending if faced with additional or unexpected expenses. Populations in emerging economies, for example, often harbour concerns regarding the coverage of health expenses in the event of major illness or accident.

The Target Group has grown and progressed its strategy by co-operating with local and international banking organisations to lead in progressing financial inclusivity. In 2023, it obtained US\$ 10.0 million of funding from the Asian Development Bank (“ADB”) and US\$ 5.0 million from the European Bank for Reconstruction and Development (“EBRD”)<sup>2</sup> to support job creation and sustainable development in Mongolia by helping improve access to finance for MSMEs. Furthermore, the Target Group has agreed with the ADB to allocate 30 per cent. of its funding proceeds to be deployed to female-owned MSMEs. The Target Group focusses on financing MSMEs which have stable cashflows, risk-focused policies, good corporate governance and the potential for growth according to the Target Group's credit scoring requirement, but which are unable to obtain funding from banks due to their limited track record or the relatively small size of their businesses. The Target Group also offers financial advisory services. This is a part of the Target Group's customer engagement programme, which involves providing advice to clients to help them avoid taking out loans that are beyond their means. As a result of the advisory service, customers who received loans from the Target Group have been able to develop their businesses and have been eligible to graduate to the next level of financing. Within the “SMB Programme” (Small-Medium Businesses Programme), designed for supporting and advising small and medium size enterprises, the Target Group has assisted around 100 small to medium sized businesses, provided training and consultation through training sessions in addition to providing funding for their working capital requirements between 2020 to 2023. This has been enabled by the system automation of the Target Group's AI based credit scoring system, Loan Origination System (Smart LOS) and bank statement analyser, developed in-house by AILL.

## 2.2 **Facilitating economic capital flow between Developed and Emerging markets**

The Target Group's core business activities derive from its Pocket platform and microfinance services, through which the Target Group provides financial services and a financial platform to its customers. Since its establishment in 2016, in Ulaanbaatar, ICNJ has been delivering commercial banking services and products within the Mongolian microfinance sector, which has previously depended on traditional lending services with relatively high levels of collateral commitment rather than use of credit scoring and fintech solutions. The Target Group has launched a number of innovative products in the traditional microfinance sector, including business lines of credit, bridge financing, syndicated loans, factoring services, payment guarantee services and credit cards. The Target Group has achieved and maintained its market leader status with the Pocket platform and it is now operating a financial

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2 <https://www.invescore.mn/en/news/145>

marketplace that allows investors, financial institutions and consumers to participate and expand their businesses.

This business is enabled and supported by the Target Group's three synergistic subsidiaries: AILL, ICCL and ICPL. By introducing innovative technology to the microfinance sector, such as the (Mongolian) state information exchange "KHUR" system and in-house developed Smart LOS credit procedure system, the Target Group has been able to devote more time to its customers and provide business and financial consultancy services as a result of digitalising the lending and due diligence processes. This digitalisation is made possible by AILL, and AILL has provided systematic IT and AI technology which leads to value creation for the core businesses. Furthermore, in the microfinance industry in emerging markets, securing financing can be challenging as the number of funding sources and financiers is limited. The role of ICCL and ICPL has been to attract investors from the capital market and real estate market to provide funding for the core microfinance business. This synergistic business model has been proven successful by ICCL's role as co-underwriter in ICNJ's listing on the Mongolian Stock Exchange and successful raising of US\$ 6.8 million (MNT 23.3 billion) during its IPO and US\$ 4.8 million (MNT 16.4 billion) during a follow-on public offering. ICCL has also underwritten several public and private bonds, asset backed securities for ICNJ, while ICPL has developed the successful IC Tower office building project having secured partial funding for the project through a REIT scheme. These three businesses lead value creation and enhancement for the core businesses.

The Target Group's business commenced through a strategic collaboration of partners from Mongolia and Japan. Over the past seven years, the Target Group has cultivated experience and a mutually beneficial relationship between Japan, representing a developed market and Mongolia, an emerging market. Moreover, in recent years, the Target Group has not only deepened its ties with Japanese investors but also extended its reach to international lenders. The Target Group has received loans from recognised international financial institutions such as EBRD and ADB. This capability allows it to design financial products and services that cater to clients in both types of markets. In developed markets, where high-yield investment opportunities can be limited, the Target Group has built solid relationships with a number of Japanese entities and investors who have invested in the Target Group's equity, bonds and trust services, and real estate projects. By offering a wide range of investment products – from listed shares, real estate, real estate investment trusts, investment funds, asset backed securities, corporate bonds and standard debt instruments like loan agreements – the Target Group can cater to investors from the developed market with a high-yield appetite.

In the microfinance sector, the Target Group seeks to differentiate by employing a combination of advanced tools, such as the AILL developed AI scoring system, mobile application and loan origination system, alongside conventional loan assessment methods, ensuring loans are made available to a broad customer base. Through its investment banking and securities arm, the Target Group grants access to a variety of financial instruments in the Mongolian capital market. Its real estate division allows investors to invest in the housing, infrastructure, and office space sectors. As an emerging market that has witnessed significant growth in recent years and with base of technologically and financially literate consumers and the highest rate of banked population among lower and middle income countries, Mongolia was a suitable market for the Target Group to develop its products and services, and also its business model and system architecture and operations. As a result, the Target Group is now in a strong position to export and expand these services and know-how to other emerging markets.

## **2.3 Implementing a partnership-based business model with a focus on technology and governance**

In 2020, the Target Group launched the Pocket application, a digital loan platform developed by its subsidiary AILL and managed by subsidiary ICWN. The platform is a significant technological advance for the microfinance sector in Mongolia, addressing the high demand for short-term and easy to access consumer and business loans. Through the Pocket application, customers can access loans of up to US\$ 5,000 with repayment terms of 14 days, 30 days or 60 days, contingent on their AI generated credit limit. Additionally, the application's instalment purchase feature, accessible to over 1,600 merchants, allows customers to defer payment for between 30 and 90 days and to spread repayment over between 2 and 6 interest-free, commission-free instalments. In addition to loans, the Pocket application also has a digital wallet that allows remittance within wallets and to and from bank

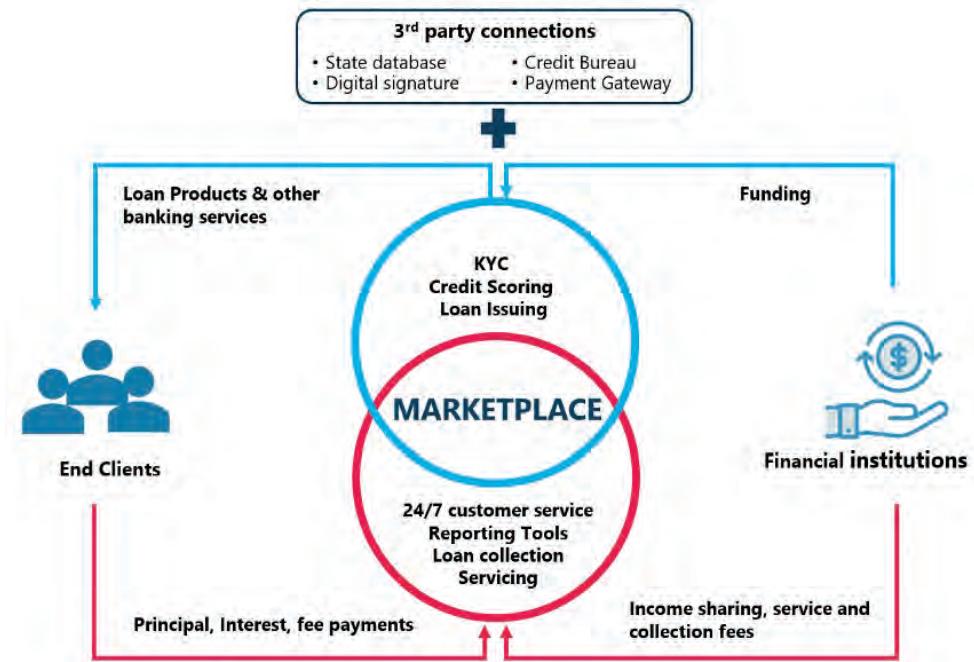
accounts, QR payments, bank cards, and invoicing, online and off-line purchases; features that allow the user to use the application for a number of financial services.

Since its launch, Pocket has been well received by other financial institutions and merchants. ICWN has leveraged on collaborating with financial institutions that were previously unable to reach potential customers due to reasons such as geography and regulatory compliance requirements.

In order to cater to the increased demand for digital loans, instalment purchase offerings, and other digital products and to utilise the opportunity for marketplace services, Pocket has adopted a platform-based business model it named “Financial Marketplace” in 2022. This allows other financial institutions, who are known as “tenants”, to provide banking and financial services, including distributing loans and deposit products, through the Pocket application. While other platform services focus on lending, Pocket marketplace focusses on developing and launching a fuller range of services for financial institutions, including deposit services, issuing credit cards, payment guarantee loans and in future may also provide foreign exchange services and insurance products. This endorses financial inclusivity and accessibility as it increases ICWN’s ability to penetrate into the underserved segment of clients, providing financial institutions an opportunity to reach these customers.

Through this model, Pocket earns fee-based income (around 50 per cent. of total interest and commission) and is able to expand its client base without significant investment. The tenants benefit from the platform as they can avoid substantial capital investments in the required technology development, minimise operational costs, and receive reporting from the platform, including access to credit scoring data where client consent is given. Currently, ICNJ also functions as a tenant, distributing digital loans through the Pocket marketplace. By the end of June 2024, digital loans made up 25 per cent. of the total loan portfolio that totalled US\$ 45.6 million, with 237,560 active borrowers.

The Target Group has developed a platform business based on client data, business data, third party connections, and business know-how. By processing and organising data in accordance with customer consent, the Target Group is able to offer products and services from other financial institutions to customers through the platform and earn commission for referrals. Through strategic partnerships with local commercial banks and financial institutions, the Target is able to provide a platform for commercial banks to reach the micro finance segment through its group platform. In addition, commercial banks are able to purchase or finance elements of the already established loan portfolio from the Target Group without receiving the credit related risks and as a result, the Target Group can receive long-term, low-cost funding from them to grow the loan portfolio and increase market share. This process is planned to be fully automated in the Target Group in 2024. Medium sized and small financial institutions can access the already established infrastructure and client database of the Target Group to operate as a member of a franchising network. The Target Group is further developing its customer due diligence and credit scoring system and is also working to partner with third party companies in digital signatures, the credit bureau and the payment sector.



The Target Group's business model provides financial institutions with access to fintech products, credit scoring and know your customer (KYC) processes, system maintenance and development, operational customer service, accounting, collection and debt settlements. Financial institutions and banks are able to provide further sources of funding allowing ICWN to increase the number of end users and customers by offering a wide range of financial services through its already built-in architecture.

### 3. GROUP BUSINESS SYNERGIES

A global issue exists with over 1.4 billion people considered to be unbanked or underbanked. Financial institutions sometimes undervalue this demographic, perceiving it as a higher risk, costly market with more limited business potential. Recognising and mitigating potential risks and their associated costs offers significant market potential and business prospects.

Technologies such as Artificial Intelligence (AI) and Machine Learning (ML) present potential solutions to address risks, reduce costs and implement effective business strategies in the micro-finance market. Fintech companies predominantly offer payment services and not many provide a wide range of financial products and services including online loans and deposits. A substantial number of these companies originate as IT companies, with limited experience and knowledge of the financial services business.

The Target Group was initially a traditional financial services and product provider and has extensive experience and knowledge in the financial sector in Central Asia. Over the past five years, the Target Group has developed group technology infrastructure through its group in-house IT development entity, AILL, aiming to merge traditional financial business operations into an innovative fintech-based model before developing into a “neo bank”.

As described above in paragraph 2, the Target Group operates through two primary business segments, being “Comprehensive Financial Service and Product Provider” and “Innovative Fintech Solutions & Extensive Fintech Platform Provider”. To bring these core offerings to the market effectively, the Target Group has structured its organisation around four distinct but interrelated businesses.



### Sharing best practice with professional knowledge of the sector

In today's dynamic and interconnected business landscape, the exchange of best practices and sectoral professional knowledge has become imperative for growth and innovation. Sharing the Target Group's best practices not only promotes efficiency but also drives cross-sectoral collaboration and innovation.

The financial services sector is deeply rooted in data-centric decision-making processes. By sharing proficiency in risk, compliance measures, and advanced data analytics with other group components in the real estate and IT sectors, financial institutions can increase their capacity to make well-informed decisions.

Investment banking and capital market businesses are crucial pillars within the financial services sector. These entities serve as conduits for engaging with investors. Furthermore, they play a pivotal role in facilitating investment initiatives and capital mobilisation for core business activities through the provision of capital market services, such as equity and corporate bond issuances.

The real estate sector contributes valuable insights into location analysis, asset valuation methodologies, and property management practices, all of which can substantially enhance the capabilities of financial institutions in assets backed by real estate or other related products.

Information technology has the ability to facilitate the exchange of best practices through digital platforms, ensuring immediate access to sector-specific knowledge. By harnessing technologies such as blockchain and AI, the IT sector can bolster security, transparency, and operational efficiency across all three sectors of the Group.

### Providing high quality support and experience

Specialised and cost-effective intra-group support services play a pivotal role in facilitating the expansion and enhancing the operational capabilities of the Target Group. Each of the Target Group's companies operating within their respective business sectors and jurisdictions possesses an extensive wealth of experience. Even though these businesses are interconnected, individual entities within a particular sector are not expected to be concerned with the intricacies of other sectors. Instead, they can readily consult the other professionals within the Target Group.

This approach aims to expedite the decision-making processes while keeping costs to a minimum. By harnessing the collective expertise within the Target Group's interconnected ecosystem, we are able to deliver quicker, cost-efficient, and high-quality solutions to meet the diverse needs of the Target Group's business entities.

This synergy of knowledge within the Target Group optimises the ability to provide reliable support services, ultimately driving the success and growth of the entire group.

## **Potential cooperation on conceptual products and their developments**

Exploring potential co-operation and product development between the financial services, real estate and information technology sectors can provide significant benefits. In this collaboration, each sector entity exchanges their expertise. Financial services contribute with financial aspects such as investment strategy and financial modelling. Real estate brings property markers, location analysis and customer preferences. IT offers the technological infrastructure, data analytics capabilities and digital innovation required to create cutting-edge products.

## **4. COMPETITIVE STRENGTHS**

**Knowledge and experience of emerging and developed markets:** The Target Group has significant knowledge about emerging markets, especially Central Asian countries. The global landscape of banking currently presents a significant challenge to servicing people lacking proper access to formal banking services. Financial institutions, microfinance entities, and emerging neo-banks are attempting to bridge this gap, however, regulatory and technological barriers can slow down the provision of new financial solutions and many of these initiatives primarily focus on addressing issues related to payment services, while not encompassing micro digital loans, deposits, and other general financial products.

One of the fundamental aims of the Target Group is to act as a conduit between developed and emerging markets. These different markets have distinct attributes and prospects. For example, emerging markets may offer significant potential business opportunities, but there are often limitations in areas such as education, experience, expertise, technology and financial support. In contrast, developed markets may be more saturated in respect of investment opportunities but investors may lack familiarity of the emerging markets and how to effectively mitigate relevant risks.

**Synergetic business model:** The Target Group has differentiated itself by beginning as a traditional financial business and then expanding into other areas, notably information technology and real estate. Synergies between these business sectors allows them to build integrated ecosystems with powerful self-reinforcing networks between group business components. The Target Group's market offering extends beyond the provision of fintech platforms having also incorporated advanced features such as AI-powered credit scoring, robotic process automation and a suite of operational support services tailored to the specific needs of these institutions.

Each Target entity operates within its respective sector and possesses significant experience, professional expertise, robust governance structures, as well as a deep understanding of the market landscape and which are harnessed by other entities in the Target Group. For example, the Target Group's IT division leverages insights and experiences from its financial institution and investment banking arms to develop new fintech platforms. Furthermore, the Target Group's real estate division conducts in-depth research and analysis which is used to develop potential investment opportunities.

**In-house IT development and R&D component:** The Target Group has an in-house IT development and R&D component in the entity AILL. This entity is a collaboration with professors from the IT department of the National University of Mongolia and allows the Target Group to develop new innovative technologies.

AILL is dedicated to the development of financial technology, leveraging the wealth of knowledge accrued from the Target Group's previous financial business activities. Alongside this, collaboration with IT professors from the university allows access to emerging technologies and ongoing research in areas such as AI and blockchain, which assists to accelerate the development of the Target Group's platforms and technology.

**Potential platform for other financial institutions:** the Target Group provides a platform to other financial institutions allowing access for commercial banks through the platform. This also operates as a marketplace to non-financial institutions.

The banking and microfinancing market is experiencing a rapid transformation driven by technological innovation. However, in both emerging and developed markets, significant challenges exist for commercial banks or large financial institutions in delivering their services and products, such as initial high development costs that impact current profitability. If these can be overcome, there exists substantial potential, particularly in Central Asian and certain Southeast Asian countries.

## 5. TARGET MARKET OVERVIEW

The World Bank reported in 2022, that globally, approximately 1.4 billion adults remain unbanked<sup>3</sup>. In Central Asia and in South East Asia, being the principal areas in which the Target Group operates, from 2011 to 2021, bank account ownership doubled, from an average of 25 per cent. to 58 per cent. in Central Asia and from an average of 39 per cent. to 62 per cent. in South East Asia. Receiving or sending digital payments also saw a sharp increase compared to high-income economies, which further demonstrates the correlation between accountholders and the likelihood of using other financial services<sup>4</sup>. Almost two-thirds of digital payment recipients also used their account to store money for cash management; about 40 per cent. used their account for saving; and 40 per cent. of payment recipients borrowed formally from a financial institution.

### **Current and potential markets - Central Asia:**

Over the last 20 years, the countries in the Central Asian region have made significant progress in their development. The region's GDP reached US\$ 347 billion in 2021, which is 7.5 times the size of its economy in 2000. The population of Central Asia was almost 77 million in 2022 and has been growing at the rate of 2 per cent. per year.<sup>5</sup>

In this region, there is an opportunity for fintech solutions to reach the under-banked and unbanked population. A large number of adults do not have accounts at financial institutions - for instance, only 41.0 per cent. of adults in Kyrgyz Republic had accounts at financial institutions, 44.0 per cent. in Uzbekistan, and 39.0 per cent. in Tajikistan as of 2021.

Only Kazakhstan and Mongolia have much higher usage of formal accounts, with 81.0 per cent. of adults in Kazakhstan and 98.0 per cent. of adults in Mongolia having such accounts. This is primarily due to receiving government payments in Mongolia and approximately two-thirds of the account owners in Mongolia and approximately half of the account owners in Kazakhstan opened their first account to receive a wage or government pension. Receiving payments and remittance is widely used through the accounts in these countries (in Mongolia, more than half of the adults made a digital payment in 2021), they still face difficulties in accessing emergency fund raising, lending and other financial services in short period. In 2021, only 35 per cent. of Mongolian adults have taken a formal loan from a financial institution, which is significantly greater than other lower middle-income countries' average of 13.2 per cent. The Target Group's priority is ensuring funds and accounts are accessible to everyone, championing financial inclusivity in Mongolia and utilising its cultural knowledge to expand to Central Asia countries based on their expertise and know-how.

The scarcity of formal accounts at financial institutions is due to several factors, including rural-urban gap (more than 40 per cent. of the population in the region live in rural areas), gender gap, education level, employment (there is a 16 per cent. account ownership gap across Central Asian countries between active in work and out of work adults) and age barrier (older adults are more likely to be unbanked in these region). Many unbanked adults receive regular payments in cash from employers or from the government. For instance, in Uzbekistan, 16 per cent. of unbanked adults – or nearly 10 per cent. of the all adults - received pension payments in cash in 2021. On the other hand, at least half these adults receiving cash pension payments have mobile phones and the mobile connectivity is typically the first, and often only, form of access to internet connectivity because of limited fixed broadband infrastructure and the costs associated with deployment in rural environments. Tajikistan, Kazakhstan, Kyrgyzstan and Uzbekistan have launched 5G network, which allows the smart phone users to carry out remittance and receive payment through fintech applications.<sup>6</sup> This presents an access opportunity to other financial services including formal borrowings and savings.

Although fintech solution providers are able to reach the unbanked or underbanked population in the emerging markets, without the funding from traditional banking or financial systems, their ability to create a significant impact is limited. Furthermore, without proper consumer and investor protection mechanisms, such unregulated services can lead to over-indebtedness among poorer consumers and other challenges.

3 <https://www.worldbank.org/en/news/feature/2022/07/21/covid-19-boosted-the-adoption-of-digital-financial-services#:~:text=Globally%20some%201.4%20billion%20adults,go%20much%20more%20is%20needed.>

4 <https://www.worldbank.org/en/publication/globalindex/Data>

5 [https://eabr.org/upload/iblock/1fe/EDB\\_2022\\_Report-3\\_The-Economy-of-CA\\_eng.pdf](https://eabr.org/upload/iblock/1fe/EDB_2022_Report-3_The-Economy-of-CA_eng.pdf); <https://eabr.org/en/analytics/research-articles/evgeny-vinokurov-and-anton-malakhov-2023-tackling-central-asia-s-remaining-development-challenges/>;

6 <https://cabar.asia/en/how-is-mobile-communications-and-the-internet-developing-in-central-asia>

Therefore, combining traditional banking services with fintech solutions and digital payment services can be key to advancing the financial inclusivity in a structured method in the region.

### **Potential markets - Southeast Asia:**

Certain jurisdictions in Southeast Asia are well placed to make a shift toward digital payments and other innovations in digital services, thanks to an acceleration in digital transformation during the COVID-19 pandemic, and yet, millions of unbanked adults still receive regular payments in cash from employers or from the government.

In Cambodia, Indonesia, the Lao People's Democratic Republic (PDR) and the Philippines, the percentage of private sector wage earners receiving the payment into an account ranges between 17 per cent. in Lao PDR and 41 per cent. in the Philippines in 2021<sup>7</sup>. Digitalising private sector wage payments could reduce the share of unbanked adults by up to 36 per cent. in Myanmar and by up to about 20 per cent. in Cambodia and Indonesia among other economies. For instance, in Indonesia, digitalising private sector wage payments would similarly reduce the number of unbanked by up to 17 million adults<sup>8</sup>.

The shift to digital financial services is facilitated and accelerated by widespread smartphone ownership, commoditisation of 4G networks, falling costs of data and mobile devices and major metro cities like Bangkok, Kuala Lumpur and Jakarta have reached to all-time high digital penetration. Although there is a divide between urban and rural digital literacy and between 42-75 per cent. of the population was located in rural areas in 2022<sup>9</sup>, high internet penetration and usage of smartphones pose an opportunity to shift towards greater digital financial inclusivity. Since the pandemic began, 100 million new internet users in Southeast Asia came online, bringing the total number of internet users in the region to 516 million in 2022 or 75 per cent. of the region's population.<sup>10</sup> In fact, Southeast Asia has strong growth potential with its digital economy set to reach US\$ 1.0 trillion by 2030, including over 460 million digital consumers, relatively young and tech-savvy populations, as well as rising internet penetration.<sup>11</sup>

In Southeast Asia, 225 million adults are unbanked or have no financial accounts. Even more are underbanked – for example, more than 350 million adults in Southeast Asia have not borrowed any money from a formal financial institution or used a mobile money account, suggesting an underserved credit market<sup>12</sup>. Access to credit is important to broader financial inclusion because credit can enable creation of self-employment and provide gateways to nutrition, healthcare and education. Lack of bank account ownership, high levels of informal debt, and preferences for cash transactions can make it difficult for unbanked individuals to build a credit history, which impedes access to credit and formal financial tools. Fintech service providers are able to fill this gap by utilising credit scoring methods, using data such as mobile app behaviour, to better assess risks of a customer segment that typically lacks credit history and transaction data. Given the increasing prevalence of digital services and improved accessibility in the region, there exists a significant potential for neo-banks and fintech service providers to enter and explore opportunities in the Southeast Asian market.

## **6. TARGET GROUP BUSINESS STRATEGY**

The Board believes that there exists in the underbanked population a limited awareness of financial products and services and even if they possess such awareness, they face challenges in reaching these due to the absence of requisite infrastructure and service providers.

There therefore exists a substantial market opportunity to serve the underbanked population but many aspiring market entrants opt to operate with a primary focus on payment solutions as a fintech business, thereby minimising their exposure to risk. In emerging markets, including Central Asia and Southeast Asia, there are many fintech companies predominantly offering payment services. While a payment system serves as a starting point for market penetration, it does not constitute a comprehensive solution encompassing the full range of banking and financial services. The core competence of many of these fintech businesses

7 <https://www.worldbank.org/en/publication/globalindex/Report>

8 <https://www.worldbank.org/en/publication/globalindex/Report>

9 <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=Z4>

10 <https://www.statista.com/statistics/249562/number-of-worldwide-internet-users-by-region/>

11 [https://services.google.com/fh/files/misc/e\\_economy\\_sea\\_2023\\_report.pdf](https://services.google.com/fh/files/misc/e_economy_sea_2023_report.pdf)

12 [https://ciip.com.sg/docs/default-sourgroupce/default-document-library/financial-inclusion-impact-in-southeast-asia-2023-by-ciip-uncdf-helicap\\_vfinal.pdf?sfvrsn=fa74fff1\\_1](https://ciip.com.sg/docs/default-sourgroupce/default-document-library/financial-inclusion-impact-in-southeast-asia-2023-by-ciip-uncdf-helicap_vfinal.pdf?sfvrsn=fa74fff1_1)

lies in their IT proficiency, enabling the development of innovative technological solutions. However, a common challenge faced by these companies revolves around their limited expertise in financial services, especially those tailored to specific market conditions.

The Target Group possesses a track record spanning seven years and this extensive experience positions it favourably, given limited competition in the market and given that the Target Group is not solely reliant on payment systems, as it operates as a comprehensive financial service provider, delivering both traditional and innovative solutions through its platform and its fintech Pocket application.

The Target Group has a strategic framework, consisting of the following five key components:

**A. Smart and strategic business expansion**

Since 2019, the Target Group's business has expanded operations into other Central Asian countries such as Kyrgyzstan. This decision was influenced by the alignment of these regions with Mongolian culture, the regulatory system and wider business environment after conducting market analysis.

The Target Group's ongoing expansion strategy comprises three fundamental approaches:

- a. Collaboration with local partners possessing the understanding of prevailing local market dynamics, regulatory landscape, and emerging financial business opportunities.
- b. Gradual initiation of business operations on a small scale. This measured approach enables the Target Group to gain additional insights in the attributes of the target market and affords the opportunity to test group business models and evaluate the customer behaviours before larger expansion.
- c. Sustainable growth through commitment to maintaining established KPIs with commitment to maintaining profitability and risk management practices.

**B. Technology and R&D**

The primary challenge for technology focused businesses is effectively harnessing these technologies for financial services and product concepts. In many cases, IT companies expand their technological offering into financial services, while financial institutions acquire technologies from IT developers.

The Target Group's strategic approach revolves around the use of its own extensive financial industry expertise and leveraging the in-house IT development entity within the Target Group. Furthermore, the Target Group has established partnerships with IT industry experts, facilitating the integration of new technologies and research results to group platform or technologies focused on pioneering technologies such as AI, scoring, machine learning, blockchain and robotic automations.

Through these internally developed technologies, the Target Group is equipped to offer not only financial services but also comprehensive solutions spanning various services and products including real estate, marketplaces, etc. the Target Group focusses on continuous innovation, with the overarching goal of delivering financial solutions that cater to the diverse needs of individuals and companies.

**C. Talent management**

The Target Group considers talent capital as one of the most important determinants in its progression and global aspirations. Personnel possessing not only professional expertise and knowledge but also business ethics, moral values and a positive attitude is vital to the Target Group's strategy.

- 1. Emphasis on professionalism, business ethics and moral Integrity with a positive attitude:** Often, recruitment strategies prioritise the highly educated and experienced individuals. The Target Group goes beyond these credentials to place significant value of the positive attitudes of prospective employees and believes that such attitudes play an important role in the efficient functioning of its organisation.

- 2. Maximising employee productivity through comprehensive support:** Following the recruitment of new employees, the Target Group provides comprehensive support aimed at

retaining those individuals within the Target Group family. This support extends across areas such as career coaching, educational assistance, coaching for business challenges and extending support in personal matters.

#### D. **Platform development and strategic partnerships**

The Target Group offers a range of traditional financial services alongside fintech products that encompass not just financial offerings, but also products such as real estate, market analysis data and other technological solutions relating to finance. It does this through platform development, innovative financial technologies and strategic partnerships or collaboration to enter new markets. The Target Group advances its technological capabilities, transforming them into, not only tools which deliver the Target Group's services and products, but also into platforms and marketplaces that cater to other financial institutions, enabling them to offer their services and products through the Target Group's platform directly to the customers. Furthermore, the Target Group's platform has the capacity to furnish market data and customer analysis reports, underpinned by its AI and machine learning technologies.

The Target Group's preference for strategic partnerships is not to engage in direct competition with existing market players. Instead, its focus is on collaborations, offering the Target Group's technological solutions as a platform. This strategic approach aims to mitigate potential business risks while affording the opportunity to gain insights and refine group technology through integrations with existing participants in local markets.

#### E. **Market integration and facilitation (bridging emerging markets to International investors)**

The Target Group is facilitating the transfer of the potential technologies, knowledge, educational resources, investment opportunities and financing to emerging markets. Concurrently, the Target Group offers business and investment opportunities to international developed market investors. The Target Group is committed to retaining these strategies as it extends into other developed and emerging markets.

The Target Group's business operation locations and potential expansion:

##### ***Mongolia***

Mongolia is an independent country located in central Asia to the north of the People's Republic of China and the south of the Russian Federation. It has a population of 3.5 million and covers an area of approximately 1.5 million km<sup>2</sup>, which is around six times larger than the UK.

As of June 2024, the number of non-banking financial institutions in Mongolia was 531, of which 88.9 per cent. are engaged in lending activities in Mongolia<sup>13</sup>, with a total loan portfolio of US\$ 1.4 billion (MNT 4.79 trillion) as of June 2024. The Target Group's total loan portfolio grew to US\$ 176.12 million (MNT 602.53 billion) by June 2024 and the Target Group was the leader in terms of loan portfolio and net profit with a market share of 13.0 per cent.

The Target Group is implementing some additional specific strategies tailored to the Mongolian market, which are:

- (a) **Empowering the financial ecosystem:** The Target Group is actively providing its fintech platform to commercial banks and larger financial institutions.
- (b) **Building alliances:** Through the "InvesCore Alliance Program", the Target Group fosters strategic partnerships with smaller non-banking financial institutions, enabling collaborative growth and market penetration.
- (c) **Continued improvement:** The Target Group remains committed to continuously enhancing the quality of group business operations, products, and services, delivering additional value to group customers and solidifying group market leadership.

Leveraging this achievement in Mongolia and recognising cultural and regulatory similarities with Central Asia, the Target Group is strategically expanding its core businesses into the wider region which has a total population of more than 47 million (over 13 times that of the Mongolian population).

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13 <http://www.frc.mn/resource/frc/Document/2023/03/31/0gt0qm9v25qrpo9z/MARKET%20REVIEW%202022.pdf>

## **Central Asia**

The Target Group has established subsidiaries in Kyrgyzstan, Kazakhstan and Uzbekistan to begin expansion and into Central Asian markets. Building upon expertise in financial services and fintech solutions, the Target Group is already implementing group solutions, encompassing not only payments but also a wider range of financial products and services including traditional ones.

### *Kyrgyzstan:*

The Target Group made its first international expansion by establishing a subsidiary in Kyrgyzstan in 2020; initially focused on offering traditional financial services and products. During the first year it secured the required licences from local regulators and successfully implemented the Target Group's operating model, leading to increased operational efficiency and reduced costs.

The Target Group launched Pocket, a group fintech application, in the Kyrgyz market in 2023. The app seamlessly integrates financial products and services including consumer loans, payment system and other financial products and services.

As of June 2024, Kyrgyzstan contributes around 3.42 per cent. of the Target Group's overall profit. The market size in Kyrgyzstan is around double that of Mongolia and was identified as a market with significant potential for expansion. Recognising the similarities between Mongolia and Kyrgyzstan in terms of culture, lifestyle, consumer trends and regulatory environment, the Target Group is deploying similar approaches as have proven successful in Mongolia.

### *Kazakhstan and Uzbekistan:*

The Target Group's expansion into Kazakhstan and Uzbekistan commenced in 2023 with the new subsidiaries being established. In June 2024, the subsidiary in Kazakhstan obtained its licence to operate in microfinance sector. The subsidiary in Uzbekistan is currently in a pre-operational phase, focusing on securing the license from local regulators.

Aligned with the Target Group's established strategy, it will initially introduce traditional financial services based on its experience in Mongolia and Kyrgyzstan. After this it will be in a position to deploy the Target Group's fintech platform to the local financial landscape. Compared to Kyrgyzstan, Kazakhstan's more developed market presents potential opportunities for growth through fintech-driven services and platforms. The Uzbekistan market is considered by the Target Group to have a substantial demand for financial services and products.

## **Southeast Asia:**

The Target Group's expansion strategy extends beyond Central Asia, with its headquarters in Singapore, it is positioned to support expansion into Southeast Asian markets. While these markets have significant population and market potential, they present a distinct landscape compared to Central Asia. Cultural nuances, regulatory frameworks, and competitive dynamics are relevant in exploring these business opportunities.

The Target Group is currently engaged in detailed research to enhance its understanding of Southeast Asian markets. Based on its initial findings, it has formulated a strategic plan with the following elements:

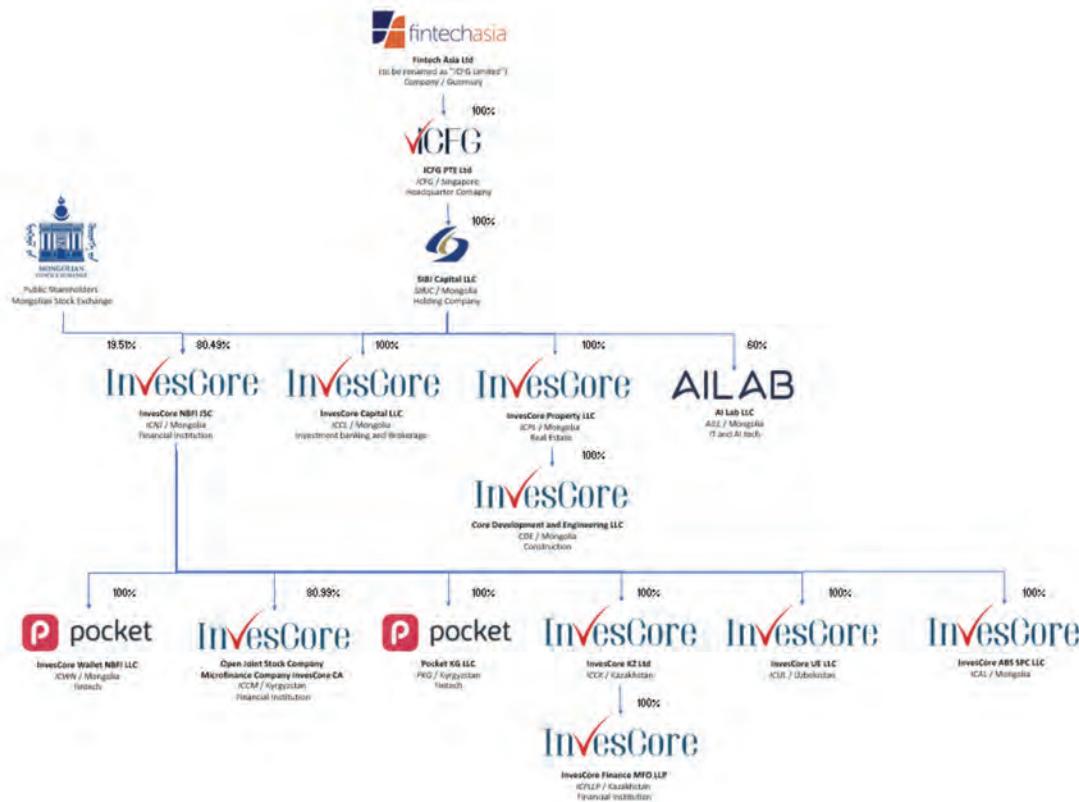
- **Strategic partnership:** Collaborate with established local financial institutions to leverage their expertise and market access.
- **Technology enablement:** Equip group partners with the Target Group's fintech solutions to assist to optimise their operations and enhance profitability.
- **Data-driven insights:** Utilise data gathered through the Target Group's platform and partner interactions to inform product development and market adjustments.
- **Agile-innovation:** Continuously develop and refine the Target Group's technologies based on data analysis and evolving market needs.
- **Co-creation:** Collaborate with partners to design and deliver innovative financial products through group fintech platform.

- **Unveiling opportunities:** Proactively explore additional avenues for growth and expansion and possible contribution for financial inclusivity.

The Target Group has no intention to expand its business into Europe, the United States or any other location, other than as described above.

## 7. ACQUISITION STRUCTURE

On Admission, the Enlarged Group will comprise the Company and the Target Group. The Company will acquire 100 per cent. of the issued share capital of Target and will act as the holding company for the Target Group. The corporate structure of the Enlarged Group is set out below. The Company, currently named Fintech Asia Limited, shall be renamed ICFG Limited, subject to shareholder approval at the Extraordinary General Meeting, further details of which can be found in paragraph 9 below.



The Enlarged Group will focus on achieving the proposed business strategy (detailed paragraph 2 of this Part 7). Further detail on the Acquisition Agreement is set out below at Part 14 (*Additional Information*), paragraph 13.1.

### Principal Terms of the Relationship Agreement

On Admission, the Controlling Shareholder will hold a majority shareholding in the Company and has therefore entered into a Relationship Agreement with the Company to ensure that all dealings by him and/or his affiliates with the Company are on an arm's length and normal commercial basis. A summary of the Relationship Agreement is in paragraph 13.3 Part 14 (*Additional Information*).

## 8. FUTURE FUND RAISE

Following Admission, the Company intends to, subject to market conditions, conduct an equity raise within the next 12 months. Any funds received as a result of the raising would be utilised as growth capital and would not be to provide additional working capital or capital for what is included in the Enlarged Group's strategy for the 12 months from the date of this Document.

## **9. ADMISSION**

As the Acquisition constitutes a Reverse Takeover, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities and the FCA will cancel the listing of the Existing Ordinary Shares on the equity shares (shell companies) category of the Official List by 8.00 a.m. on 12 February 2025. Application will be made for the Enlarged Share Capital to be admitted to the Official List of the London Stock Exchange by way of a listing in the equity shares (transition) category and to trading on the Main Market. Completion of the Acquisition and Admission are expected to occur at 8.00 a.m. on 12 February 2025.

Copies of this Document will be available to the public, free of charge on [www.fintechasialtd.com](http://www.fintechasialtd.com).

If the Acquisition does not complete, and the Company announces its intention not to proceed with the Transaction, subject to the approval of the FCA the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares on the Main Market will recommence.

### **Market Quotations**

Dealings in the Ordinary Shares have been suspended since 14 March 2023. The closing middle market quotations for Existing Ordinary Shares as derived from the Daily Official List of the London Stock Exchange immediately prior to the suspension was 50.0 pence.

### **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations.

The Company will apply for the new Ordinary Shares to be admitted to CREST with effect from Admission and it is expected that the new Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any investor so wishes. CREST is a voluntary system and investors who wish to receive and retain certificates for their securities will be able to do so. Investors participating in a placement may elect to receive New Ordinary Shares in uncertificated form if such investors is a system-member (as defined in the CREST Regulations) in relation in CREST.

## **10. APPLICATION OF THE TAKEOVER CODE**

The issuance of the Consideration Shares and the Conversion Shares gives rise to certain considerations under the Takeover Code. The Takeover Code applies to all takeover and merger transactions, howsoever effected, where the offeree company is, among other things, a listed or unlisted public company incorporated in the United Kingdom, the Channel Islands or the Isle of Man (and to certain categories of private limited companies). The Company is a public company incorporated in Guernsey and its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when:

- (i) any person acquires, whether by way of a single transaction or a series of transactions over a period of time an interest in shares (as defined in the Takeover Code) which, (taken together with shares in which persons acting in concert with him/her are interested), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code; or
- (ii) a person who is interested in shares (as defined in the Takeover Code) which (taken together with shares in which persons acting in concert with him/her are interested) carry 30 per cent. or more of the voting rights of a company that is subject to the Takeover Code but does not hold an interest in more than 50 per cent. of the shares carrying voting rights increases the percentage of shares carrying voting rights in which he/she and any such person acting in concert with him/her are interested,

that person is normally required (except with the consent of the Takeover Panel) to make a general cash offer to all the remaining shareholders of such company to acquire their equity shares and transferable securities carrying voting rights in the company. An offer under Rule 9 of the Takeover Code must be in cash at the highest price paid by the person or the group of persons acting in concert in the preceding 12 months.

Under the definition of “acting in concert” in the Takeover Code, shareholders in a private company (such as the Target) who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies (such as the Company) will be presumed to be persons acting in concert in respect of that company unless the contrary is established. In this context, it has been agreed with the Takeover Panel that those shareholders of the Target that will be presumed to be acting in concert in respect of the Company from Admission are the Concert Party.

### 10.1 Information on the Concert Party

The Company has agreed with the Takeover Panel that the following persons are considered to be acting in concert (as defined in the Takeover Code) in respect of the Company. Accordingly, the allotment and issue to such persons of the relevant Consideration Shares and the Conversion Shares is subject to the passing of the Rule 9 Resolution by the Independent Shareholders. None of the members of the Concert Party are, to the extent that they have an interest in Ordinary Shares, permitted to vote in respect of the Rule 9 Resolution, although for the avoidance of doubt, as at the date of this Document, none of the members of the Concert Party in any event has any interest in the Existing Ordinary Shares.

**If the requisite Resolutions are passed at the Extraordinary General Meeting and the Consideration Shares and Conversion Shares are issued by the Company to the Vendors and Convertible Loan Notes holder (including the Concert Party) upon Completion of the Acquisition and Admission, then assuming no further Ordinary Shares are issued by the Company prior to Admission, the Concert Party would on Admission, in aggregate, hold Ordinary Shares carrying a maximum of 80.90 per cent. of the voting rights in of the Company, as set out in the table below.**

**Furthermore, in the event that the Convertible Loan Notes holder was to convert the Series D Convertible Loan Notes in full post Admission and no additional new Ordinary Shares were to be issued by the Company, then the Concert Party, would in aggregate, hold Ordinary Shares carrying a maximum of 81.21 per cent. respectively of the voting rights in the Company, as also set out in the table below.**

Concert Party Members	Number of Consideration Shares issued	Maximum number of Conversion Shares issued under Series A, B and C Convertible Loan Notes*	Maximum number of Ordinary Shares on Admission	Maximum percentage of the Enlarged Share Capital held on Admission	Maximum number of Conversion Shares issued under Series D Convertible Loan Notes	Maximum number of Ordinary Shares post Series D conversion	Maximum percentage of the Enlarged Share Capital held post issue of the Series D Conversion Shares
Ankhbold							
Bayanmunkh Takaaki	72,914,415	0	72,914,415	35.75	0	72,914,415	35.15
Kawazoe	27,833,341	0	27,833,341	13.65	0	27,833,341	13.42
Hirohito Namiki	21,340,798	0	21,340,798	10.46	0	21,340,798	10.29
Munkh-Ochir							
Batbayar	19,851,687	0	19,851,687	9.73	0	19,851,687	9.57
IC Japan LLC	7,113,591	0	7,113,591	3.49	0	7,113,591	3.43
Eastland							
Capital OÜ	4,516,579	0	4,516,579	2.21	0	4,516,579	2.18
KKJ Capital LLC	2,822,862	0	2,822,862	1.38	0	2,822,862	1.36
IVC Estonia OÜ	0	6,370,434	6,370,434	3.12	3,441,139	9,811,572	4.73
Socap Incubation Inc	1,693,717	0	1,693,717	0.83	0	1,693,717	0.82
Bridge Japan LLC	282,273	0	282,273	0.14	0	282,273	0.14
Masayoshi Itano	266,771	0	266,771	0.13	0	266,771	0.13
<b>TOTAL</b>	<b>158,636,033</b>	<b>6,370,434</b>	<b>165,006,466</b>	<b>80.89</b>	<b>3,441,139</b>	<b>168,447,605</b>	<b>81.21</b>

\* assuming Admission occurs on 28 February 2025 being the latest admission date permitted pursuant to the Acquisition Agreement.

**Shareholders should be aware that under the Takeover Code, as the Concert Party will hold shares carrying more than 50 per cent. of the Company's voting rights, the Concert Party (or any person(s) acting in concert with it) may then acquire further shares without incurring any obligation under Rule 9 to make a mandatory offer. However, individual members of the**

**Concert Party, namely Ankhbold Bayanmunkh who will have an interest in 35.75 per cent. of the voting rights of the Company upon Admission, will not be able to increase their percentage interest in Ordinary Shares through or between a Rule 9 threshold without Takeover Panel consent.**

The Concert Party will not be restricted from making any offer for the Company in accordance with the Takeover Code should it wish to do so.

***Ankhbold Bayanmunkh***

Shareholders should note that if the Rule 9 Resolution is approved and the Acquisition completes, Mr Bayanmunkh will be interested in Ordinary Shares representing, in aggregate, 35.75 per cent. of the total voting rights in the Company. Accordingly, from Admission, Mr Bayanmunkh will not individually be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights in the Company. Notwithstanding that, the Concert Party as a whole will hold Ordinary Shares that carry more than 50 per cent. of the total voting rights in the Company, and members of the Concert Party other than Mr Bayanmunkh could acquire an additional interest in voting rights of the Company without themselves individually (or the Concert Party) being obliged to make an offer for the Company under Rule 9 of the Takeover Code, provided they do not as a result individually acquire an interest that would oblige them to make such an offer, Mr Bayanmunkh will not be able to increase his percentage interests in Ordinary Shares following Admission without Takeover Panel consent.

A brief description of the members of the Concert Party is set out below:

**10.2 Details of the members of the Concert Party**

The members of the Concert Party and details of the reason for their membership of the Concert Party are set out below.

<i>Concert Party Member</i>	<i>Relationship</i>
Ankhbold Bayanmunkh	co-founder and Chairman of the Target and has a direct beneficial interest in the Target
Takaaki Kawazoe	co-founder and holds a direct beneficial interest in the Target. He is also the ultimate beneficial owner of the following entities: i. IC Japan LLC – company number 0200-03-022435, registered in Japan (40 per cent.); and ii. Socap Incubation Inc (company number 0200-01-131785, registered in Japan) (10 per cent.) He is also the husband or father of the other shareholders of Socap Incubation Inc.
Hirohito Namiki	co-founder and holds a direct interest in, the Target. He is also the ultimate beneficial owner of the following entities which are shareholders of the Target: i. IVC Estonia OÜ – company number 16192639, registered in Estonia (100 per cent.); and ii. IC Japan LLC – company number 0200-03-022435, registered in Japan (40 per cent.)
Munkh-Ochir Batbayar	co-founder of, and has a direct beneficial interest in, the Target
IC Japan LLC (company number 0200-03-022435, registered in Japan)	the chief executive officer is Hirohito Namiki and ultimate beneficial owners of the company are: i. Hirohito Namiki (40 per cent.) ii. Takaaki Kawazoe (40 per cent.) iii. Itano Masayoshi (10 per cent.) iv. Takada Kohei (10 per cent.)

Eastland Capital OÜ (company number 16552865, registered in Estonia),	the chief executive officer and ultimate beneficial owner is Richard Kobayashi, the chief executive officer of IVC Estonia OÜ, the sole noteholder of the Convertible Loan Notes. Richard Kobayashi is the business partner of Takaaki Kawazoe and Hirohito Namiki
KKJ Capital LLC (company number 6189199, registered in Mongolia)	a partner of IC Japan LLC and has a direct interest in the Target
IVC Estonia OÜ (company number 16192639, registered in Estonia)	the chief executive officer is Richard Kobayashi and the company is wholly owned by Hirohito Namiki. Richard is the business partner of Takaaki Kawazoe and Hirohito Namiki
Socap Incubation Inc (company number 0200-01-131785, registered in Japan)	the chief executive officer is Chika Kawazoe, the wife of Takaaki Kawazoe and ultimate beneficial owners of the company are: i. Takaaki Kawazoe (10 per cent.); ii. Chika Kawazoe (10 per cent.) iii. Ai Kawazoe (10 per cent.) iv. Tyo Kawazoe (10 per cent.) v. Mai Kawazoe (60 per cent.)
Bridge Japan LLC (company number 6057217, registered in Mongolia)	a partner of IC Japan LLC and has a direct interest in the Target
Itano Masayoshi	a client of InvesCore Japan Co, Ltd. He is also the ultimate beneficial owner of IC Japan LLC – company number 0200-03-022435, registered in Japan (10 per cent. holder)

## 11. RULE 9 WAIVER

The Takeover Panel has agreed to waive the obligation for the Concert Party to make a general offer to all Shareholders under Rule 9 of the Takeover Code in circumstances where that obligation would otherwise arise, as a result of the issuance of the Consideration Shares and Conversion Shares, subject to the approval of Independent Shareholders (to be taken on a poll) at an Extraordinary General Meeting of the Company. Accordingly, the Rule 9 Resolution is being proposed at the Extraordinary General Meeting to approve the Rule 9 Waiver in respect of the Concert Party. Completion of the Acquisition is conditional *inter alia* on the passing of the Rule 9 Resolution.

Shareholders should be aware that, if the Rule 9 Resolution is passed and the Acquisition completes, the Concert Party as a whole will hold Ordinary Shares carrying more than 50 per cent. of the total voting rights of the Company and will be able to increase its holding in the Company without incurring an obligation under Rule 9 to make a mandatory offer to the other Shareholders, as explained in paragraph 10 above.

The Rule 9 Waiver to which the Takeover Panel has agreed will be invalidated if any interests in voting rights of the Company are acquired by any member of the Concert Party, or any person acting in concert with them, in the period between the date of this Document and the Extraordinary General Meeting. Furthermore, no member of the Concert Party, nor any person acting in concert with them, has purchased any Existing Ordinary Shares in the 12 months preceding the date of this Document.

## 12. INTENTIONS OF THE CONCERT PARTY

The individual members of the Concert Party have each confirmed to the Company that they are not proposing, following completion of the Acquisition and issuance of the Consideration Shares and Conversion Shares, and save as a result of the Acquisition and to the extent set out in this Document, to seek any changes in the general nature of the Company's business. The Concert Party members have further specifically confirmed that, save as set out in paragraph 2 of Part 7 of this Document they have no intention to change the Company's plans with respect to: (a) the composition of the Board, and, as the Company has no employees, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of

employment) or any material change to the balance of skills and functions of the employees and management; or (b) employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, or the admission of new members. The Company is a holding company and, following completion of the Acquisition, the Concert Party have further confirmed that they have no intention to change the Company's plans with respect to: (i) the Company's future business as a holding company and its strategic and research and development plans; (ii) the location of the Company's headquarters or headquarter functions or the location of the Company's place of business; (iii) the redeployment of the Company's fixed assets; or (iv) the maintenance of the Ordinary Shares being admitted to trading on the equity shares (transition) category of the Main Market.

Under Rule 25.2 of the Takeover Code, only independent directors of the Company are able to make a recommendation to the Shareholders with respect to the proposed Rule 9 Resolution. The Board, all being independent, and cognisant of the above-mentioned intentions of the Concert Party, believe it is in the best interests of the Company that the Rule 9 Resolution be passed and hereby recommend that Shareholders vote in favour of the Rule 9 Resolution. Strand Hanson, as the Company's independent financial adviser, has provided formal advice to the Board that it considers the terms of the Proposals to be fair and reasonable and in the best interests of Shareholders and the Company as a whole. In providing its advice, Strand Hanson has taken into account the Board's commercial assessments. In accordance with the requirements of the Takeover Code, members of the Concert Party are not permitted to vote on the Rule 9 Resolution and in any event do not hold any interest in Existing Ordinary Shares as at the date of this Document.

Attention is drawn to Part 14 (*Additional Information*) of this Document which sets out certain further information and financial information that is required to be disclosed pursuant to the Takeover Code.

### **13. EXTRAORDINARY GENERAL MEETING**

The resolutions to be proposed at the Extraordinary General Meeting are set out in full in the relevant Notice in Part 16 of this Document. The formal business to be proposed at the Extraordinary General Meeting is as follows:

#### **Resolution 1: Rule 9 Resolution**

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

THAT, the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise for the members of the Concert Party or Ankhbold Bayanmunkh individually to make a general offer for the entire issued share capital of the Company not held by them as a result of the issue of 177,840,000 Consideration Shares to them pursuant to the Acquisition Agreement and the issue of up to 9,811,572 Conversion Shares to ICV Estonia OÜ (being the maximum number of Ordinary Shares issueable pursuant to the Convertible Loan Notes), be and is hereby approved.

In order to comply with the Takeover Code this Resolution 1 will be taken on a poll of the Company's Independent Shareholders and each of the members of the Concert Party (none of whom currently hold any interest in any shares in the Company) will not be eligible to vote on such resolution.

#### **Resolution 2: Change of Company name**

To consider, and if thought fit, pass the following resolution as a Special Resolution:

THAT, the registered name of the Company be changed to ICFG Limited.

#### **Resolution 3: Adoption of Amended Articles**

To consider and if thought fit, pass the following resolution as a Special Resolution:

THAT articles 20.2 and 20.3 of the Company's articles of incorporation be deleted in their entirety and replaced with the following:

*"20.2 Subject to Article 20.1, the Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board but so that the total number of the Board shall not at any time exceed the number (if any) fixed pursuant to these Articles.*

*20.3 Subject to Article 20.1, at each annual general meeting of the Company held after the first anniversary of the Company's first Acquisition all Directors shall retire from office and be eligible for re-appointment by the Members by Ordinary Resolution."*

A summary of the proposed changes to the current Articles of the Company is set out in Appendix 1. A copy of the Articles and the proposed Amended Articles, marked to show all changes proposed, will be available for inspection, if practicable, during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office and on the Company's website from the date of this Notice until the close of the meeting.

### **Further Information**

Shareholders should read the whole of this Document, which provides additional information on the Company and the Acquisition Agreement and should not rely on summaries of, or individual parts only of, this Document.

### **Action to be Taken**

A Form of Proxy is enclosed for use by Shareholders at the Extraordinary General Meeting. Shareholders are asked to complete, sign and return the Form of Proxy by post or hand to the Registrar, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and in any event not later than 9.00 a.m. on 7 February 2025. You may not use any electronic address provided within this notice or any related documents (including the Form of Proxy) to communicate with the Company other than as expressly stated.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number RA10) not later than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 34 of the CREST Regulations.

### **Recommendation**

The Board, all being independent of the Vendors, having been so advised by Strand Hanson, consider the approval of the Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing its advice to the Board, Strand Hanson has taken account of the commercial assessments of the Board. Accordingly, the Board unanimously recommends that Shareholders vote in favour of all of the Resolutions.

## PART 8

### DIRECTORS AND CORPORATE GOVERNANCE

#### 1. DIRECTORS

Upon completion of the Acquisition, the Directors of the Company will be as follows:

<b>Position</b>	<b>Name</b>
Chairman, Executive Director ( <i>Proposed</i> )	Mr Ankhbold Bayanmunkh
Chief Executive Officer, Executive Director ( <i>Current</i> )	Mr Oliver Stuart Fox
Executive Director ( <i>Proposed</i> )	Mr Hirohito Namiki
Non-Executive Director ( <i>Current</i> )	Mr Robert George Shepherd
Non-Executive Director ( <i>Current</i> )	Ms Nicola Jane Walker
Non-Executive Director ( <i>Proposed</i> )	Mr Amar Lkhagvasuren

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

The Company currently has no employees, but the Enlarged Group has 527 employees across five jurisdictions. Details of the service agreements and letters of appointment for the Board are set out at paragraph 4 of this Part 8 (*Directors and Corporate Governance*) of this Document.

#### 2. EXPERIENCE AND TRACK RECORD

From Admission, it is proposed that Ankhbold Bayanmunkh, and Hirohito Namiki will join the Board as executive directors assuming the roles of Chairman and Executive Director, and Amar Lkhagvasuren will join the Board as a non-executive director. The Directors, Proposed Directors and senior management of the Company have significant management expertise and extensive experience in multiple jurisdictions around the world. This is expected to enable the Company to identify, evaluate and expand its business.

#### THE DIRECTORS AND PROPOSED DIRECTORS

##### **Oliver Stuart Fox (44) – Chief Executive Officer**

Oliver has 20 years of experience as an accountant, financial strategy partner and leading regional business development in the financial services sector covering banking, financial technology, financial information and stock exchanges. Originally from the UK, he has been based in Singapore since 2020 where prior to becoming Chief Executive Officer of Fintech Asia Limited and leading the company through its IPO and search for a suitable target, he was the Head of Business Development for London Stock Exchange Primary Markets business in Southeast Asia and Australasia.

Earlier in his career he spent nearly ten years with the Royal Bank of Scotland in financial partnering roles before joining London Clearing House in 2012 to lead on medium term financial planning and work on their majority acquisition by London Stock Exchange Group. Following this he joined innovative financial technology and information company Markit, supporting them through their public listing on Nasdaq and merger with IHS Markit before re-joining LSEG in 2016 to focus on capital markets. His most recent role has been to represent LSEG in South-East Asia and Australasia to identify and evaluate IPO candidates focussing on the fintech and wider technology fields.

He has significant experience over the last 10 years of advising executive committee members on financial strategy and performance, new business case development and evaluation of potential fintech acquisitions. He also has extensive knowledge of the evolving fintech sector and its applicability to Asian growth markets and has been a regular contributor at events for earlier stage fintech companies in the region.

Oliver holds an MBA with distinction from the University of Strathclyde (2016) as well as an honours law degree (2001) and has been an associate member of the Chartered Institute of Management Accountants since 2008.

### **Robert George Shepherd (57) – Non-Executive Director**

Robert has been a lawyer for 35 years in London and Guernsey. Trained at Clifford Chance, he was admitted as a Solicitor of the Supreme Court of England and Wales in 1993. He moved to Mourant Ozannes (then Ozannes) in 1999 and was made a Partner at Mourant Ozannes from 2003 to 2020 during which time he served as Managing Partner for 10 years and Senior Partner for the last six years.

Robert has extensive legal experience in a full range of corporate and commercial disputes, including financial services, private client, trust, banking and other regulatory matters including investigations and prosecutions. Both in London and Guernsey he has assisted businesses at the frontiers of innovative financial services products to navigate relevant regulatory and contractual obstacles.

Robert is now a licensed fiduciary with a portfolio of trusteeships and other appointments with a focus on advising ultra-high net worth families and on good governance and regulatory compliance. He is also Executive Chairman of the Guernsey Cheshire Home which involves a large degree of engagement with the public sector as well as dealing with all the staff and operational issues that arise from running a large care home.

Robert graduated from King's College London (LLB) and the University of Paris (Panthéon-Sorbonne) with a Maîtrise and also an LLM in International and Environmental Law from the University of London. He speaks fluent French.

### **Nicola Jane Walker (61) – Non-Executive Director**

Nicola has an extensive background as a non-executive director over the last 20 years. This includes experience in investment management with significant AUM ranging from life sciences to property. Nicola also has established and grown two fund and fiduciary businesses in Guernsey since 2003, both involving international business development and transactionally active structures.

Nicola established Schroders Private Equity Services in Guernsey in 2003, having been asked to relocate from Schroders Bermuda to raise the group's profile in the Eurozone. Upon acquisition by JP Morgan she became Managing Director of JP Morgan Private Equity Services. From 2010, she created a successful business which was sold in 2020. Since her exit, she has built a small portfolio of independent non-executive directorships in the private equity and alternative assets space. During her tenure in administration, she has collaborated with various fintech platform providers to ensure her businesses took advantage of the most relevant and forward thinking tech systems enabling efficiency for external reporting and investors alike. These solutions ranged from electronic board packs to databases and client due diligence depositories.

Nicola is a member of the Institute of Directors in Guernsey and was a member of the committee of administrators of the Guernsey Investment Funds Association from 2018 to 2020. She currently sits on the Business Beats Cancer committee in Guernsey, affiliated with Cancer Research UK.

Nicola graduated from Nottingham Trent University and is a Fellow of the Institute of Chartered Governance. She lived in France and Germany during her university studies and speaks both French and German.

The Company is further proposing to appoint the following individuals to the Board of the Company.

### **Ankhbold Bayanmunkh (44) – Proposed Chairman**

Ankhbold has over 17 years of experience of working in management consultancy, IT management, financial technology, and human resource management. Ankhbold was born in Ulaanbaatar, Mongolia and has experience in various industries and regional exposure in Japan, the EU, Australia and Mongolia. He is the current Chairman of the Board of Directors of ICNJ and Chief Executive Officer of SIBJ.

From 2006, Ankhbold worked as senior consultant at Abeam Consulting, one of the largest consulting firms in Japan, where he specialised in project management, supply chain management, business process re-engineering and IT management. In 2012, he joined Shunkhrai Group, the second largest conglomerate in Mongolia, as a vice president, where he was responsible for human resource and IT management. In 2016, Ankhbold co-founded ICNJ.

Ankhbold holds bachelor of business administration and MBA specialised in corporate strategy from the Ritsumeikan Asia Pacific University in Japan.

### **Namiki Hirohito (54) – Proposed Executive Director**

Hirohito Namiki, an experienced finance professional, earned a BA in Economics from Keio University in March 1992. He joined Mitsubishi UFJ Trust and Banking Corporation (MUTB), one of Japan's largest trust banks, in April 1992.

He pursued an MBA in Business Strategy & Organisation Analysis at Simon Business School, University of Rochester, NY, USA, graduating in June 2005. He became a U.S. Certified Public Accountant, registered in WA, in May 2002. Throughout his career at MUTB, Hirohito gained valuable experience in international business through collaboration with global affiliates and consultancy with high-net worth individuals.

In August 2014, he founded former InvesCore Japan Co., Ltd. In March 2016, he became Director of ICNJ, JST (part of the Target Group), a prominent financial services company in Mongolia. InvesCore Japan Co., Ltd is a real estate and construction project investment company. InvesCore Japan Co., Ltd is implementing several projects in Japan and some other countries.

Complementing his finance expertise, he is also a registered Japan Real Estate Transaction Agent, underscoring his diverse skill set and strong background in the finance industry.

### **Amar Lkhagvasuren (45) – Proposed Non-Executive Director**

Amar Lkhagvasuren brings over 23 years of extensive experience in the banking and finance sector. He began his career at the Central Bank of Mongolia in 2001, where he held various roles, including Project Coordinator for the World Bank Financial Capacity Development Project and Supervisor within the Supervision Department. From 2011 until late 2019, Amar worked at the Asian Development Bank (ADB), where his responsibilities spanned macroeconomic analysis, forecasting, policy advisory, research, public relations, and knowledge sharing, as well as project processing and implementation. He also played a key role in formulating strategies and developing business plans for ADB's activities in Mongolia.

Currently, Amar serves as the Chief Executive and Secretary-General of the Mongolian Bankers Association (MBA), an industry association dedicated to representing the collective interests of the banking sector. He is also an active member of the boards of several prestigious institutions, including the Banking and Finance Academy of Mongolia, the Deposit Insurance Corporation of Mongolia, the Credit Guarantee Fund of Mongolia, and the Mongolian Sustainable Finance Association.

Amar holds a Master of Science in Banking and Finance from the Luxembourg School of Finance and a Bachelor's degree in Economic Studies from the National University of Mongolia.

### **Senior Management**

#### **Benjamin Proffitt (43) – Proposed Chief Financial Officer**

Ben has over 15 years of experience across a range of sectors, having acted as Chief Financial Officer of Challenger Energy Group plc until late 2021 (listed on AIM) and more recently consulting to a number of public listed companies as Chief Financial Officer of Silvertree Partners LLP.

Ben brings extensive experience in financial reporting, corporate finance, M&A activity and stakeholder management to the company, having spent much of his time in cyclically volatile industries listed in the UK. Ben has been responsible for corporate acquisition financial due diligence and finance function integration, cost tracking for offshore exploration wells, public equity fundraising, structured finance arrangements and both internal and external financial reporting functions.

Ben is a Fellow member of the Institute of Chartered Accountants in England and Wales and holds a bachelor degree in physics from Imperial College London.

Ben is based in the Isle of Man and has worked across a number of jurisdictions, including the UK, USA, Australia and the Caribbean.

### **Zoljargal Munkhjargal (37) – Proposed Chief Information Officer**

Zoljargal has 15 years of experience as a software engineer, researcher and, most recently fintech development leader in the financial services sector covering micro loan and e-wallet. He spent a decade as a fellow conducting research at Machine Intelligent Laboratory of the National University of Mongolia before joining the Target Group in 2018 to lead the development of the AI-based Mongolian language processing tools.

Following this, he established the innovative and AI development company AI Lab LLC, supporting the Target Group through fintech solutions, ERP systems, AI-based credit scoring, and other innovative products and services. He has significant experience over the last six years of developing and focusing on IT strategy and performance, including new product development. His extensive experience with the Target Group also includes launching fintech solutions and their applicability to Central Asian growth markets and he has become a regular contributor and panelist at fintech events for start-up companies in the region.

He holds a PhD in computer science with distinction from the National University of Mongolia (2017), having conducted research at the University of Trento in Italy.

Zoljargal has also taught at the National University of Mongolia since 2009.

### **3. DIRECTORS' AND PROPOSED DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY**

As at the date of this Document, and upon the Completion of the Acquisition and Admission assuming Admission occurs on 12 February 2025, the following Directors and Proposed Directors hold and/or will hold an interest in the share capital of the Company.

	<i>Number of Ordinary Shares held immediately prior to Admission</i>		<i>Number of Ordinary Shares held immediately following Admission</i>	
	No.	%	No.	%
Ankhbold Bayanmunkh	0	0	72,914,415	35.75
Hirohito Namiki*	0	0	30,543,350	14.98
Oliver Stuart Fox	1,000,000	5.97	1,000,000	0.49

\* This includes shares held by IC Japan LLC and IVC Estonia OÜ, both of which are controlled and beneficially owned by Hirohito Namiki.

Save as disclosed in this Document, none of the Directors or Proposed Directors has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

### **4. DIRECTORS' AND SENIOR MANAGERS' REMUNERATION AND SERVICE AGREEMENTS / LETTERS OF APPOINTMENT**

The Directors' have entered into the following agreements with the Company, which will be effective from the date of Admission.

#### **Executive Directors**

Oliver Stuart Fox

The Company has entered into a consultancy agreement dated 13 April 2022 with ADI. Under the terms of the consultancy agreement, ADI nominates Oliver Stuart Fox to provide services to the Company as Chief

Executive Officer. ADI will receive an annual fee of S\$180,000 in return for the services provided. The consultancy agreement may be terminated at any time by either party providing 12 weeks' notice. Oliver has entered into a side letter dated 13 April 2022 with the Company confirming that certain terms of this consultancy agreement will be binding on him as an individual. The agreement is governed by Guernsey law.

The Company has entered into an addendum to the consultancy agreement dated 20 January 2025. Under the terms of the addendum agreement, Oliver will provide nine hours of services as Chief Executive Officer to the Company a week and will receive £75,000 per annum in fees (or equivalent in Singapore dollars). The consultancy agreement will have a minimum term of 18 months from the date of Admission, during which the agreement can be terminated by either party providing notice or paying a fee in lieu of the balance of the said initial term, subject always to a minimum term of 6 months. After the initial term, either party can terminate the agreement by giving 6 months' prior notice. There is also a provision in the agreement pursuant to which, if Oliver is not re-elected to the board of the Company, this will trigger the notice provisions whereby the Company will be considered to have given notice of termination of the agreement. The agreement will be governed by Guernsey law.

Oliver had previously also entered into a letter of appointment with the Company dated 13 April 2022 in respect of his appointment as executive director, which was effective 19 April 2022. Oliver was not entitled to any remuneration or other benefits from the Company under the letter of appointment, other than for the reimbursement of reasonable expenses. The letter of appointment was terminable by either party on one working day's written notice, and was governed by Guernsey law.

Oliver has since entered into a revised letter of appointment with the Company dated 20 January 2025 in respect of his appointment as executive director, which is effective from the date of Admission. Oliver is entitled to remuneration amounting to £75,000 per annum for 15 hours of services as executive director to the Company a week. The letter of appointment can be terminated by either party on 6 months' notice, subject to a minimum initial term of 18 months. The agreement will be governed by Guernsey law.

As a Director of the Company, his fiduciary duties to the Company are exactly the same irrespective of the manner of his engagement and the fact that he provides his services pursuant to a consultancy agreement entered into by ADI and the Company.

#### Ankhbold Bayanmunkh

SIBJ Capital LLC has entered into an employment agreement with Ankhbold pursuant to which he is appointed as executive director of the company. His agreement is for a fixed term of four years from 1 January 2022 to 31 December 2025 and does not include a notice period. Under the agreement, he receives ₮84 million (\$24,528) per annum for 25 hours of service a week. The agreement is governed by Mongolian law.

Ankhbold has also entered into a letter of appointment with the Company dated 20 January 2025 in respect of his appointment as executive director, which is effective from the date of Admission. Ankhbold is entitled to remuneration amounting to £75,000 per annum for 15 hours of services as executive director to the Company a week. The letter of appointment can be terminated by either party on 6 months' notice, subject to a minimum initial term of 18 months. The agreement will be governed by Guernsey law.

#### Hirohito Namiki

The Target has entered into an employment agreement dated 20 January 2025 with Namiki pursuant to which he is appointed as executive director of the company. Under the agreement, he receives £40,000 per annum (or equivalent in Singapore currency) for 25 hours of service a week. This agreement can be terminated at any time with 6 months' notice. The agreement is governed by Singapore law.

Namiki has also entered into a letter of appointment with the Company dated 20 January 2025 in respect of his appointment as executive director, which is effective from the date of Admission. Namiki is entitled to remuneration amounting to S\$30,000 per annum for 15 hours of services as executive director to the Company a week. The letter of appointment can be terminated by either party on 6 months' notice, subject to a minimum initial term of 18 months. The agreement will be governed by Guernsey law.

## **Non-Executive Directors**

Nicola Jane Walker

Nicola has entered into a non-executive letter of appointment with the Company in respect of her appointment, which is effective from the date of Admission. Under the terms of her appointment, she will receive fees of £55,000 per annum. Her appointment shall (subject to limited exceptions) be subject to termination by either party on three months' written notice. The letter of appointment is governed by Guernsey law.

This letter supersedes the previous letter of appointment which Nicola had entered into with the Company, pursuant to which she received fees of £25,000 per annum.

Robert George Shepherd

Robert has entered into a non-executive letter of appointment with the Company in respect of his appointment, which is effective from the date of Admission. Under the terms of his appointment, he will receive fees of £55,000 per annum. His appointment shall (subject to limited exceptions) be subject to termination by either party on three months' written notice. The letter of appointment is governed by Guernsey law.

This letter supersedes the previous letter of appointment which Robert had entered into with the Company, pursuant to which he received fees of £25,000 per annum.

Amar Lkhagvasuren

Amar has entered into a non-executive letter of appointment with the Company in respect of his appointment, which is effective from the date of Admission. Under the terms of his appointment, he will receive fees of £36,000 per annum. His appointment shall (subject to limited exceptions) be subject to termination by either party on three months' written notice. The letter of appointment is governed by Guernsey law.

Save as disclosed in this Document, there are no service agreements or letters of appointment in existence between any of the Directors and the Company and no service contracts or letters of appointment have been entered into nor have any existing service contracts or letters of appointment been replaced or amended during the period of six months prior to the date of this Document. Other than the foregoing, none of the current or proposed non-executive directors has received any renumeration or other benefits from the Company.

## ***Senior Management***

### **Advisory Agreement with Orbita Consulting Limited (“OCL”)**

The Company has entered into an advisory agreement dated 24 July 2023 with OCL. Under the terms of the advisory agreement, OCL nominates Benjamin Proffitt to provide services to the Company as Chief Financial Officer. OCL will receive a fee of £10,000 per calendar month in return for the services provided.

The advisory agreement has been amended by an addendum letter dated 20 January 2025 pursuant to which the advisory agreement will have a minimum term of 12 months from the date of Admission, during which the agreement can be terminated by either party providing notice or paying a fee in lieu of the balance of the said initial term, subject always to a minimum term of 3 months. After the initial term, either party can terminate the agreement by giving 3 months' prior notice. OCL will also receive a fee of £170,000 per annum, in exchange for 30 hours of services a week. His agreements are governed by Guernsey law. Other than the foregoing, he is not entitled to any remuneration or other benefits from the Company, other than reimbursement for reasonable expenses.

### **Arrangements with Zoljargal Munkhjargal**

AILL has entered into an employment contract with Zoljargal Munkhiargal dated 10 October 2023 pursuant to which he is appointed as Chief Information Officer. He is paid approximately £15,000 per annum, for 30 hours of employment services a week. As the agreement does not specify a notice period, Article 79.2 and 80.4 of the Labor Law would apply such that the notice period for both parties is 30 days.

The Company has entered into an advisory agreement dated 20 January 2025 with Zoljargal. Under the terms of the advisory agreement, Zoljargal provides services to the Company as Group Chief Information Officer. Zoljargal will receive a fee of £24,000 per annum in return for 5 hours of services provided a week.

His agreements are governed by Mongolian law. Other than the foregoing, he is not entitled to any remuneration or other benefits from the Company, other than reimbursement for reasonable expenses.

## 5. DIRECTOR AND SENIOR MANAGMENTS' INTERESTS

Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Document are set out below:

Name	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Ankhbold Bayanmunkh	SIBJ (2016 – current) iCore Partners LLC (2022 – current) InvesCore NBFI JSC (2016 – current) InvesCore Capital SC LLC (2018 – current) Abico LLC (2009 – current) AILL (2018 – current) Innovation Investment JSC (2023 – current)	None
Oliver Stuart Fox	Adhartas International Pte. Ltd. (2022 – current)	None
Hirohito Namiki	ICFG Pte. Ltd. (2020 – current) InvesCore Japan Co., Ltd. (2019 – current) InvesCore NBFI JSC (2018 – current) Alesco Ventures OÜ (2019 – current) IVC Estonia OÜ (2023 – current) Tecra Inc (2022 – current) 333 Solar Limited (2011 – 2019)	None
Robert George Shepherd	Cosford Investments Limited (2003 – current) Boveton Estates Limited (2003 – current) Allesley Investments Limited (2003 – current) Guernsey Cheshire Home LBG (2008 – current) Brownsover Investment Limited (2008 – current) Gore Court (2008) Limited (2009 – current) Dawson (PTC Limited) (2009 – current) Kirkwood (2009) Settlement (as trustee) (2009 – current) Weymouth Trustees Private Limited (2009 – current) AKS PTC Limited (2012 – current) Lesing Two Limited (2012 - current) Kirkwood Properties Limited (2014 – current) AJC Kirkwood HoldCo Limited (2015 – current) The Guernsey Literary Festival LBG (2015 – current) Chaser One Limited (2017 – current)	Bracdir Limited (2008 – 2019)  Lesing Eight Limited (2008 – 2019) Lesing Nominees Limited (2008 – 2019) Hale Investments Limited (2008 – 2019) Lesing Eleven Limited (2008 – 2019) Lesing Six Limited (2008 – 2019) Lesing Five Limited (2008 – 2019)  Lesing Ten Limited (2008 – 2019)  Lesing LPS Limited (2008 – 2019)  Lesing One Limited (2008 – 2019)  Lesing CIV Limited (2008 – 2019)  Montalcino Holdings Limited (2008 – 2019) Lesing Nine Limited (2008 – 2019)

Name	Current directorships/ partnerships	Past directorships/ partnerships
	Brownsover Limited (2017 – current) 38 (Guernsey) Limited (2021 – current) Greengate PTC Limited (2023 – current) NR Wine Limited (2024 - current) La Fleche Holdings Limited (2024 - current)	Lesing Four Limited (2008 – 2019) Skipton International Limited (2008 – 2019) Rianta Capital (Suisse) Holdings Limited (2009 – 2019) Rianta Capital Holdings Limited (2009 – 2019) Lesing CIV Holdings Limited (2009– 2019) Lesing Thirteen Limited (2009– 2019) Lesing Twelve Limited (2009 – 2019) Icarus Holdings Limited (2011 – 2019) Lesing Eastbrook Limited (2011 – 2019) Lesing Fourteen Limited (2011– 2019) Lesing LPS 2011 Limited (2011 – 2019) Icarus Group Limited (2011 – 2019) Lesing JMB Limited (2011 – 2019) 333 Solar Limited (2011– 2019) Lesing Gyms Limited (2012 – 2019) Lesing CIV 2011 Limited (2012 – 2019) Lesing NKD Limited (2013 – 2019) Lesing Oakham Limited (2015 – 2019) Ravenscourt Holdings Limited (2015 – 2019) Lesing RE 2015 Limited (2015 – 2019) Lesing EQ 2015 Limited (2015 – 2019) Oakham Nominees Limited (2015 – 2019) Lesing AR 2015 Limited (2015 – 2019) Eastbrook Nominees Limited (2015 – 2019) Lesing Gyms 2 Limited (2016 – 2019) LWP Eastbrook Property Limited (2016 – 2019) Lesing Eastbrook Magenta Limited (2017 – 2019) Hale Holdings Limited (2018 – 2019) Hale Wigmore Limited (2018 – 2019) Lesing Eighteen Limited (2018– 2019) Mourant Ozannes LP (2010 – 2020) 31 AC Limited (2011 – 2021) The Juggling King Limited (2018 – 2021) Bellingham Shores Limited (2020 – 2022)

Name	Current directorships/ partnerships	Past directorships/ partnerships
		92 QEW (Freehold) LBG (2010 – 2023) Rose Farm Limited (2003 – 7 May 2024) Second Aviation Holdings Limited (2020 – 2024) Atlas H Limited (2020 – 2024) First Leeward Global Limited (2020 – 2024) Second Leeward Global Limited (2020 – 2024) First Casurina Overseas Limited (2020 – 2024) Second Casurina Overseas Limited (2020 – 2024) Lakeridge Universal Overseas Limited (2021 – 2024) Atlas Second Limited (2020 – 2024) Phoenix Partners Holdings Limited (2020 – 2024) Epitome Corporation Limited (2020 – 2024) LW Group Limited (2020 – 2024) New Year Holdings Limited (2020 – 2024) Ultimate Investment Holdings Limited (2021 – 2024) Phoenix Asset Invest (PTC) Limited (2021 – 2024) HMB2 Trust (Protector) (2021 – 2024) Maxillana Limited (2021 – 2024) Societe Le Marchant Management Limited (2021 – 2024) Societe Le Marchant Limited (2021 – 2024) Penultimate Investment Holdings Limited (2021 – 2024) Horizon Cruises Limited (2023 – 2024)
Nicola Jane Walker	Schroder Venture Managers (Guernsey) Limited (2017 – current) Saltus CI Limited (2021 – current) Guernsey Portfolio PCC Limited (2021 – current) Calunius Special Opportunities GP Limited (2022 – current) Calunius GP 3 Limited (2022 – current) DBG Management GP (Guernsey) Limited (2022 – current) Galloway Shepperd Asset Management Limited (April 2023 – current) Galloway Shepperd Special Opportunities PCC Limited (October 2023 – current)	Belasko Administration Limited (2011 – 2020) Belasko Shareholdings Limited (2012 – 2020) Belasko Corporate Limited (2012 – 2020) Belasko Corporate 2 Limited (2012 – 2020) Belasko Trustees Limited (2012 – 2020) Leopard Holding Guernsey Limited (2012 – 2019) Cyan Blue Guernsey Limited (2014 – 2020) CFP II G.P. Limited (2015 – 2020) New Frontier Guernsey 1 Ltd. (2015 – 2020)

Name	Current directorships/ partnerships	Past directorships/ partnerships
		Middlesbrough Shopping Centre Limited (2015 – 2020) Burton Investments Limited (2015 – 2020) Middlesbrough Holdings Limited (2015 – 2020) Burton Shopping Centre Limited (2015 – 2020) Anglo Bailiwick Advisers Limited (2015 – 2020) BCC Eiffel Limited (2016 – 2021) New Frontier Luxembourg Limited (2016 – 2020) New Frontier Europe Limited (2016 – 2020) Candleriggs Limited (2014 – 2020) Cyan Limited (2016 – 2020) Schroder Ventures European Fund Managers Limited (2017 – 2019) NF Austria Hold Co Limited (2017 – 2019) Belasko Group Limited (2017 – 2020) NF Germany Hold Co Limited (2017 – 2020) NF Hassfurt Investments Limited (2017 – 2020) New Frontier Guernsey II Limited (2017 – 2020) CFP III G.P. Limited (2019 – 2020) Health Care Real Estate Investors Limited (2019 – 2020) TC Global Finance Acquisitions Limited (2021 – 2021) Belasko Corporate 3 Limited (2017 – 2020) Belasko Corporate 4 Limited (2017 – 2020) Belasko Trustees Jersey Limited (2017 – 2020) Belasko Nominees Limited (2017 – 2020) Belasko Jersey Limited (2017 – 2020) Healthcare Property Holdings Limited (2016 – 2020) Healthcare Property Investments Limited (2016 – 2020) Greenfield Group Holdings Limited (2017 – 2020) Erda Master IPCO Limited (2017 – 2020) Erda Holdings Limited (2017 – 2020) Greenfield IP Limited (2017 – 2020) Greenfield Properties Limited (2017 – 2020)

Name	Current directorships/ partnerships	Past directorships/ partnerships
		HREHL Holdco Limited (2017 – 2020) HCHP Limited (2016 – 2017) Healthcare Finance Limited (2016 – 2019) HHL Properties Limited (2016 – 2017) HIHP Limited (2016 – 2017) Supported Living Limited (2016 – 2020)
Amar Lkhagvasuren	Tuushin LLC (2016 – current) Mongolian Green Finance Corporation LLC (2020 – current) Deposit Insurance Corporation of Mongolia (2020 – current) Sustainable Finance Association of Mongolia (2020 – current) Mongolian Bankers Association (2020 – current) Credit Guarantee Fund of Mongolia (2021 – current) Banking and Finance Academy of Mongolia (2024 – current)	Mongolia Billion Tree Foundation (2022 – 2023) CGF LLC (2020 – 2024)
Benjamin Proffitt	Rock Services Limited (2018 – current) Orbita Consulting Limited (2021 – current) CEG A Limited (2022 – current) CEG B Limited (2022 – current) CEG C Limited (2022 – current) CEG D Limited (2022 – current) CEG (A) Limited (2022 – current) Bahamas Offshore Petroleum Limited (2022 – current) Privateer Petroleum Limited (2022 – current)	Columbus Energy Resource Limited (2020 – 2021) BPC Uruguay Holdings Limited (2020 – 2021) BPC Uruguay SA (2020 – 2022)
Zoljargal Munkhjargal	AI Lab LLC (2018 – current) SIBJ (2021 – current) Corex LLC (2022 – current) Blockchain Solutions LLC (2023 – current)	None

None of the Directors or senior management:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership, administration or liquidation for at least the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

## 6. EMPLOYEE INCENTIVE SCHEMES

The Company has plans to issue stock options to key management of the Enlarged Group with the intention of incentivising and retaining the key management team. It is the Board's intention that the Company shall

put in place appropriate incentive scheme and the Board will decide on whether stock option will be implemented and terms and conditions of its implementation in a way that accelerates and promotes the growth of the businesses.

ICCL entered into a special employment agreement with Bilguun Likhagvaa, its executive director on 24 October 2022, where up to 30 per cent. of ICCL's shares will be granted to him and the management team in the form of shares, and the number of shares will be agreed upon by the parties in accordance with ICCL's medium term plan and its implementation plan.

ICPL entered into a special employment agreement with Uyanga Otgonsukh, its executive director on 2 January 2023, where up to 30 per cent. of ICPL's shares will be granted to him and the management team in the form of shares, and the number of shares will be agreed upon by the parties in accordance with ICPL's medium term plan and its implementation plan.

ICNJ intends to offer the chief executive officer of ICFLP a 10 per cent. interest in ICFLP. The option agreement is still under negotiation between the parties.

## **7. EXISTING EMPLOYEE OPTIONS**

An employee stock option scheme (ESOP) for the management team, key employees and all employees of ICNJ was approved by the board of ICNJ on 5 April 2024 with resolution No. 26, and this was subsequently approved at ICNJ's shareholder meeting on 29 April 2024. Under the resolution, ICNJ will grant up to 250,000 common shares with traded value around US\$ 579,710 as of closing rate of 18 March 2024 (0.33 per cent. of the total issued shares of ICNJ) to the above stated employees and management personnel free of consideration from 2024 to 2028 under a vesting scheme. The goal for ESOP is to retain top talent, improve motivation for performance and attracting new talent. Upon notifying the MSE and FRC of Mongolia and amending the share registration at these authorities, ICNJ will officially commence implementing the ESOP.

## **8. CONFLICTS OF INTEREST**

### **General**

There are no potential conflicts of interest between any duties owed to the Company by the Directors, the Proposed Directors and/or the senior management and their private interest or other duties. If there is a conflict of interest the Articles provide for how the Board are to manage and deal with these.

The Articles require each Director, immediately after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, to disclose to the Board the nature and extent of that interest unless the transaction or proposed transaction is between the Director and the Company in the ordinary course of the Company's business and on usual terms and conditions.

The Articles and Guernsey law permit a Director to be counted in the quorum present at any Board meeting in relation to any resolution in respect of which he has declared an interest and the Director may vote thereon. Whilst a Director may vote on such a matter, he must comply with his duties to the Company under Guernsey law; i.e. a fiduciary duty to act in good faith (which includes a duty to exercise his own judgment, to avoid conflicts without the informed consent of the Company and to act for proper purposes) and a duty to exercise due care and skill.

Consequently, a Director must consider these duties when deciding whether or how to vote or abstain from voting on a matter.

### **Conflict of interest limitation**

The Company and the Board will, wherever possible, try to ensure that a conflict of interest does not arise. The Company's practices in managing conflicts of interest enables the Company to identify and document conflicts of interest on an ongoing basis and includes controls, such as documented investment and review processes, to manage any such identified conflicts.

The Company, the Board and its senior management will seek to mitigate or resolve any conflict of interest that has been identified and will take appropriate action to do so. This may involve the implementation of additional control measures. Conflicts of interest which are of an ongoing nature are reviewed by the Non-Executive Directors as part of their ongoing monitoring responsibilities.

## **9. BOARD COMMITTEES**

The Company has established an Audit Committee, a Risk Committee, a Remuneration Committee and a Nomination Committee with formally delegated duties and responsibilities.

### **Audit Committee**

The Audit Committee comprises Robert Shepherd (as chair), Nicola Walker and Amar Lkhagvasuren, and shall meet not less than three times a year. The Audit Committee will be responsible, within the agreed terms of reference for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

### **Nomination Committee**

The Nomination Committee comprises Ankhbold Bayanmunkh (as chair), Amar Lkhagvasuren and Robert Shepherd, and shall meet as and when necessary, but in any case not less than twice a year. The Nomination Committee shall lead the process for Board appointments and make recommendations to the Board. The Nomination Committee shall evaluate, within the agreed terms of reference, the structure, size and composition of the Board, undertaking succession planning, leading the process for new Board appointments and making recommendations to the Board on all new appointments and re-appointments of existing directors. The balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

### **Remuneration Committee**

The Remuneration Committee comprises Nicola Walker (as chair), Robert Shepherd and Amar Lkhagvasuren, and shall meet not less than twice a year. The Remuneration Committee shall be responsible, within the agreed terms of reference, for the review and recommendation of the scale and structure of remuneration for Directors and senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and other stakeholders.

### **Risk Committee**

The Risk Committee comprises Amar Lkhagvasuren (as chair), Robert Shepherd and Nicola Walker, and shall meet not less than four times a year. The Risk Committee shall be responsible, within the agreed terms of reference, review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes.

## **10. CORPORATE GOVERNANCE**

As a company which, subject to Admission, will have a listing in the equity shares (transition) category, the Company is not required to comply with the provisions of the UK Corporate Governance Code published by the Financial Reporting Council of the UK. Nevertheless, the Directors are committed to maintaining high standards of corporate governance and have, so far as is practicable given the Company's size and nature, consider whether to voluntarily adopt and comply with the UK Corporate Governance Code as part of any Acquisition.

The Company will report to its Shareholders as to its compliance with the UK Corporate Governance Code on an ongoing basis and publishes an updated corporate governance statement from time to time. As at the date of this Document, the Company is aware that it does not currently comply with certain provisions of the UK Corporate Governance Code. The Board has also established an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Committee each with formally delegated duties and responsibilities and with written terms of reference.

Upon Admission, the Company will hold quarterly board meetings with additional board meetings held as issues which require the attention of the Board arise. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Enlarged Group, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board will also address issues relating to internal control and the Company's approach to risk management and has formally adopted an anti-corruption and bribery policy as well as a share dealing code.

As a company which, subject to Admission, will have a listing in the equity shares (transition) category, the Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 2 of the UKLR, together with the UKLR TP 1.4. Save for the appointment of the Proposed Directors on Admission, there are no known potential material impacts on the corporate governance, including future changes in the Board and committee composition (in so far as it has already been decided by the Board and/or Shareholder meetings).

The Company will be led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for Shareholders and contributing to wider society.

The Board will ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The Board will ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them.

## PART 9

### A - OPERATING AND FINANCIAL REVIEW OF THE COMPANY

The following operating and financial review contains financial information that has been extracted or derived, without material adjustments, from the Company's Historical Financial Information for the consolidated, unaudited half year period ended 30 June 2024 ("FY24"), the audited 18 month period ended 31 December 2023 ("FY23") and the audited period from 21 May 2021 to 30 June 2022, all incorporated by reference in Part 12 of this Document.

The following discussion should be read in conjunction with the other information in this Document, in particular with the entire Part 12 – Historical Financial Information on the Company and Target Group. This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements.

The key risks and uncertainties include, but are not limited to, those described in the section of this Document entitled 'Risk Factors' in Part 2 of this Document.

#### Overview of the Company

The Company was admitted to the London Stock Exchange's main market for listed securities on 15 September 2022, where it raised £1,455,000 through the placing of 3,010,000 ordinary shares. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, share or debt purchase, reorganisation or similar business combination with one or more businesses. The principal activity of Fintech Asia Limited is to undertake the acquisition of one or more companies or businesses in the financial technology sector that offer new technologies that seek to improve and automate the delivery and use of financial services in Asia or from Asia into the Western economies. This is commonly referred to as the "fintech" sector. The search for a potential transaction was funded from the cash raised on admission of the Company to the market. On identifying the Target Group and thereafter on engagement of advisers it was apparent that further funding would need to be obtained to further the transaction and complete the Acquisition. This has been obtained by the issue of convertible loan notes in three tranches as follows:

On 8 September 2023, the Company obtained an unsecured committed facility of £1.0 million via a convertible loan note instrument (the "**Series A Convertible Loan**"). The first tranche of £350,000 was made available on 8 September 2023, the second tranche of £350,000 was made available on 2 October 2023, and the third tranche of £300,000 was made available on 31 October 2023. The loans were made with an interest rate equating to a fixed amount of five per cent. per annum.

On 13 November 2023, the Company obtained a further unsecured committed facility of £1.0 million via a "Series B" convertible loan note instrument (the "**Series B Convertible Loan**"). The first tranche of £250,000 was made available on 13 December 2023, the second tranche of £250,000 was made available on 16 January 2024 and the third tranche of £500,000 was made available on 16 February 2024 with an interest rate equating to a fixed amount of five per cent. per annum.

On 24 April 2024, the Company obtained a further unsecured committed facility of £2.0 million via a "Series C" convertible loan note instrument (the "**Series C Convertible Loan**"). The first two tranches of £500,000 were made available in May and June 2024 and a further £300,000 was made available in October 2024. A final tranche of £200,000 is expected to be made available on or around 25 January 2025. All with an interest rate equating to a fixed amount of five per cent. per annum.

On 4 December 2024, the Company obtained a further unsecured committed facility of £2.0 million via a "Series D" convertible loan note instrument (the "**Series D Convertible Loan**"). The first tranche of £1.5 million was made available on 17 December 2024 and a further tranche of £500,000 is to be made available on or around 25 January 2025, all with an interest rate equating to a fixed amount of 10 per cent. per annum.

As a result, there are £4.8 million of outstanding convertible loans owed by the Company. This will be converted into up to 9,792,428 new Ordinary Shares in the Company if approved by the Independent Shareholders at the Extraordinary General Meeting. In the Company's most recent audited financial statements, being the "*Annual Financial Report to 31 December 2023*", the audit opinion set out therein a material uncertainty in relation to the Company's ability to continue as a going concern. This reflects the Company's then and continued dependency

on external funding to finance the Acquisition process. However, following Completion, the Company will have access to funding from the Target Group and as such will have the ability to pay its creditors as they fall due.

Should the Acquisition not complete, the Company would either have to raise further funds or enter into administration as it has no turnover and would have £3.3 million of debt and various other additional creditors to pay.

Trading since incorporation has shown the following losses:

	<b>6 months to 30 June 2024 (unaudited)</b>	<b>18 months to 31 December 2023 (audited)</b>	<b>28 May 2021 to 30 June 2022 (audited)</b>
	(£)	(£)	(£)
Total Comprehensive loss	1,619,786	3,400,922	397,971

(Net Liabilities) / Net Assets over the same period were as follows:

	<b>As at As at 30 June 2024 (unaudited)</b>	<b>As at 31 December 2023 (audited)</b>	<b>As at 30 June 2022 (audited)</b>
	(£)	(£)	(£)
(Net liabilities) / Net Assets	(3,327,679)	(1,707,893)	188,029

## B - OPERATING AND FINANCIAL REVIEW OF THE TARGET GROUP

The following operating and financial review contains financial information that has been extracted or derived, without material adjustments, from the Target Group's Historical Financial Information for the consolidated, unaudited half year period ended 30 June 2024 ("HY24"), the audited years to 31 December 2023 ("FY23"), 31 December 2022 ("FY22") and to 31 December 2021 ("FY21") (together the "Historical Period") are combined as explained in Section B of Part 12 of this document – Historical Financial Information, and are prepared in accordance with IFRS. The selected consolidated financial information in this section also includes underlying management data which was used to prepare the Historical Financial Information.

The following discussion should be read in conjunction with the other information in this Document, in particular with the entire Section D of Part 12 – Unaudited Pro Forma Financial Information on the Enlarged Group. This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements.

The key risks and uncertainties include, but are not limited to, those described in the section of this Document entitled 'Risk Factors' in Part 2 of this Document.

### Overview of the Target Group

The Target Group was founded in Ulaanbaatar, Mongolia in 2016 by Mongolian and Japanese investors. The Target Group's four main operating subsidiaries are: InvesCore NBFI JSC (ICNJ), InvesCore Capital LLC (ICCL), InvesCore Property LLC (ICPL) and AI Lab LLC (ICCL). The primary business is a non-banking financial institution, with the majority of its operations located in Mongolia. ICFG Pte. Ltd. (formerly known as InvesCore Financial Group Pte. Ltd.) (Target) is the ultimate parent company, owning 100 per cent. of SIBJ, and is a Singapore incorporated company.

The operations of the main trading entities are detailed below:

InvesCore NBFI JSC and its subsidiaries ("NBFI Group") is the primary trading entity of the Target Group, providing microfinance loan and trust deposit accounts to individuals and SMEs. This entity and its subsidiaries represent c.84 per cent. of operating income in FY23. InvesCore NBFI JSC is a public company with its shares listed on the MSE, it is also licenced by Mongolia's Financial Regulatory Commission ("MFRC") to conduct non-banking financial activities, which include the provision of credit and trust services. Individuals and businesses primarily apply for loans through NBFI's branch network but can also borrow smaller amounts through the 'Pocket' mobile application.

InvesCore Capital LLC (also referred to as InvesCore Capital) is the investment banking division of the Group, established in June 2018, with the aim of supplying brokerage, dealership, underwriting and investment advisory services. Its operating income during FY23 represents c.2 per cent. of the Group's total.

InvesCore Property LLC was initially formed in 2017 as a property management business and has been subsequently expanded its operations to all elements of real estate management. Its operating income during FY23 represents c.12 per cent. of the Target Group's total.

AI Lab LLC 'AI Lab' primarily provides technology and software services to the other Group entities, developing a number of the systems, including the Loan origination system and Pocket mobile application.

### Statement of Financial Performance Commentary

The results of the Target Group have been and will continue to be affected by many factors, some of which are beyond the control of the Target Group. This section sets out some key factors that the Directors the Target Group's financials. The Target Group profit before tax has grown at 45.1 per cent. CAGR on a US\$ basis from FY21 to FY23, driven by growth in the loan book, generating income from the interest and fee's levied.

### Segmental Financial Overview

The segmental analysis below is unaudited, but the Target Group column is audited for FY21-FY23 and HY24 is unaudited.

#### Income Statement

	FY21							
US\$m	NBFI	SIBJ	Property	Capital	AI Lab	SIBJ Group	ICFG	Target Group
Net interest income	11.5	–	(0.1)	–	–	11.4	–	11.4
Net fee and commission expense	2.0	–	0.2	0.2	–	2.4	–	2.4
Total revenue from contracts with customers	–	–	–	–	0.1	0.1	–	0.1
Other operating income	(0.8)	–	0.6	0.1	–	(0.2)	–	(0.2)
Total operating income	12.7	–	0.7	0.3	0.1	13.7	–	13.7
Total expenses	(4.1)	(0.2)	(0.6)	(0.2)	(0.1)	(5.2)	–	(5.2)
Profit before tax	8.6	(0.2)	–	0.1	–	8.5	–	8.5
Income tax expense	(1.6)	(0.1)	–	–	–	(1.7)	–	(1.7)
<b>Profit/(Loss) for the year</b>	<b>7.0</b>	<b>(0.3)</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>6.8</b>	<b>–</b>	<b>6.8</b>
	FY22							
US\$m	NBFI	SIBJ	Property	Capital	AI Lab	SIBJ Group	ICFG	Target Group
Net interest income	16.7	0.0	(0.6)	0.0	(0.0)	16.2	–	16.2
Net fee and commission expense	4.7	–	0.1	0.5	–	5.3	–	5.3
Total revenue from contracts with customers	–	–	2.7	–	0.1	2.8	–	2.8
Other operating income	(2.8)	(0.0)	0.3	0.0	0.0	(2.5)	–	(2.5)
Total operating income	18.6	(0.0)	2.6	0.6	0.1	21.8	–	21.8
Total expenses	(5.9)	(0.3)	(1.5)	(0.5)	(0.2)	(8.4)	–	(8.4)
Profit before tax	12.7	(0.3)	1.1	0.1	(0.2)	13.4	–	13.4
Income tax expense	(2.9)	(0.1)	(0.1)	(0.0)	(0.0)	(3.2)	–	(3.2)
<b>Profit/(Loss) for the year</b>	<b>9.7</b>	<b>(0.4)</b>	<b>0.9</b>	<b>0.1</b>	<b>(0.2)</b>	<b>10.2</b>	<b>–</b>	<b>10.2</b>

	FY23							
US\$m	NBFI	SIBJ	Property	Capital	AiLab	SIBJ Group	ICFG	Target Group
Net interest income	23.0	–	(0.6)	–	–	22.4	–	22.4
Net fee and commission expense	4.3	–	0.2	0.4	–	4.9	–	4.9
Total revenue from contracts with customers	–	–	3.6	–	0.3	4.0	–	4.0
Other operating income	(2.1)	(0.1)	0.2	0.3	(0.0)	(1.7)	0.3	(1.4)
Total operating income	25.2	–	3.5	0.7	0.3	29.6	0.3	29.9
Total expenses	(7.5)	(0.6)	(2.0)	(0.7)	(0.6)	(11.4)	(0.6)	(12.0)
Profit before tax	17.7	(0.6)	1.5	–	(0.4)	18.2	(0.4)	17.9
Income tax expense	(4.4)	(0.1)	(0.2)	–	(0.0)	(4.7)	–	(4.7)
<b>Profit/(Loss) for the year</b>	<b>13.3</b>	<b>(0.7)</b>	<b>1.3</b>	<b>–</b>	<b>(0.4)</b>	<b>13.5</b>	<b>(0.4)</b>	<b>13.2</b>
	HY24							
US\$m	NBFI	SIBJ	Property	Capital	AiLab	SIBJ Group	ICFG	Target Group
Net interest income	19.1	(0.0)	(0.1)	–	–	18.9	–	18.9
Net fee and commission expense	3.0	–	0.1	0.4	–	3.6	–	3.6
Total revenue from contracts with customers	–	–	1.5	–	0.2	1.8	–	1.8
Other operating income	(2.7)	–	0.2	0.1	–	(2.5)	0.1	(2.4)
Total operating income	19.4	–	1.7	0.4	0.2	21.8	0.1	21.9
Total expenses	(4.5)	(0.3)	(1.0)	(0.4)	(0.5)	(6.8)	(0.3)	(7.1)
Profit before tax	14.9	(0.3)	0.7	–	(0.3)	15	(0.2)	14.8
Income tax expense	(3.5)	(0.1)	(0.1)	–	–	(3.7)	–	(3.7)
<b>Profit/(Loss) for the year</b>	<b>11.5</b>	<b>(0.4)</b>	<b>0.6</b>	<b>–</b>	<b>(0.3)</b>	<b>11.3</b>	<b>0.2</b>	<b>11.1</b>

## Segmental Financial Overview

### Target Group Analysis

#### Interest income

	FY21	FY22	FY23	HY24 Unaudited
Interest Income - US\$ million (audited)	15.3	24.6	36.5	29.6
- ₦ billion (unaudited)	43.7	77.3	126.3	100.6

Interest income mostly comprised of interest generated on the Target Group's loan portfolio. Interest on loans has grown largely in line with that of the loan portfolio Interest on loans growing at 70.0 per cent. CAGR vs 63.8 per cent. CAGR for the loan portfolio) from FY21 to FY23. This is primarily driven by income from:

- Business loans (₦45.9 billion or US\$13.3 million in FY23; ₦19.3 billion or US\$6.1 million in FY22; ₦12.3 billion or US\$4.3 million in FY21); and
- Car loans (₦37.9 billion or US\$10.9 million in FY23; ₦27.3 billion or US\$8.7 million in FY22; ₦13.3 billion or US\$4.7 million in FY21).

### **Interest and similar expenses**

	<i>FY21</i>	<i>FY22</i>	<i>FY23</i>	<i>HY24</i> <i>Unaudited</i>
Interest expense - US\$ million (audited) - ₮ billion (unaudited)	(3.9) (11.1)	(8.4) (26.5)	(14.1) (48.7)	(10.7) (36.3)

Interest expense reflects costs in relation to financing of the Target Group and its loan portfolio. Interest expenditure has grown at a higher rate over FY21 to FY23 (109.5 per cent. CAGR), mostly driven by interest on loans (US\$4.2 million or ₮14.7 billion in FY23; US\$4.5 million or ₮14.1 billion in FY22; US\$1.2 million or ₮7.5 billion in FY21). The increase is also driven by trust service expenditure (US\$6.6 million or ₮22.7 billion in FY23; US\$4.5 million or ₮14.1 billion in FY22; US\$2.6 million or ₮7.5 billion in FY21) due to growth in the overall trust deposits balance held by the Group over the Historical Period (US\$41.1 million or ₮141.1 billion as of Dec-23; US\$32.6 million or ₮111.8 billion as of Dec-22; and US\$19.8 million or ₮56.5 billion as of Dec-21).

### **Net fee and commission income**

	<i>FY21</i>	<i>FY22</i>	<i>FY23</i>	<i>HY24</i> <i>Unaudited</i>
Net fee income - US\$ million (audited) - ₮ billion (unaudited)	2.4 6.8	5.3 16.7	4.9 17.1	3.6 12.2

Net fee income is mostly comprised of e-loan commission income (US\$4.4 million or ₮15.3 billion in FY23; US\$4.9 million or ₮15.3 billion as of FY22; and US\$2.2 million or ₮6.2 billion in FY21), relating to fees levied on merchants for using Pocket's 'buy now pay later' feature and on individuals and businesses taking out smaller loans using the Pocket application. FY22 also includes InvesCore Capital soft underwriting income (i.e. without commitment to purchase shares not sold to investors) of US\$1.4 million or ₮4.3 billion, of which US\$1.0 million or ₮3.0 billion reflects the IPO of Golomt Bank in Nov-22.

### **Net income from contracts with Customers**

	<i>FY21</i>	<i>FY22</i>	<i>FY23</i>	<i>HY24</i> <i>Unaudited</i>
Net property income - US\$ million (audited) - ₮ billion (unaudited)	0.1 0.2	2.8 8.8	4.0 13.8	1.8 5.9

Net property income is mostly comprised of the purchase and sale (of parts) of the IC Tower during FY23. The IC Tower is a 15-storey office building in Ulaanbaatar. The IC Tower was purchased in Dec-21 from UB Building LLC for ₮16.1 billion. The Target Group then spent ₮5.8 billion on completing its construction before selling 25 of the properties within IC Tower to related party IC REIT for ₮10.7 billion. The Target Group retains ownership of 11 units within the IC Tower, which have a net book value of ₮13.4 billion at Dec-23. In addition to the sale of property there is a small amount of income from leases of IC Tower units and those from other properties.

In addition, there is rental income from the Ambassador residence (₩1.8 billion in FY23 and ₮1.5 billion in FY22), from managing properties and earning rental income.

### **Employee expenses**

	<i>FY21</i>	<i>FY22</i>	<i>FY23</i>	<i>HY24</i> <i>Unaudited</i>
Employee expenses - US\$ million (audited) - ₮ billion (unaudited)	(2.6) (7.3)	(4.2) (13.3)	(6.2) (21.4)	(3.8) (13.0)

Employee expenses mostly reflect salaries, bonuses and benefits related to employees of NBFI Group (US\$4.4 million or ₮14.0 billion in FY23; US\$3.1 million or ₮9.7 billion in FY22; US\$2.0 million or ₮5.6 billion in FY21), due to it comprising most of the Target Group's headcount.

### Operating and other expenses

	FY21	FY22	FY23	HY24 Unaudited
Operating and other expenses - US\$ million (audited)	(2.7)	(4.2)	(5.9)	(3.3)
- ₦ billion (unaudited)	(7.7)	(13.2)	(20.3)	(11.3)

Other operating expenses primarily relate to those borne by NBFI Group (US\$3.0 million or ₦10.4 billion in FY23; US\$2.8 million or ₦8.7 billion in FY22; and US\$1.9 million or ₦5.4 billion in FY21), due to it being the primary trading entity of the Target Group. Expenses comprise IT expenses, marketing costs, professional fees, communication fees and other fixed costs of the business.

### Financial Position

The segmental analysis below is unaudited, but the Target Group column is audited for FY21-FY23 and HY24 is unaudited.

	FY21							
US\$m	NBFI	SIBJ	Property	Capital	Allab	SIBJ Group	ICFG	Target Group
Cash and cash equivalents	8.6	0.0	0.0	0.1	0.1	8.9	–	8.9
Loans and advances to customers	60.4	–	–	–	–	60.4	–	60.4
Other assets	4.2	1.8	5.2	0.3	0.2	11.6	–	11.6
<b>Total assets</b>	<b>73.2</b>	<b>1.8</b>	<b>5.2</b>	<b>0.4</b>	<b>0.2</b>	<b>80.9</b>	<b>–</b>	<b>80.9</b>
Borrowed funds	9.8	–	–	0.0	–	9.8	–	9.8
Bond payables	9.7	–	–	–	–	9.7	–	9.7
Private placement of deposits	19.7	–	–	–	–	19.7	–	19.7
Other liabilities	6.6	0.4	5.4	0.0	0.1	12.5	–	12.5
<b>Total liabilities</b>	<b>45.8</b>	<b>0.4</b>	<b>5.4</b>	<b>0.0</b>	<b>0.1</b>	<b>51.8</b>	<b>–</b>	<b>51.8</b>
<b>Net assets</b>	<b>27.3</b>	<b>1.4</b>	<b>(0.2)</b>	<b>0.4</b>	<b>0.1</b>	<b>29.1</b>	<b>–</b>	<b>29.1</b>
	FY22							
US\$m	NBFI	SIBJ	Property	Capital	Allab	SIBJ Group	ICFG	Target Group
Cash and cash equivalents	14.6	0.1	0.1	1.2	0.1	16.1	–	16.1
Loans and advances to customers	77.6	(0.0)	–	–	–	77.6	–	77.6
Other assets	9.5	1.7	8.0	0.7	0.5	20.4	–	20.4
<b>Total assets</b>	<b>101.8</b>	<b>1.8</b>	<b>8.1</b>	<b>1.9</b>	<b>0.6</b>	<b>114.2</b>	<b>–</b>	<b>114.2</b>
Borrowed funds	20.3	–	–	–	–	20.3	–	20.3
Bond payables	12.9	–	–	–	–	12.9	–	12.9
Private placement of deposits	32.6	–	–	–	–	32.6	–	32.6
Other liabilities	3.0	0.2	6.9	1.2	0.2	11.5	–	11.5
<b>Total liabilities</b>	<b>68.8</b>	<b>0.2</b>	<b>6.9</b>	<b>1.2</b>	<b>0.2</b>	<b>77.3</b>	<b>–</b>	<b>77.3</b>
<b>Net assets</b>	<b>32.9</b>	<b>1.6</b>	<b>1.2</b>	<b>0.7</b>	<b>0.4</b>	<b>36.9</b>	<b>–</b>	<b>36.9</b>

	FY23							
US\$m	NBFI	SIBJ	Property	Capital	AI/Lab	SIBJ Group	ICFG	Target Group
Cash and cash equivalents	23.9	0.1	0.0	0.4	0.0	24.3	0.1	24.4
Loans and advances to customers	134.3	0.0	0.6	—	—	134.9	—	134.9
Other assets	15.7	2.5	5.4	1.3	0.5	25.4	0.4	25.9
<b>Total assets</b>	<b>174.0</b>	<b>2.5</b>	<b>6.0</b>	<b>1.7</b>	<b>0.5</b>	<b>184.7</b>	<b>0.5</b>	<b>185.2</b>
Borrowed funds	59.1	—	0.0	0.3	—	59.4	—	59.4
Bond payables	19.7	—	—	—	—	19.7	—	19.7
Private placement of deposits	41.1	—	—	—	—	41.1	—	41.1
Other liabilities	9.3	0.3	3.4	0.6	0.4	13.9	0.6	14.6
<b>Total liabilities</b>	<b>129.1</b>	<b>0.3</b>	<b>3.4</b>	<b>0.9</b>	<b>0.4</b>	<b>134.1</b>	<b>0.6</b>	<b>134.8</b>
<b>Net assets</b>	<b>44.8</b>	<b>2.2</b>	<b>2.6</b>	<b>0.8</b>	<b>0.1</b>	<b>50.6</b>	<b>(0.1)</b>	<b>50.4</b>

	HY24							
US\$m	NBFI	SIBJ	Property	Capital	AI/Lab	SIBJ SIBJ	ICFG	Target Group
Cash and cash equivalents	37.0	0.1	0.0	0.2	0.1	37.4	0.3	37.6
Loans and advances to customers	161.8	—	0.7	—	—	162.5	—	162.5
Other assets	24.5	2.3	4.9	1.9	0.4	34.0	0.2	34.2
<b>Total assets</b>	<b>223.4</b>	<b>2.4</b>	<b>5.6</b>	<b>2.1</b>	<b>0.5</b>	<b>233.9</b>	<b>0.5</b>	<b>234.3</b>
Borrowed funds	77.9	—	1.2	0.7	—	79.8	—	79.8
Bond payables	24.8	—	—	—	—	24.8	—	24.8
Private placement of deposits	48.5	—	—	—	—	48.5	—	48.5
Other liabilities	12.0	0.1	1.8	0.7	0.3	14.9	0.8	15.7
<b>Total liabilities</b>	<b>163.2</b>	<b>0.1</b>	<b>2.9</b>	<b>1.4</b>	<b>0.3</b>	<b>168.0</b>	<b>0.8</b>	<b>168.8</b>
<b>Net assets</b>	<b>60.2</b>	<b>2.3</b>	<b>2.6</b>	<b>0.7</b>	<b>0.2</b>	<b>65.9</b>	<b>(0.3)</b>	<b>65.5</b>

### Cash and cash equivalents

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Cash and cash equivalents - US\$ million (audited)	8.9	16.1	24.4	37.6
- ₦ billion (unaudited)	25.3	55.2	83.8	127.9

Cash and bank balances primarily comprise those of the NBFI (US\$ 23.9 million or ₦81.9 billion at Dec-23; US\$14.6 million or ₦50.1 billion at Dec-22; and US\$8.6 million or ₦24.7 billion at Dec-21).

### Loans to customers

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Loans to customers - US\$ million (audited)	60.4	77.6	134.9	162.5
- ₦ billion (unaudited)	172.6	265.8	463.0	552.4

Loans to customers over the Historical Period grew by 59.3 per cent. CAGR to US\$134.9 million or - ₦463.0 billion (US\$77.6 million or ₦265.8 billion at Dec-22; and US\$60.4 million or ₦172.8 billion at Dec-21). 43 per cent. of the loan book at Dec-23 (US\$58.2 million or ₦199.7 billion) was comprised of business loans (an increase from 24 per cent. at Dec-22 and 27 per cent. at Dec-21).

### **Inventories**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Inventory - US\$ million (audited)	3.9	6.1	4.2	3.2
- ₦ billion (unaudited)	11.1	20.7	14.4	10.8

Inventory mostly comprises the finished goods / work in progress elements of the IC Tower (US\$3.8 million or ₦12.9 billion at Dec-23; US\$5.8 million or ₦19.8 billion at Dec-22; and US\$5.1 million or ₦14.6 billion at Dec-21), reflecting the accumulated and recorded costs of direct materials, labour and additional construction overheads. The IC Tower was fully completed on 30-Dec-22 with 80.1 per cent. of units having been sold as of Nov-23 and 90.3 per cent. of units sold as of Jul-24.

### **Other assets**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Other assets - US\$ million (audited)	7.8	14.4	21.7	31.0
- ₦ billion (unaudited)	22.1	49.3	74.3	105.7

Other assets primarily comprise of other financial assets and other non-financial assets, property, plant and equipment, intangible assets and right of use assets.

Other financial assets and other non-financial assets primarily comprise those of the NBFI Group.

Property plant and equipment is primarily comprised of buildings (₦15.0bn in Dec-23). Non-current assets held for sale (₦4.2 billion in Dec-22) relate to a repossessed building from a customer who defaulted their loans. The property was subsequently sold during FY23.

Intangible assets is primarily comprised of internal capitalised development costs (US\$1.5 million or ₦5.0 billion at Dec-23; US\$1.2 million or ₦3.9 billion at Dec-22; US\$1 million or ₦2.7 billion at Dec-21), the value of which is determined by an estimate from AI Lab of man hours required to complete the project.

Right of use assets include those of the NBFI Group (US\$0.6 million or ₦2.1 billion at Dec-23; US\$0.4 million or ₦1.2 billion at Dec-21; and US\$0.4 million or ₦1.1 billion at Dec-21). At Dec-23, right of use assets included ₦0.6 billion and ₦0.5 billion relating to AI Lab and Capital respectively.

### **Borrowed funds**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Bank & other loans - US\$ million (audited)	(9.8)	(20.3)	(59.4)	(79.8)
- ₦ billion (unaudited)	(28.2)	(69.5)	(203.9)	(271.4)

Borrowed funds over Dec-21 to Dec-23 grew by 168.9 per cent. CAGR to US\$59.4 million or ₦203.9 billion (US\$20.3 million or ₦69.5 billion at Dec-22; and US\$9.8 million or ₦28.2 billion at Dec-21), which has provided the base to grow the Group's loan portfolio.

### **Bond payables**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Bonds payable - US\$ million (audited)	(9.7)	(12.9)	(19.7)	(24.8)
- ₦ billion (unaudited)	(27.6)	(44.1)	(67.4)	(84.2)

To finance its operations, the NBFI Group has issued numerous bonds, both exchange traded and OTC

### **Private placement of deposits / Trust liabilities**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Trust Liabilities - US\$ million (audited)	(19.7)	(32.6)	(41.1)	(48.5)
- ₦ billion (unaudited)	(56.5)	(111.8)	(141.1)	(164.7)

Private placement of deposits or trust liabilities reflect fixed term and flexible deposits made by both individuals and entities. These deposits accrue a monthly interest rate of between 0.25 per cent. and 3.2 per cent., depending on the length and flexibility of the terms.

### **Other Liabilities**

	Dec-21	Dec-22	Dec-23	Jun-24 Unaudited
Other liabilities - US\$ million (audited)	(12.5)	(11.5)	(14.6)	(15.7)
- ₦ billion (unaudited)	(35.8)	(39.4)	(49.8)	(53.4)

Other liabilities primarily pertain to financial and non financial liabilities.

Other financial liabilities primarily pertain to those from the NBFI (US\$5.4 million or ₦18.4 billion at Dec-23; US\$0.9 million or ₦3.0 billion at Dec-22; and US\$4.8 million or ₦13.7 billion at Dec-21). Other financial liabilities at Dec-22 included significant amounts from within Property (₦6.3 billion), Capital (₦4.1 billion) and SIBJ (₦0.4 billion). The balances within Property largely comprised payables related to the construction of the IC Tower, including sub-contract and raw materials. Balances within Capital related to advances received from investors for pending allotment of securities.

Non-financial liabilities primarily pertain to: i) VAT payable; ii) salaries payable; and iii) contingent liabilities. Liabilities associated with primary operations, including trade, interest and customer account payables are classified as financial liabilities; and conversely all other payables are categorised as non-financial.

Liability at FVTPL, which is included in other liabilities, reflects other long-term liabilities in InvesCore Property (ICPL) relating to the purchase amount payable for IC Tower (₦nil at Dec-23; US\$3.8 million or ₦12.9 billion at Dec-22; and US\$4.3 million or ₦12.4 billion at Dec-21). Subsequently, the remaining balance at Dec-23 was reclassified as a short-term liability also in InvesCore Property (₦6.0 billion at Dec-23).

### **Income Statement – NBFI Group**

#### **Income statement**

US\$ million	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Interest income	15.3	24.5	36.4	29.5
Interest and similar expenses	(3.8)	(7.8)	(13.4)	(10.4)
Net interest income	11.5	16.7	23.0	19.1
Fee and commission income	2.2	5.0	4.5	3.1
Fee and commission expense	(0.2)	(0.3)	(0.2)	(0.1)
Net fee and commission income	2.1	4.7	4.3	3.0
Impairment losses on financial instruments	(0.9)	(2.8)	(2.1)	(2.8)
Other operating income	0.1	–	–	0.1
<b>Net operating income</b>	<b>12.7</b>	<b>18.6</b>	<b>25.2</b>	<b>19.4</b>
Other operating expenses	(1.6)	(2.2)	(2.6)	(1.6)
Employee costs	(2.0)	(3.1)	(4.1)	(2.4)
Depreciation	(0.2)	(0.3)	(0.4)	(0.2)
Amortisation of right of use assets	(0.3)	(0.2)	(0.3)	(0.1)
Amortisation of intangible assets	(0.1)	(0.1)	(0.1)	(0.1)
<b>Profit before tax</b>	<b>8.6</b>	<b>12.7</b>	<b>17.7</b>	<b>15.0</b>

₦ billion	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Interest income	43.7	77.2	125.9	100.2
Interest and similar expenses	(10.8)	(24.6)	(46.3)	(35.3)
Net interest income	<u>32.8</u>	<u>52.7</u>	<u>79.7</u>	<u>64.9</u>
Fee and commission income	6.4	15.6	15.6	10.6
Fee and commission expense	(0.7)	(0.9)	(0.7)	(0.2)
Net fee and commission income	<u>5.8</u>	<u>14.7</u>	<u>14.9</u>	<u>10.4</u>
Impairment losses on financial instruments	(2.6)	(8.8)	(7.4)	(9.5)
Other operating income	0.2	-	-	0.3
<b>Net operating income</b>	<u>36.2</u>	<u>58.6</u>	<u>87.2</u>	<u>66.1</u>
Other operating expenses	(4.5)	(7.0)	(8.9)	(5.4)
Employee costs	(5.6)	(9.7)	(14.0)	(8.3)
Depreciation	(0.6)	(0.9)	(1.3)	(0.6)
Amortisation of right of use assets	(0.8)	(0.7)	(1.1)	(0.5)
Amortisation of intangible assets	(0.3)	(0.4)	(0.5)	(0.3)
<b>Profit before tax</b>	<u>24.4</u>	<u>39.9</u>	<u>61.4</u>	<u>51.0</u>

The NBFI Group has made the largest contribution to Target Group profit after tax, growing at CAGR of 52.4 per cent. between FY21 and FY23, driven by growth in interest income as the customer loan portfolio expanded.

Net interest income margin has declined from 75.1 per cent. in FY21 to 63.3 per cent. in FY23 as the business increased both domestic and foreign borrowings alongside an increase in central bank interest rates from 6 per cent. in FY22 to 13 per cent. in FY23. The business did not fully pass on the increase in funding costs to customers through pricing of customer loans. Interest rates were exceptionally low in FY22 due to Covid-19, whilst FY23 were more normal. As such, FY23 margins should now be more aligned to normality.

Throughout the Historical Period, the NBFI Group has remained highly profitable. Both PAT and PBT margins improved between FY22 and FY23 due to impairment losses reducing relative to the size of the income generating loan portfolio and operating costs (including employment costs) increasing at a slower rate than net operating income, with the business benefiting from operational leverage.

### Interest Income

Interest income primarily relates to interest received on loans issued to customers. The balance has grown significantly over the Historical Period, increasing by 76.7 per cent. in FY22 and 63.1 per cent. in FY23; this is broadly consistent with growth in the NBFI Group's loan portfolio which grew 54.0 per cent. and 73.5 per cent. respectively over the same period. This growth has primarily been driven by the following loan products:

- Business loans (₦44.6 billion in FY23; ₦19.3 billion in FY22; ₦12.3 billion in FY21);
- Car loans (₦43.5 billion in FY23; ₦28.6 billion in FY22; ₦13.3 billion in FY21);
- Pocket loans (₦23.0 billion FY23; ₦6.2 billion FY22; ₦0.9 billion FY21).

### Interest and similar expenses

Interest expenses primarily relate to interest paid to investors on corporate and individual trust service deposits as well as interest on borrowed funds and bonds.

Interest expense on trust service deposits rose from ₦7.5 billion in FY21 to ₦22.7 billion in FY23 due to an increase in gross deposit value of ₦81.5 billion across the same period. Interest on borrowed funds rose from ₦3.3 billion in FY21 to ₦14.7 billion in FY23 as the NBFI Group's gross borrowed funds value (excluding bonds) increased by ₦170.4 billion, financing the expansion of the loan book.

### **Fee and commission income**

Fee and commission income primarily includes commissions on Pocket consumer loans and Pocket zero, where the latter is a fee based product, (buy now pay later) loans. Commissions on Pocket consumer loans is the largest component of this balance and declined from ₦14.1 billion in FY22 to ₦11.8 billion in FY23. Prior to Sep-22, ICWN employed a fee-based revenue model, in which no interest was charged on loans paid within term, there was only a commission fee of up to 6 per cent. on the principal. Subsequent to this, borrowers were charged interest, and the fees and commissions were reduced to a maximum of 2 per cent. Fee and commission revenue overall has remained flat in FY22 compared with FY23 as the decline in consumer loan commissions was offset by an increase in Pocket zero loan commission.

### **Fee and commission expense**

Primarily relates to bank current account commission expenses and fees related to securities including; trading, registration service fees, deposit service and underwriting service fees. Impairment losses on financial instruments principally includes expenses relating to provisions on loans to customers (₦8.8 billion in FY23; ₦8.3 billion FY22 and ₦3.7 billion in FY21).

The directors understand that the MFRC allocates its own performance rating categories to the NBFI Group's loan book. These ratings are: bad debts, doubtful, non-performing, past due and performing.

Using these ratings, the business calculates a provision for each loan by multiplying:

- Exposure of default
- Probability of default per cent.
- calculated based on historical data
- Loss given default per cent. -varies dependent on performance rating

### **Other operating income**

When repossessed assets are sold for an amount greater than their book value, the profit is recorded under this account code. Profits earned on repossessed assets are either returned to the customer or recorded as income, depending on conditions of each loan contract.

### **Employee costs**

Principally reflect salaries, bonuses and social security costs (₦12.3 billion in FY23; ₦9.2 billion in FY22; and ₦5.2 billion in FY21). The increase in employment costs across the Historical Period has been driven by an increase in headcount from an average of 140 in FY21 to 184 in FY23. Employment costs in FY23 also includes a one-off expense of ₦1.0 billion in performance related payment to two individuals employed by ICCM.

### **Other operating expenses**

Mainly comprises of IT expenses, marketing costs, professional fees, communication fees and other fixed costs of the business.

NBFI Group - Summary statement of financial position

Balance sheet US\$ million	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Cash and bank balances	8.6	14.6	23.9	37.0
Loans and advances to customers	60.4	77.6	134.3	161.8
Financial investments	–	2.1	2.2	7.2
Derivative financial assets	0.1	0.1	–	–
Finance lease receivables	–	2.2	6.8	9.7
Other financial assets	1.1	0.7	1.1	1.0
Other non-financial assets	0.6	1.8	0.1	1.0
Repossessed collaterals	0.3	0.4	0.3	0.2
Property, plant and equipment	0.6	0.6	3.1	2.7
Intangible assets	0.9	1.1	1.3	1.3
Right of use assets	0.4	0.4	0.6	1.3
Inventories	–	–	0.1	0.1
Goodwill	0.1	0.1	0.1	0.1
<b>Total assets</b>	<b>73.2</b>	<b>101.8</b>	<b>174.0</b>	<b>223.4</b>
Borrowed funds	(9.8)	(20.3)	(59.1)	(77.9)
Trust service deposits	(19.7)	(32.6)	(41.1)	(48.5)
Bond payables	(9.7)	(12.9)	(19.7)	(24.8)
Other financial liabilities	(4.8)	(0.9)	(5.4)	(7.1)
Other liabilities	(1.8)	(2.1)	(3.8)	(4.9)
Total liabilities	(45.8)	(68.8)	(129.1)	(163.2)
<b>Net assets</b>	<b>27.3</b>	<b>32.9</b>	<b>44.8</b>	<b>60.2</b>
Balance sheet ₹ billion	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Cash and bank balances	24.7	50.1	81.9	125.9
Loans and advances to customers	172.6	265.8	461.1	550.2
Financial investments	–	7.1	7.6	24.3
Derivative financial assets	0.2	0.5	–	–
Finance lease receivables	–	7.6	23.4	33.0
Other financial assets	3.2	2.3	3.7	3.4
Other non-financial assets	1.8	6.2	0.2	3.3
Repossessed collaterals	0.8	1.5	1.0	0.7
Property, plant and equipment	1.8	2.1	10.7	9.0
Intangible assets	2.6	3.6	4.6	4.4
Right of use assets	1.1	1.2	2.1	4.6
Inventories	0.1	0.2	0.3	0.3
Goodwill	0.3	0.3	0.3	0.3
<b>Total assets</b>	<b>209.3</b>	<b>348.5</b>	<b>597.0</b>	<b>759.5</b>
Borrowed funds	(28.1)	(69.5)	(202.8)	(265.0)
Trust service deposits	(56.5)	(111.8)	(141.1)	(164.7)
Bond payables	(27.6)	(44.1)	(67.4)	(84.2)
Other financial liabilities	(13.7)	(3.0)	(18.4)	(24.3)
Other liabilities	(5.2)	(7.3)	(13.1)	(16.6)
Total liabilities	(131.1)	(235.7)	(443.1)	(554.8)
<b>Net assets</b>	<b>78.2</b>	<b>112.8</b>	<b>153.9</b>	<b>204.7</b>

## **Cash and bank**

Includes current account and savings accounts held in various currencies. Trust deposits are not ringfenced and are used to fund day-to-day trading activity.

## **Loans and advances to customers**

Reflects principal and interest amounts receivable from customers (net of provisions), in respect of loans issued by the NBFI Group. The balance has grown significantly over the Historical Period, increasing by 54.0 per cent. and 73.5 per cent. in FY22 and FY23 respectively. The loan product that represents the largest proportion of the loan balance at FY23 is Business at c.₮199.8 billion, followed by Car at c.₮117.1 billion.

## **Financial investments**

Includes debt and equity securities, recognised at fair value (with gain/(losses) shown through other comprehensive income).

## **Derivative financial assets and liabilities**

During FY22, InvesCore CA (ICCM) entered a swap agreement with a domestic bank to hedge a \$1 million loan from InvesCore NBFI JSC (ICNJ) into KGS. This arrangement ended during FY23 (when the US\$ loan was converted in KGS). During Sep-23, the NBFI Group entered a currency swap and forward contract arrangement with Xac Bank, the net liability of which was ₮0.3 billion. Derivatives are measured at fair value through the profit and loss.

## **Repossessed collateral**

Includes assets seized following the default on loans by customers. The balance increased to ₮1.5 billion in FY22, prior to declining to ₮1 billion in FY23, which is due to the sales and operations teams improving the rate of churn/sale of repossessed assets. Repossessed collateral also includes an allowance for impairment losses, which is mandated by the FRC, and dependent upon the amount of time a repossessed asset has been unsold for (31-60 days 5 per cent., 61-90 days 25 per cent., 91-120 days 50 per cent., over 120 days 100 per cent.).

As at Dec-23, the gross value of repossessed collateral was ₮1.8 billion (Dec-22: ₮2.4 billion); this is reduced by the provision of ₮0.7 billion (FY22: ₮0.9 billion). ₮0.4 billion of the Dec-23 provision relates to a single asset which has been unsold for over 120 days.

## **Property, plant and equipment**

Increased significantly during FY23 to c.₮10.7 billion, principally due to the acquisition of premises totalling ₮8.1 billion.

## **Intangible assets**

Comprise of development costs relating to lending and credit monitoring software, as well as the Pocket digital app and NBFI Group website.

The balance has grown from ₮2.6 billion in FY21 to ₮4.6 billion in FY23 (84.6 per cent.) due to continual development and investment in the businesses digital service offering, a factor which Management considers has driven the increase in interest income.

## **Right of use assets**

Primarily reflect finance lease arrangements for offices within Mongolia and Kyrgyzstan. The associated liability is reflected within 'lease liabilities'. The balance grew by ₮0.9 billion to ₮2.1 billion in FY23, due to the combined impact of opening of new branches, as well as termination/scheduled ending of previous leases.

As at Dec-23, 13 properties are leased by NBFI Group. These leases are all scheduled to end between 2026 and 2029.

Average lease payments are c. ₦4 million per month; the lowest monthly payment is ₦0.4 million and the highest is ₦8.6 million. Payments for all leases are known in advance and fixed for the duration of the lease.

One office is leased from a related party; the lease began in Nov-23 and is due to end in Nov-27. Payments are ₦2.2 million per month, which is on an arms length basis.

### **Goodwill**

Arises upon consolidation of the NBFI Group and is reviewed annually for impairment. It arose following the acquisition of ICCM.

### **Borrowed funds**

Includes amounts owed to both corporate (banks) and individual lenders. Significant growth in the amount payable at FY23 (₦202.8 billion, 191 per cent. increase over FY22) was primarily to facilitate growth in the loan book.

### **Bonds payable**

Grew to ₦67.4 billion in FY23 (52 per cent. increase over FY22), which reflects the issuance of non listed bonds by NBFI Group, which similarly to borrowed funds, was carried out to generate further cash inflows and in turn facilitate lending growth.

### **Trust service deposits**

Includes amounts deposited by corporates and individuals on both fixed and variable terms, as well as associated accrued interest payable.

The majority of growth between FY22 and FY23 (₦29.3 billion increase to ₦141.1 billion in FY23) is driven by an increase in corporate deposits, which increased from ₦7 billion in FY22 to ₦29 billion in FY23 (314 per cent. increase).

Whilst all deposits, due to FRC regulations, carry a minimum term of six months, all deposits can be withdrawn prior to six months at the client's request.

Additionally, as at 31-Dec-23, 97.5 per cent. of all deposits are eligible for withdrawal by Dec-24 (without incurring fees or penalties) i.e. the deposits are almost entirely considered current liabilities.

### **Convertible liability**

Reflects the fair value of the liability component of convertible debt which was issued in Oct-21 by NBFI Group. The total amount issued was ₦5 billion, at an interest rate of 17 per cent. per year. The debt is to be converted to 500,000 ICNJ shares at the point of expiration, which is Oct-26 (five year term). The equity component (₦2.4 billion) is included with the 'Equity' portion of the balance sheet.

### **NBFI Group: interest income summary**

₦ billion	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Interest income (with performance rating)	38.3	66.5	120.6	98.5
Interest income (without performance rating)	0.3	1.0	1.5	0.7
<b>Sub-total</b>	<b>38.5</b>	<b>67.5</b>	<b>122.1</b>	<b>99.2</b>
Fees and commission	8.6	13.3	8.7	4.1
Other interest income	2.0	1.3	1.3	0.9
Other trading interest income	0.0	0.0	0.1	(0.0)
Return/reversal of commission income	–	(0.1)	(0.1)	(0.1)
Return/reversal of interest income	(5.5)	(4.7)	(6.2)	(3.9)
<b>Total</b>	<b>43.7</b>	<b>77.2</b>	<b>125.9</b>	<b>100.2</b>

Interest income largely comprises interest received on loans and advances issued to customers. Interest income (with/without performance rating and net of reversals of interest income) comprised 97.0 per cent. of total interest income in FY23, up from 87.4 per cent. in FY22. Growth in total interest income is principally attributable to growth of the loan book, as well as a change in the revenue model for consumer and pocket loans. Prior to Sep-22 these products were issued with a commission fee up to 6 per cent. and no interest accrued. From Sep-22 this changed, and loans were issued with a smaller up-front commission of 1-2 per cent. (depending on term length), accruing interest daily at a rate of between 1-4.5 per cent. (depending on client loyalty level).

### **Interest income (with performance rating)**

Reflects loan interest income which has been allocated a performance rating by management. Interest income analysed by loan type/product and performance rating is included later in this section.

### **Interest income (without performance rating)**

Reflects loan interest income from a relatively small number of products that have not been allocated a performance rating by Management. This income largely relates to 'increased interest income'. When interest payments are overdue by more than 30 days, Management applies a 20 per cent. additional annual interest rate on the difference between the outstanding principal and the theoretical balance on that date. As such, items allocated within this category technically relate to 'past due' and 'non-performing' loans but are categorised here separately as no distinction is made for these in the trial balances. This increased interest is only accrued once a three-day 'grace period' past the overdue date has been reached.

### **Fees and commission**

Certain fee and commission income has been included within interest income, as under IFRS9 it is considered interest-like in nature. Fee and commission income fell in FY23 due to the change in revenue model for pocket and consumer loans from Sep-22. Analysis of fees and commission income treated as interest income is discussed further later.

### **Other interest income**

FY23 includes bank current account and deposit interest income (Rs0.8 billion) as well as interest income on investment securities (Rs0.5 billion). Other interest income in FY22 and FY21 also included income on loans issued by ICCM. These loans are not allocated a performance rating nor product type in the trial balances, but principally relate to vehicle loans.

### **Other trading interest income**

Relates to a 0.25 per cent. commitment fee charged on the approved loan amount which has not been drawn down by the borrower on business credit line facilities. No performance rating is allocated to this receivable due to the terms and conditions of the product, and the less risky nature of the receivable.

### **Return/reversal of commission income**

Commission income is returned / reversed if a customer returns goods purchased under a Pocket zero loan or a leasing loan, which are both BNPL (buy now, pay later) products.

### **Return/reversal of interest income**

Once loans are overdue by 91 days and classified as non-performing, an exercise is undertaken to reverse interest recognised on these loans. This reversal includes any income recognised relating to additional interest charged on overdue loans. If all interest is subsequently paid, the income is then recognised again. Income is not reversed when interest is overdue (i.e. past due by only 30-90 days).

## Interest income by product type

₹ billion	Interest income (₹ billion) (unaudited)				Mix %				Interest income/gross loan value %*			
	FY21	FY22	FY23	HY24	FY21	FY22	FY23	HY24	FY21	FY22	FY23	HY24
<b>Core</b>												
Business	12.5	19.4	44.9	34.6	32.4%	28.7%	36.8%	34.9%	26.4%	27.3%	22.5%	n/a
Car	13.3	28.6	43.5	30.5	34.4%	42.4%	35.6%	30.7%	26.4%	26.8%	31.0%	n/a
Pocket	0.9	6.2	23.0	13.7	2.3%	9.1%	18.8%	13.8%	2.6%	10.1%	26.4%	n/a
Consumer	3.5	2.4	(2.0)	1.0	9.1%	3.5%	-1.6%	1.0%	34.1%	27.7%	-38.5%	n/a
Business credit line	4.3	4.5	6.3	3.8	11.1%	6.6%	5.2%	3.8%	24.1%	22.7%	26.5%	n/a
Leasing	1.9	3.8	2.8	2.0	4.9%	5.7%	2.3%	2.0%	23.1%	35.9%	29.4%	n/a
Express	1.4	1.1	2.5	3.0	3.6%	1.7%	2.0%	3.0%	59.2%	55.1%	21.1%	n/a
Pocket zero	0.0	0.1	0.3	0.2	0.0%	0.2%	0.3%	0.2%	1.0%	2.5%	3.4%	n/a
<b>Total core</b>	<b>37.7</b>	<b>66.1</b>	<b>121.2</b>	<b>88.8</b>	<b>97.8%</b>	<b>97.9%</b>	<b>99.3%</b>	<b>89.5%</b>	<b>22.2%</b>	<b>23.3%</b>	<b>24.9%</b>	<b>n/a</b>
<b>Total other</b>	<b>0.9</b>	<b>1.4</b>	<b>0.9</b>	<b>10.4</b>	<b>2.2%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>10.5%</b>	<b>27.0%</b>	<b>20.3%</b>	<b>15.4%</b>	<b>n/a</b>
<b>Total</b>	<b>38.5</b>	<b>67.5</b>	<b>122.14</b>	<b>99.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>22.3%</b>	<b>23.2%</b>	<b>24.8%</b>	<b>n/a</b>

Outlined above is a summary of interest income, inclusive of amounts with and without performance ratings. Balances include those allocated a product category only and those allocated both a product category and performance rating. Business, car and pocket loans contributed the greatest interest income over the Historical Period, delivering 80.3 per cent. and 91.2 per cent. of total interest income in FY22 and FY23 respectively. An overview and additional information relating to each of these product types (interest rates, typical loan values etc.) is included in later in this section.

Business loans represent the largest category of interest income in FY23, at ₹44.9 billion up from ₹19.4 billion in FY22. Interest income on business loans has experienced rapid growth due to an increase in the gross loan book value of ₹128.6 billion across this period. Growth in business loan interest income in FY23 has been supported by the transformation of five branches to 'business centres' during FY23. An additional two branches were made business centres in Jan-24. Within these business centres, directors were allocated more authority to quicker serve clients and a relationship manager position was introduced to allow branches to proactively sell loans to specific targeted industries. In FY23 c₹31 billion of business loan interest income arose from these new business centres. Additionally, the monthly weighted average interest rate (WAIR) of business loans increased in FY23 to 2.8 per cent., up 0.2ppcts compared to FY22. WAIR rose by 0.2ppcts despite an increase of the Mongolian base rate from 6 per cent. in FY22 to 13 per cent. in FY23 as only a minor component of borrowed funds portfolio comprised loans from domestic banks.

Car loans represented the largest category of interest income (42.4 per cent.) in FY22 but has fallen to second behind business loans in FY23 (35.5 per cent.) in FY23. Interest on car loans increased by ₹14.9 billion in FY23 driven by an increase in the loan book value of ₹33.7 billion. As with business loans, the increase in car loan interest income has been driven by the delegation of loan approval authority to branch directors, resulting in a simpler and faster sales process. Growth has been supported by an increase in the monthly WAIR on car loans rose from 2.7 per cent. in FY22 to 2.8 per cent. in FY23, as well as 25 new partnership agreements. These are contractual agreements that offer small discounts in loan interest rates and down payments with car importers compared to general agreement conditions.

Pocket loan interest rose by ₹16.8 billion between FY22 and FY23, partly driven by an increase in gross loan book value from ₹61.2 billion to ₹87.2 billion. Pocket loan income raised the loan book value from 10.3 per cent. in FY22 to 26.7 per cent. in FY23 as pocket loans began to accrue interest (between 1-4.5 per cent. dependent on term length and client loyalty level) in 2023. Previously, pocket loans were issued with an up-front commission fee of up to 6 per cent., recognised as fees and commission income, with no interest accrued.

Interest income from consumer loans fell across the Historical Period, from ₹3.5 billion in FY21 to ₹(2.0) billion in FY23 due to a reduction in the gross loan book value from ₹10.3 billion to ₹5.2 billion across the same period.

InvesCore collaborates with a third party electronics manufacturer to provide electronics leasing services. Borrowers buy electronics from the manufacturer using loans provided by InvesCore. Interest income from these loans declined by ₹1.0 billion in FY23 alongside a reduction in loan book value of ₹1.1 billion.

Interest income on express loans increased by ₦1.4 billion alongside an associated increase in loan book value of ₦9.6 billion. Interest expressed as a per cent. of period end gross loan book value declined from 55.1 per cent. in FY22 to 25.9 per cent. in FY23.

Pocket zero loans generally attract a monthly interest rate of 0 per cent., as a BNPL product offering. Monthly interest of 3.5 per cent. however, is charged once these loans become overdue. However additional penalty interest of 20 per cent. of this 3.5 per cent. monthly interest is charged and is accounted for in the interest income (without performance rating).

Other interest includes interest income from employees, financial institutions, residential, trust deposit backed, mobile number and goods secured loans.

#### Interest income (with performance rating) by product type

₦billion	FY21	FY22	FY23 (unaudited)	HY24	FY21	FY22	FY23	HY24
<b>Business</b>								
Non-performing loan	1.3	1.5	5.5	1.0	10.5%	7.9%	12.3%	3.0%
Past-due loan	0.3	0.9	1.3	1.4	2.5%	4.5%	2.9%	4.2%
Performing loan	10.7	16.7	37.8	32.0	87.0%	87.6%	84.7%	92.8%
<b>Business credit line</b>								
Non-performing loan	0.5	0.4	0.2	0.1	12.5%	9.8%	3.4%	2.9%
Past-due loan	0.2	0.2	0.2	0.2	3.7%	4.4%	2.6%	5.6%
Performing loan	3.5	3.8	5.9	3.5	83.9%	85.9%	94.0%	91.5%
<b>Car</b>								
Non-performing loan	0.3	0.4	1.0	0.6	2.4%	1.4%	2.4%	2.1%
Past-due loan	0.2	0.5	1.2	0.9	1.2%	1.7%	2.8%	2.9%
Performing loan	12.8	27.7	41.2	28.8	96.4%	96.9%	94.9%	95.0%
<b>Consumer</b>								
Non-performing loan	0.5	0.4	0.1	0.0	13.1%	14.9%	-3.0%	3.0%
Past-due loan	0.1	0.0	0.1	0.0	2.2%	1.5%	-2.3%	2.1%
Performing loan	2.9	2.0	(2.3)	0.9	84.6%	83.6%	105.3%	94.9%
<b>Express</b>								
Non-performing loan	0.1	0.1	0.1	0.1	9.8%	12.1%	2.6%	4.2%
Past-due loan	0.1	0.0	0.1	0.2	3.9%	3.8%	3.5%	5.2%
Performing loan	1.2	0.9	2.3	2.7	86.3%	84.0%	93.9%	90.6%
<b>Leasing</b>								
Non-performing loan	0.1	0.1	0.3	0.2	3.2%	2.4%	11.1%	10.0%
Past-due loan	0.0	0.1	0.1	0.1	1.0%	2.5%	5.2%	4.9%
Performing loan	1.8	3.6	2.3	1.6	95.8%	95.1%	83.7%	85.2%
<b>Pocket</b>								
Non-performing loan	0.2	0.9	2.0	1.3	22.3%	15.6%	9.0%	9.9%
Past-due loan	0.7	2.3	2.5	1.9	77.7%	41.2%	11.2%	14.5%
Performing loan	-	2.5	17.7	10.0	0.0%	43.2%	79.8%	75.6%
<b>Pocket zero</b>								
Non-performing loan	-	0.0	0.1	0.1	0.0%	21.8%	26.7%	0.6%
Past-due loan	0.0	0.1	0.2	0.1	100.0%	78.2%	73.3%	0.9%
Performing loan	-	-	-	-	0.0%	0.0%	0.0%	0.0%
<b>Other</b>								
	<b>0.9</b>	<b>1.4</b>	<b>0.9</b>	<b>9.7</b>				
<b>Total</b>	<b>38.3</b>	<b>66.5</b>	<b>120.6</b>	<b>99.5</b>				

The table above presents interest income analysed by both product type and loan performance rating over the Historical Period. Performing loan –represents income on loans that are being repaid in accordance with their terms. Past-due –represents income on loans where a payment has been missed but is overdue by 90 days or less. Non-performing –represents income on loans here payments are overdue by 91 days or more.

Interest income on non-performing business loans was ₦5.5 billion in FY23 whilst year end gross loan book value of non-performing business loans was ₦3.1 billion at FY23.

Non-performing business loans in FY23 included:

1. ₦1 billion corporate client loan becoming non-performing due to delayed payments by the government from the approved state fund which the client forecasted to pay off the loan.
2. ₦1 billion construction company business loan for the construction of apartments becoming non-performing. This customer was unable to complete the apartments due to a surge in raw materials prices due to Covid-19 import restrictions.
3. ₦1.5 billion manufacturing company loan becoming non-performing due to delayed product sales caused by factory malfunctions.
4. Business loan of ₦0.5 billion becoming non-performing due to postponed government project investments.

The items composing non-performing business loans in FY23, namely item 1) and 4), highlight the influence of government spending on the issue of larger business loans, indicating some dependency for NBFI Group on the government continuing to invest.

The proportion of income from car loans categorised as performing was strong as a per cent. of total car loan income over the Historical Period, at 96.4 per cent., 96.9 per cent. and 94.9 per cent. in FY21, FY22 and FY23 respectively. Car loans generally perform well in their performance rating as the product is highly standardised with high quality collateral. 100 per cent. of car loans are collateralised.

Income from express loans categorised as performing rose from ₦0.9 billion in FY22 to ₦2.3 billion in FY23. This increase to an expansion of the loan portfolio for express loans from ₦2.0 billion in FY22 to ₦11.7 billion in FY23, driven by changes in conditions for disbursements of these loans.

The proportion of income on leasing products considered non-performing rose from 2.4 per cent. to 11.1 per cent. between FY22 and FY23 despite InvesCore's lease loan collaboration partner partially suspending the availability of InvesCore loans to purchase electronic goods.

The lease loan collaboration partner undertook this partial suspension between Sep-22 and Oct-23 to reduce non-performing and overdue loans already issued. However, they struggled to undertake this task due to significant staff churn within the teams tasked with chasing these overdue and non-performing loans. As such, gross book value and therefore interest income on leasing loans considered non-performing increased in FY23. The partial suspension has been reinitiated from Jul-24.

The improvement in mix of interest income on pocket loans across the Historical Period to a loan portfolio improvement plan across digital loan products. This plan included a focus on higher quality sales segments, including the introduction of additional criteria for long-term loans. Additionally, loan repayment capabilities were improved by increasing app notifications and SMS alerts, expanding repayment methods and developing a more effective loan allocation system.

### Interest expense summary

₦ billion	FY21 Unaudited	FY22 Unaudited	FY23 Unaudited	HY24 Unaudited
Trust service	7.5	14.1	22.7	14.5
Borrowed funds expense	1.3	8.9	14.4	13.9
Bond	2.1	4.5	9.3	6.9
Other expenses	0.0	0.1	1.0	0.5
Reversal of interest expense	(0.1)	(2.8)	(1.1)	(0.5)
<b>Total</b>	<b>10.8</b>	<b>24.6</b>	<b>46.3</b>	<b>35.3</b>

Interest expense relates to interest payable to investors on corporate and individual trust service deposits. As an NBFI, the NBFI Group can take deposits, but they cannot provide a regular deposit account. The trust service deposit agreements vary in lengths as well as interest yields. The trust service deposits are repayable on demand, albeit the customer would likely sacrifice accrued interest and incur penalty charges.

Trust service interest expense includes ₮9.8 billion and ₮15.6 billion in FY22 and FY23 relating to the Shangri-La branch, a premium branch specifically designed to attract trust deposits. As of 2023, the Shangri-La branch accounted for 69 per cent. of trust deposits, with the second highest branch at 9.3 per cent. Trust service interest expense rose from ₮14.1 billion in FY22 to ₮22.7 billion in FY23 primarily due to an increase in gross deposits book value of ₮24.4 billion across this period.

Trust service expense / gross book value of deposits grew from 12.9 per cent. in FY22 to 17.0 per cent. in FY23. Management attributes growth in the trust service expense to an increase in the Mongolian base rate from 6 per cent. to 13 per cent. in late FY22. The base rate remained at 13 per cent. throughout FY23, resulting in Khan Bank to raise deposit rates from 8-9 per cent. to 12.4 per cent.

As at Dec-23, the business held a gross borrowed fund balance totalling ₮202.8 billion up from ₮69.5 billion in the previous year. Growth in the book value of borrowed funds at FY23 was to support growth in the loan book. Interest rates on fixed term loans range from 5 per cent. to 21 per cent., whilst interest on floating rate loans (of which there is only one at FY23 year-end) ranges between 10 per cent. and 17 per cent. (inclusive of the base rate).

Borrowed funds as a per cent. of gross book value fell from 14.0 per cent. in FY22 to 7.3 per cent. in FY23. ₮98.3 billion of NBFI's borrowed fund balance at Dec-23 (₦188.5 billion) was issued in Q4 2023.

Interest expenses relating to bonds have risen by ₮4.8 billion (109 per cent.) between FY22 and FY23, despite an increase in gross bonds issued of ₮23.0 billion (52.5 per cent.). As at FY23, InvesCore NBFI had two bonds outstanding at a gross issue balance of ₮66.9 billion.

Other expenses in FY23 included deferred costs of bond premiums (₦0.4 billion), deferred cost of loan fees (₦0.2 billion), fee and commission expenses (₦0.2 billion) and lease interest (₦0.2 billion).

#### **NBFI Group – Fee and Commission and other income by loan type**

₦ billion	FY21	FY22	FY23	HY24
	Unaudited	Unaudited	Unaudited	Unaudited
Pocket consumer loan commission	6.1	14.1	11.8	7.8
Pocket zero commission	0.2	1.3	3.5	2.7
Commission for changes to terms	0.0	0.1	0.1	0.0
Mortgage service income	0.1	0.1	0.1	0.0
Other service income	0.1	0.1	0.1	0.1
Fixed asset sales income	–	0.0	(0.0)	0.0
<b>Total</b>	<b>6.4</b>	<b>15.6</b>	<b>15.6</b>	<b>10.6</b>

#### **Pocket consumer loan commissions**

Commissions are earned on disbursement of loans, representing a payment for loan services provided to the borrower. These loans were issued under a fee-based revenue model; a fee of up to 6 per cent. on the principal was charged only (i.e. no interest, unless the loan became overdue, at which point penalty interest and additional fees were charged). Starting from Sep-22, borrowers were charged interest on the loans, in addition to a fee of up to 2.0 per cent. (4ppts lower than the old revenue model).

Overall growth in the Pocket loan portfolio offset some of the impact of a lower fee charged on these loans, hence the decline of ₮2.3 billion between FY22 and FY23 is proportionally lower than the decline in fees (6.0 per cent. to 2.0 per cent.).

### **Pocket zero commission**

Relates to fees paid by merchants utilising the service. Fees are charged to merchants based on individual transaction value at a rate of 6.5 per cent. from Jan-22. Pocket zero commission income rose from ₦1.3 billion in FY22 to ₦3.5 billion in FY23 due to an increase in Pocket zero loans disbursed as well as an increase in the commission fee to merchants from 6.5 per cent. to 8.0 per cent. in Sep-23.

### **Borrowed funds summary**

	<i>₦ billion</i>	<b>FY21 Unaudited</b>	<b>FY22 Unaudited</b>	<b>FY23 Unaudited</b>	<b>HY24 Unaudited</b>
<b>Borrowings from banks</b>					
Collateralised		5.5	4.0	36.6	118.7
Non-collateralised		–	4.5	34.1	70.0
<b>Total borrowings from banks</b>		<b>5.5</b>	<b>8.5</b>	<b>70.6</b>	<b>188.8</b>
<b>Borrowings from financial institutions</b>					
Collateralised		10.0	7.4	9.8	7.8
Non-collateralised		6.0	52.4	103.5	56.0
<b>Total borrowings from financial institutions</b>		<b>16.0</b>	<b>59.8</b>	<b>113.4</b>	<b>63.8</b>
Non-collateralised borrowing from individuals		–	–	13.9	0.9
Non-collateralised borrowing from entities		6.0	–	2.3	6.9
<b>Total</b>		<b>27.5</b>	<b>68.3</b>	<b>200.2</b>	<b>260.4</b>
Accumulated interest payable		0.6	1.2	3.3	5.2
Deferred fee expense		–	–	(0.8)	(0.6)
<b>Total borrowings</b>		<b>28.1</b>	<b>69.5</b>	<b>202.8</b>	<b>265.0</b>
<b>Borrowing maturity</b>					
Under one year		1.9	6.1	54.3	96.5
Over one year		26.2	63.4	148.5	168.5
<b>Total borrowings from banks</b>		<b>28.1</b>	<b>69.5</b>	<b>202.8</b>	<b>265.0</b>

### **Borrowed funds**

Reflects the amount payable in respect of loans drawn down by the business (interest and principal), net of deferred (paid) fee expenses. Borrowings have increased significantly between FY22 and FY23, reaching ₦202.8 billion, which represents a 191.8 per cent. increase over FY22. This increase was carried out strategically to boost cash inflows, which have subsequently been loaned to customers.

### **Bond summary**

	<i>₦ billion</i>	<b>FY21 Unaudited</b>	<b>FY22 Unaudited</b>	<b>FY23 Unaudited</b>	<b>HY24 Unaudited</b>
<b>Listed bonds</b>					
Issued by ICNJ (Bond 2.0)		27.3	20.0	30.0	20.0
InvesCore Bond Tranche-1		–	18.1	–	–
<b>Non-listed bonds</b>					
Issued by ICNJ (Bond 2.1)		–	–	36.3	60.3
InvesCore Bond Tranche-1		–	5.8	–	–
Issued by InvesCore CA		–	–	0.6	2.9
<b>Total bonds issued</b>		<b>27.3</b>	<b>43.9</b>	<b>66.9</b>	<b>83.2</b>
Accumulated interest payable		0.6	0.9	1.6	1.8
Deferred fee expense		(0.3)	(0.6)	(1.0)	(0.9)
<b>Total bonds payable</b>		<b>27.6</b>	<b>44.1</b>	<b>67.4</b>	<b>84.2</b>

Growth in both bonds issued and the private placement of deposits has increased cash inflows during FY23.

As at 31-Dec-23, the NBFI Group has two bonds outstanding:

- Bond 2.0 is listed and was fully issued in FY23 (over 5 tranches; only 3, 4 and 5 are outstanding). The outstanding balance is ₦30 billion and is expected to mature in Apr, Jul, and Aug-24 respectively (12 months long).
- Bond 2.1 is a non-listed bond and was first issued during FY23 in 7 tranches. The outstanding balance is ₦36.3 billion (total notional value of ₦80 billion) and is expected to mature between Nov and Dec-24 (12 months long). The above bonds carry an interest rate of 18 per cent.

ICCM has a single non-listed bond in issuance at 31-Dec-23. The bond was first issued in FY23 (in 3 tranches), the outstanding balance is ₦0.6 billion and is expected to mature in Oct-26, Feb-27 and May-27 (36 months long).

### **Trust service deposits**

Total deposits grew significantly by 98.0 per cent. in FY22 (principally individual deposit) and a further 26.2 per cent. in FY23 (principally corporate deposits); This growth has been facilitated by:

- (a) general organic growth of the business and opening of new branches, increasing the businesses coverage into new locations and reflecting 20.0 per cent. of the market share;
- (b) in FY23, the FRC agreed that certain NBFIIs can take deposits of up to 100.0 per cent. of their capital (previously 80.0 per cent.); and
- (c) the Shangri-La branch was established in 2020 and has focused on catering specifically to high net-worth individuals and corporates, hence the increase in corporate deposits to ₦28.8 billion in FY23.

Customers can place deposits with either normal, flexible, or customised terms:

- Flexible deposits: customers will receive interest either monthly or quarterly, with the principal being returned at the end of the term.
- Normal deposits: customers receive both the interest and principal at the end of the term.
- Customised deposits: customers will receive interest either monthly or quarterly, and some of the principal can also be withdrawn during the agreed term. Additionally, penalties for early withdrawal are typically lower and negotiable at management discretion. All terms deposits are fixed for a minimum of six months.
- It is considered unlikely that all deposits would be withdrawn by customers, given that a minimum 6-month term applies to all deposits. However, customers can withdraw deposits early at their request.

## Prudential Ratios

Regulatory requirement	Calculation/definition	Limit	Q4 - 2023	Q1 - 2024	Q2 - 2024
Risk Adjusted Tier 1 Capital Ratio	Tier 1/Risk Adjusted Capital	Not less than 10%	25.0%	24.3%	24.0%
Risk Adjusted Capital Ratio	Total Equity/Risk Adjusted Capital	Not less than 20%	25.9%	25.1%	25.9%
Tier 1 Capital Ratio	Tier 1/total capital	Not less than 10%	24.0%	23.6%	21.9%
Liquidity Ratio	Cash and cash equivalents/short term debt	Not less than 8%	25.3%	16.9%	31.7%
Loans, other assets equivalent to loans and payment guarantees to a single party and its related parties to total equity ratio	Single borrower exposure/total equity	Not less than 30%	5.5%	9.2%	8.6%
Loans, credit-equivalent assets and guarantees to total NBFI shareholders, board of directors and chief executives and related parties to equity ratio	Total related party exposure/total equity	Not less than 25%	3.6%	15.9%	12.1%
Loans, credit-equivalent assets and guarantees to single NBFI shareholders, board of directors and chief executives and related parties to equity ratio	Single related party exposure/total equity	Not less than 10%	2.4%	9.2%	8.6%
Securities holding to total equity ratio	Securities holding/total equity	Not more than 50%	11.7%	13.2%	23.6%
Company shares to total equity ratio	Company shares/total equity	Not more than 20%	8.9%	11.0%	11.1%
Foreign currency exposure ratio	(Total unhedged foreign currency assets – Total unhedged foreign currency liabilities)/total equity	(+/-40%)	-15.3%	-21.0%	-13.9%
Trust services to equity ratio	Trust services/total equity	Not more than 80%	96.0%	96.7%	91.1%
Issued bonds to total equity ratio	Issued bonds/total equity	Not more than 50%	47.0%	49.6%	49.2%
Tangible assets to total equity ratio	Tangible assets/total equity	Not more than 15%	1.3%	1.3%	1.4%

The above table outlines descriptions and calculations of prudential ratios set out by the regulator, the Mongolian FRC, applicable to non-banking financial institutions in Mongolia, as well as the Target Group's quarterly ratio submissions between Q4 – 2023 and Q2 – 2024.

The directors note that the Group has comfortably met the required prudential ratio limits other than:

- i. Trust services (deposits) to equity ratio – between 11.1 per cent. and 16.7 per cent. above the regulated limit of below 80.0 per cent. The regulatory requirement has now been raised to 100 per cent.
- ii. Issued bonds to total equity ratio – borderline compared to the regulated limit of below 50.0 per cent., which means that any further bonds to be issued will likely breach this prudential ratio without increasing its equity.

## PART 10

### CONSEQUENCES OF A LISTING IN THE EQUITY SHARES (TRANSITION) CATEGORY

Application will be made for the Ordinary Shares to be admitted to the equity shares (transition) category of the Official List pursuant to Chapter 22 of the UKLR, which sets out the requirements for companies listed on the equity shares (transition) category, and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The Listing Principles 1 and 2 as set out in Chapter 2 of the UKLR apply to the Company.

However, while the Company has a listing in the equity shares (transition) category, it is not required to comply with the provisions of, *inter alia*:

- Chapter 4 of the UKLR regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the UKLR in connection with certain matters. The Company has not and does not intend to appoint a sponsor in connection with the Admission. Companies listed on the equity shares (transition) category will not be required to appoint a sponsor unless they wish to transfer their listing to a category which requires the appointment of a sponsor including the equity shares (commercial companies) category;
- Chapter 6 of the UKLR relating to the continuing obligations for companies admitted to the equity shares (commercial companies) category, which therefore does not apply to the Company;
- Chapter 7 of the UKLR relating to significant transactions;
- Chapter 8 of the UKLR regarding related party transactions;
- Chapter 9 of the UKLR regarding further issues of shares and dealing in own securities by companies admitted to the equity shares (commercial companies) category. However, any dealings in the Company's securities are subject to other general restrictions, including those set out in the Market Abuse Regulation;
- Chapter 10 of the UKLR regarding the form and content of circulars to be sent to shareholders of companies admitted to the equity shares (commercial companies) category; and
- the UK Corporate Governance Code.

Companies with a listing in the equity shares (transition) category are not eligible for inclusion in the UK series of FTSE indices.

There are, however, a number of continuing obligations set out in Chapter 22 of the UKLR that are applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the UKLR and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of Regulatory Information Service notifications in relation to a range of debt and equity capital issues; and
- at least 10 per cent. of the Ordinary Shares being held in public hands.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company is required to comply with the Market Abuse Regulation and the Disclosure and Transparency Rules.

The Company notes that in case of an acquisition, the reverse takeover provisions set out in UKLR 22.3 may be triggered and the Company will comply with those provisions. If the Company undertakes a Reverse Takeover, the Company's listing in the equity shares (transition) category will be cancelled and the Company will need to apply for a listing in a different category of the Official List or a listing on another appropriate

securities market or stock exchange. The Company may have its listing suspended in the event of a Reverse Takeover.

IT SHOULD BE NOTED THAT THE FCA WILL NOT HAVE THE AUTHORITY TO (AND DOES NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE UKLR WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY SO TO COMPLY. HOWEVER, THE FCA WOULD BE ABLE TO IMPOSE SANCTIONS FOR NON-COMPLIANCE WHERE THE STATEMENTS REGARDING COMPLIANCE IN THIS DOCUMENT ARE THEMSELVES MISLEADING, FALSE OR DECEPTIVE.

## PART 11

### REGULATORY OVERVIEW

#### 1. INTRODUCTION

The Target Group operates in a regulated industry across several countries in Central Asia, including Mongolia, Kyrgyzstan, Kazakhstan, and Uzbekistan as well as having a holding company in Singapore, and must comply with a number of local laws and regulations.

#### 2. MONGOLIA

Mongolia has a civil law system with the current Civil Code of Mongolia, adopted on 10 January 2002 (the “**Civil Code**”).

The main sources of law in Mongolia are: (i) legislation; (ii) common law; and (iii) international treaties to which Mongolia is a party.

The Civil Code regulates the matters in respect to the incorporation, registration and restructure of, among others, a company, its management and organisational structure, supervisory structure, the rights and obligations of its shareholders, and in the instance of liquidation. It applies to all companies operating within the territory of Mongolia, irrespective of their ownership, size of assets, amount of production, or internal structure.

##### 2.1 **Financial Regulatory Commission of Mongolia rules and procedures**

The FRC regulates the activities of financial institutions in Mongolia (other than banks) such as NBFI, insurance companies and intermediaries, securities firms, saving and credit cooperatives, real estate brokers and dealers of precious metals and gem stones; ensuring the rights of individual financial market clients (including securities holders, domestic and foreign investors, and insurance policyholders) against any financial malpractices.

The FRC has adopted the following key rules and procedures pertaining to NBFI activities, which covers the activities of ICNJ and ICWN:

###### 2.1.1 **Procedure on Regulating Non-Banking Financial Activities**, adopted on 11 March 2016, under the FRC Resolution No. 71

The procedure stipulates the general requirements of, and provides for the licencing and approvals for a non-banking financial institutions in Mongolia. Under the procedure, the entity applying for a non-banking financial institution licence shall have adopted all respective rules and procedures and follow the legislation and procedures of the authorities. Within three months after the NBFI has received its licence, it must enter into a cooperation agreement with the credit database and provide information about borrowers and set up adequate internal accounting software. Within six months after receiving the licence, the management is required to have attended and received a certificate from the training organised by the Association of Non-Banking Financial Institutions of Mongolia.

###### 2.1.2 **Procedure on Lending Activities of Non-Banking Financial Institutions**, adopted on 6 April 2022, under the FRC Resolution No. 160

The purpose of this regulation is to determine the principles of non-bank financial lending activities, terms and conditions and using advanced technology to provide online credit services related to the requirements for performance, monitoring and regulation of their activities regulating non-banking financial activities. The following principles shall be followed when engaging in non-bank financial credit activities:

- (a) loan product, purpose, annual interest rate, term and other conditions must be transparent to the public;

- (b) borrowers must be presented with the right and obligation to receive loan products, interest, and fees;
- (c) have professional ethics;
- (d) ensuring the security of the client's information; and
- (e) work to prevent money laundering and terrorist financing.

Under the procedure, NBFI shall adopt following documents regarding the general terms and conditions of NBFI lending activities:

- (a) loan research, settlement, issuance and control activities;
- (b) interest, fees, charges and terms of the loan product;
- (c) credit risk management, control and responsibility for loan repayment;
- (d) requirements for loan collateral, evaluation, acceptance, storage and delivery
- (e) regulations such as registration and deregistration applicable to loan collateral;
- (f) client privacy and security; and
- (g) other necessary arrangements.

#### 2.1.3 **Procedure on Trust Services**, adopted on 1 September 2023, under the FRC Decree No. 434

The purpose of this regulation is to determine the conditions and requirements of trust services provided by a licensed entity, to protect the interests of the parties, and to regulate the relationship between them. The NBFI licenced to carry out trust services shall, among other things, meet the following requirements:

- (a) have carried out banking and non-banking financial activities for at least three years continuously and no measures have been taken by the FRC to suspend the NBFI licence in the last three years;
- (b) have met the prudential ratio criteria for the last eight consecutive quarters, operated profitably, and the portfolio of non-performing loans does not exceed the industry average;
- (c) met the minimum amount of share capital set by the FRC;
- (d) have a board of directors consisting of three or more members who meet the requirements specified in the Law on Non-Banking Financial Activities and the "Procedure for Determining Fit-and- Proper Persons" adopted by the FRC, and at least one-third of the board members must be independent members;
- (e) the board members and board secretary must have attended training and received a certificate in the field of corporate governance in accordance with the Company Law of Mongolia;
- (f) the economist and investment officer who will make the decision to invest the funds collected through the trust service for permitted activities must be qualified in the field of finance and investment and have at least five years of experience; and
- (g) to have internal procedures and guidance for trust services approved by the board of directors in compliance with the requirements of laws and regulations.

Trust service providers and the trustee shall conclude a trust agreement in writing or the form of electronic in accordance with the law.

#### 2.2 **Bank of Mongolia rules and procedures**

The Bank of Mongolia (the "BOM") is the Central Bank of Mongolia which is the regulatory body of commercial banks licenced and operating in Mongolia. The BOM also regulates and grants permits for payment service providers (including the issuance of payment instruments such as digital

money/e-wallet, etc.) in accordance with the relevant laws of Mongolia including the National Payment System Law of Mongolia.

2.2.1 In addition to the FRC regulations set out in paragraph 1.1 above, the BOM has adopted and implemented the following key rules and procedures pertaining to certain lending and payment system activities to be carried out by NBFIs, which covers the activities of ICNJ and ICWN:

- (a) Guidelines for Calculating Interest on Loans, Monetary Deposits of Banks and Authorised Legal Entities and Ensuring Transparency of Information, adopted on 23 May 2023 under the Joint Order No. A-106/298 of the BOM and FRC, respectively;
- (b) Procedure on Exchanging Credit Information between the BOM and Credit Information Service Provider, adopted on 25 May 2023 under Order No. A-107 of the Governor of BOM; and
- (c) Procedure on Payment System, adopted on 10 May 2023 under Order No. A-91 of the Governor of BOM.

### **2.3 Mongolian Stock Exchange**

In addition, as a listed company on the MSE, ICNJ must comply with the following regulations:

- (a) Regulation on Securities Issuer's Disclosure of Information to the Public, adopted on 10 May 2022 under the Board of Directors Resolution No. 08 of the MSE;
- (b) Corporate Governance Codex, adopted on 23 March 2022 under FRC Resolution No. 145; and
- (c) Regulation on Delivering the Notice for Convening Shareholders' Meeting for Listed Companies, adopted on 14 December 2018 under FRC Resolution No. 377.

### **2.4 Law on Non-Bank Financial Activities**, adopted on 12 December 2002

2.4.1 The Law on Non-Bank Financial Activities, sets out the legal grounds for non-banking financial activities and regulates matters concerning the establishment of structures for management, organisation and monitoring of NBFIs and the granting, suspension or revocation of their licenses. The Law on Non-Bank Financial Activities regulates and covers the activities of ICNJ and ICWN.

2.4.2 According to the Law on Non-Bank Financial Activities, “non-bank financial activities” include the following activities:

- (a) Lending;
- (b) factoring services (purchasing others' receivables);
- (c) issuance of payment guarantees;
- (d) issuance of payment instruments (such as payment cards and electronic money);
- (e) electronic payment and money remittance service;
- (f) foreign exchange trading;
- (g) trust services;
- (h) investment in short-term financial instruments; and
- (i) financial intermediation activities related to the immovable property pledge.

2.4.3 Key areas covered by the law include licensing procedures, corporate governance standards, consumer protection measures, risk management practices, and anti-money laundering regulations, which are detailed as relevant to the Target Group below. The law aims to promote the stability and integrity of the non-bank financial sector while safeguarding the interests of consumers and maintaining integrity of the financial system. Under the law, the FRC is the regulatory body of NBFIs in Mongolia. The FRC oversees and regulates the NBFIs

in respect of compliance with regulatory requirements, and safeguarding of the stability and integrity of the financial system.

2.4.4 The following limitations are set on total exposure to borrowers and related parties: the total amount of loans, assets equivalent to loans, and payment guarantees issued to one borrower and related parties by an NBFI shall not exceed 30 per cent. of an NBFI's equity capital; The total amount of payment guarantees issued by an NBFI shall not exceed 70 per cent. of its equity capital. NBFI must comply with prudential ratios on reserve fund, liquidity, capital adequacy, loan loss provisioning, foreign currency exposure, and other criteria set by the FRC.

2.4.5 NBFI must maintain their own equity capital, defined according to accounting regulations jointly approved by the State central administrative body responsible for finance and accounting matters and the FRC. The equity fund consists of monetary assets contributed by shareholders, with its amount determined by the FRC, considering economic conditions, exchange rate fluctuations, solvency, and operational characteristics of NBFI. Shareholders are financially liable for losses up to the value of their shares. The FRC regulations govern and require to obtain an approval/permit from FRC for increases or decreases in share capital, issuance of new shares, and sale or transfer of shares of an NBFI.

2.4.6 NBFI must prepare financial statements according to the composition specified in the Law of Mongolia on Accounting. Financial statement indicators must comply with accounting principles set by the FRC in line with international accounting standards. NBFI must prepare quarterly and annual financial statements, submitting them to the FRC. The FRC may request additional evidence related to these statements. Audited financial statements for the preceding financial year must be disclosed to the public within the first quarter of the following year. NBFI must have their financial statements, along with other required documents and information, audited at least once a year. The auditing institution (auditor) must submit the original copy of its final opinions to both the audited NBFI and the FRC.

2.4.7 Target Group entity, ICNJ, is an NBFI and according to Article 8.1.2 of the Law on Permits of Mongolia adopted on 17 June 2022 (the "**Permits Law**"), companies must get a licence from the FRC in order to operate as an NBFI in Mongolia. The FRC issued Certificate of License No. TZ101/554 to ICNJ on 17 May 2016 to approve the activity of "non-banking financial institution." Under the licence, ICNJ is authorised to carry out the following activities:

- (a) lending;
- (b) investment and financial consulting and information;
- (c) trust services;
- (d) factoring services;
- (e) issuance of payment guarantees; and
- (f) investing in short-term financial instruments.

2.4.8 Similarly, Target Group entity, ICWN, is subject to the same regulatory environment. The FRC issued the Certificate of License No. TZ101/657 to ICWN on 25 November 2019 to approve the activity of "non-banking financial institution." Under the license, ICWN is authorised to carry out the following activities:

- (a) lending;
- (b) trust services;
- (c) factoring services;
- (d) issuance of payment instrument; and
- (e) electronic payment and money remittance services.

2.4.9 Furthermore, the BOM issued Certificate of Permission No. 13 on 8 December 2020 which permits ICWN to issue digital money in accordance with the National Payment System Law of Mongolia.

**2.5 Law of Mongolia on Money Deposits, Monetary Transfers, and Lending Activities of Bank and Authorised Legal Entities**, adopted on 21 May 2021

2.5.1 This law is to regulate matters concerning the depositing of funds with banks by citizens and legal persons, the carrying out of transactions through the agency of banks and operations to the granting and repayment of bank loans, and covers the activities of ICNJ and ICWN. Banks and authorised legal entities must adhere to the following principles regarding deposits, fund transfers, and loans to individuals, legal entities, and individuals whose legal status is defined by Mongolian law:

- (a) ensuring confidentiality, safety and reliability of operations;
- (b) providing general operational information and advice to customers and ensure transparency;
- (c) ensuring equal participation of the parties;
- (d) avoiding prioritising personal interests above the interests of customers; and
- (e) providing services to customers who meet the requirements specified in the law.

2.5.2 Banks and authorised legal entities are required to publicly disclose the general terms of operations for monetary deposits, fund transfers, and loans. They must provide deposit and credit services to customers through contractual agreements. When entering into contracts, banks and authorised legal entities must afford customers the opportunity and conditions to review the terms of service and the contract in accordance with the law.

**2.6 Law on Combating Money Laundering and Terrorism Financing of Mongolia**, adopted on 31 May 2013

2.6.2 The law determines the Financial Information Unit (“**FIU**”) as an autonomous and independent agency whose functions are to receive information specified by law from entities, analyse the information, and disseminate to the competent law enforcement authorities if transactions and/or transaction attempts are suspected to be related to money laundering or terrorism financing. This law applies to ICNJ, ICWN, ICPL and ICCL. Banks, NBFIs, insurance companies, investment funds, investment management companies, licensed securities market entities, savings and credit cooperatives, real estate agents, lawyers and notaries shall report to the FIU on cash transactions and foreign transactions above MNT 20.0 million (US\$ 5,846) within five working days. If a reporting entity suspects or knows that an asset, transaction, or attempted transaction is related to money laundering or terrorism financing or is related to proceeds of crime, it shall submit a report to the FIU within 24 hours.

2.6.3 In addition to drafting and implementing an internal monitoring program to combat money laundering and terrorism financing, the specified entities are obligated to adhere to ‘Know Your Customer’ procedures, necessitating the identification and verification of customer information through dependable, independent sources of information or documentation. ‘Know Your Customer’ procedure shall include determining the beneficial owner of legal entities. These measures are mandatory in several circumstances, including, but not limited to, prior to initiating a business relationship, before conducting occasional transactions amounting to or surpassing MNT 20.0 million (US\$ 5,846) (or its foreign currency equivalent) involving individuals or entities lacking consistent business ties and lacking a permanent bank account, and in situations where doubts arise regarding the accuracy or reliability of previously obtained customer data, or when there are reasonable grounds to suspect involvement in money laundering or terrorism financing. Both entities and the FIU are prohibited from disclosing information on customers’ transaction to any other person other than as provided by the law.

2.6.4 The specified entities are prohibited from offering services to individuals, legal entities, or any group or association listed in the Law of Mongolia on the Proliferation of Weapons of Mass Destruction and Combating Terrorism adopted on 10 October 2019. Upon discovering the name of a person, legal entity, group, or association belonging to the sanctions list, immediate suspension of the relevant account and assets is mandated, and transactions

are to be prohibited without awaiting a decision from the relevant authority. Immediate reporting to both the intelligence agency and the FIU is required.

2.6.5 A Cooperation Council was established by the FIU and is tasked with ensuring the enforcement of laws related to combating money laundering and terrorism financing, exchanging information, mitigating risks, and formulating recommendations on preventive measures.

## 2.7 **Law on Credit Information of Mongolia**, adopted 20 October 2011

2.7.1 The Law on Credit Information of Mongolia regulates matters concerning the development of credit information databases, including processing, safety, protection and usage of the credit information, rendering of a credit information service, licensing of the legal entity which renders a credit information service and the revocation of licences. The law applies to banks, NBFIs, savings and credit cooperatives, and individuals who are stated in this law and contract in terms of building-up information database concerning on cash payment obligations arising from credit and settlement within state and private legal entities and its exploitation and monitoring. This law applies to the activities of ICNJ, ICWN and ICCL.

2.7.2 According to the law, the BOM is mandated to maintain a credit information database compiled from banks, NBFIs, other legally authorised financial entities conducting credit operations, state organisations, and other relevant entities, with the aim of benefiting the stability of the financial sector. Only legal entities that have been granted special permission (i.e. licence) to operate credit information services, including the establishment and management of credit information databases, are permitted to collect credit information. Information suppliers (e.g. NBFIs) must obtain a borrower's consent before supplying any credit information to the database, and they must enter into agreements with credit information service providers regarding the exchange of credit information. Banks, non-bank financial institutions, and savings and credit cooperatives are required to enter into a contract with credit information providers to exchange information and access credit information for the purpose of evaluating borrowers' credit risks.

## 2.8 **Personal Data Protection Law of Mongolia**, adopted on 17 December 2021

2.8.1 The Personal Information Protection Law of Mongolia (the "**PIPL**") provides for the principles, grounds, and purposes to collect, process, and use the personal information, rights, and obligations of both the data subject and data controller; the power and authority of relevant authorities, including the National Human Rights Commission of Mongolia and the respective ministry in terms of securing personal information, and regulations for using the audio, video and audio-video recording systems. The PIPL applies to all the Target Group subsidiaries operating in Mongolia.

2.8.2 The principles for collection, processing and use of personal information under the PIPL include but are not limited to: refraining from infringing upon human rights and freedoms, respecting human rights and legal interests, avoiding discrimination, collecting, processing, and utilising personal information in accordance with the law or with the written consent (in paper or electronic formats) of the data subject, ensuring data security, data accuracy and integrity. Entities are prohibited to collect, process, or utilise the personal information for purposes other than those specified by the law or those initially consented by the data subject. Additionally, disclosure of personal information to third parties by individuals who have obtained it in accordance with this law is strictly prohibited.

2.8.3 The law mandates that the data controller, whether an entity or an individual collecting, processing and/or utilising personal information (the "**Data Controller**"), must obtain a written consent from the data subject when processing, collecting, and using personal information, regardless of whether it is in hard copy or electronic form. The Data Controller is responsible for establishing internal procedures to uphold information security laws and ensuring their implementation to safeguard data security. The Data Controller must undertake

all necessary measures to maintain the integrity, confidentiality, and accessibility of the information system used for data collection, processing, and utilisation.

2.8.4 In accordance with this law, data subjects have the right to lodge complaints regarding the collection, processing, and utilisation of personal information by government organisations, either through the General Administrative Law of Mongolia or by appealing to the National Human Rights Commission for resolution.

## 2.9 **Law on Organisational Data Protection of Mongolia**, adopted on 16 May 1995

2.9.2 The Law on Organisation Data Protection of Mongolia regulates matters related to the establishment and protection of confidential information. "Organisation's confidential data" refers to information, documents, and physical items designated as confidential by relevant laws, aimed at safeguarding the human rights, dignity, and legal interests of the organisation. The confidential information, technological solution, projects, research and analysis documents, and necessary techniques and equipment, which are related to the specifications of the organisation's undertaking, are classified as confidential information by the organisation itself to secure its market and advantages in fair competitiveness, or that have harmful impacts to its legitimate interest if disclosed, may be classified as confidential, unless otherwise specified by law. The Law on Organisation Data Protection of Mongolia applies to all the Target Group subsidiaries operating in Mongolia.

2.9.3 The organisation's confidential data is the responsibility of the organisation, which must establish its own privacy protection protocols in accordance with applicable laws and regulations. Individuals entrusted with or exposed to such confidential information in the course of official duties or professional activities are obligated to maintain the confidentiality of such information. Any individual who obtains organisation's confidential data during their official duties must use them solely in accordance with the reasons and procedures outlined by laws and regulations, refraining from disclosing them to others.

## 2.10 **Law on Securities Market of Mongolia**, adopted on 24 May 2013

2.10.1 The Law on Securities Market governs matters concerning the regulation and oversight of market participants' activities and protection of investors' interests in the securities market. This law applies to matters relating to the issuance of securities by way of public offer, trading, and registration/listing of securities, clearing, settlements and deposit of securities, and conducting other regulated activities in the securities market. The Law on Securities Market covers the activities of ICCL.

2.10.2 The following financial instruments are considered securities subject to the provisions and regulations under the Law on Securities Market:

- (a) shares of an open joint stock company;
- (b) company debt instruments;
- (c) shares or unit rights in an investment fund;
- (d) depositary receipts;
- (e) asset-backed securities;
- (f) warrants;
- (g) derivatives; and
- (h) other financial instruments as may be deemed by the FRC to be securities in accordance with the law (including option contracts, futures contracts and other permitted instruments to be traded on a regulated market).

2.10.3 An offer and advertisement of the securities for sales in the primary securities market, to 50 or more investors, shall be construed as a public offer. The FRC may issue permission to trade the securities on the primary securities market, and such permission shall be granted on the basis of a request from the securities issuer and confirmation from the stock exchange

that the securities are to be listed on the stock exchange register and the relevant preparations are finalised.

- 2.10.4 The following activities are regulated by the law and the legal entity shall either obtain the requisite licence from or be registered with the FRC to carry out such activities: securities brokering; securities dealing; securities investment advisory services; securities nominee services; underwriting; registration of securities ownership rights; securities trading clearing; securities trading settlements; securities central depository services; custodial services; securities trading; investment fund activities; investment management activities; credit rating services; providing legal advice to participants in the securities market; providing property valuations and appraisal services for participants in the securities market; and providing auditing services for participants in the securities market.
- 2.10.5 A regulated entity shall maintain accounting records that detail transactions made in connection with licensed activities and transactions of its own and its clients' property and shall produce balance sheets and cash flow statements accurately and in a timely fashion and shall select an auditing institution registered with the FRC.
- 2.10.6 The law also regulates the securities market information and prohibited activities, including using insider information and insider trading, market abuse and manipulation, and stipulates the sanctions and monitoring for such activities.
- 2.10.7 Other laws of Mongolia pertaining to securities companies include the Law of Mongolia on Investment, the Law on Combating Money Laundering and Terrorism Financing, the Asset-Backed Securities Law of Mongolia, the Company Law of Mongolia and other respective legislations of Mongolia.
- 2.10.8 The FRC adopted the "Procedure for Carrying out Regulated Activities in the Securities Market" in 2023 by its Resolution No. 383, which relates to the regulated activities in the securities market and covers the activities of ICCL. Under the Permits Law and the Law on Securities Market, there are 17 types of activities that can be carried out through obtaining a licence. Securities companies operate under respective rules and regulations, including the Regulation on Securities Registration of FRC, UKLR and Rule on Participating in Securities Trading of MSE, and the rules of Mongolian Central Securities Depository based on their activities.
- 2.10.9 Target Group entity, ICCL, is licenced to carry out regulated activities in the securities market.
- 2.10.10 The FRC issued Certificate of License No. TZ301/113 to ICCL on 26 September 2018 to carry out "regulated activities in the securities market." Under the license, ICCL is authorised to carry out the following activities:
  - (a) brokerage;
  - (b) dealering;
  - (c) underwriting; and
  - (d) investment advisory service.
- 2.10.11 The FRC issued Resolution No. 154 on 8 April 2020 permitting ICCL to provide payment transaction services for monetary asset income and expenditure through nominal accounts.
- 2.10.12 The FRC issued Resolution No. 430 on 1 September 2023 permitting ICCL to provide brokerage of securities on a foreign securities market and Resolution No. 13 on 31 January, 2024 permitting ICCL to provide stock market brokerage for mining commodities.
- 2.10.13 Pursuant to Article 8.1 of the Permits Law, real estate brokerage is an activity under a licence issued by the FRC. FRC regulates and supervises the activities of real estate brokers under the "Procedure for Licensing, Permission, Authorisation and Registration of Real Estate Brokers" adopted on 11 March 2020 by Resolution No. 120.

2.10.14 Target Group entity, ICPL, is a licenced real estate brokerage company. The FRC issued Certificate of License No. TZ601/143 for ICPL on 21 October 2020 to carry out the activities of ‘real estate brokerage company’. Under the license, ICPL is authorised to carry out the following activities:

- (a) sale, purchase, and transfer of rights related to immovable property;
- (b) lease and rental of rights related to immovable property;
- (c) immovable property management;
- (d) purchasing and renovating immovable property to sell; and
- (e) other activities related to immovable property brokerage/sale of immovable properties financed by other companies/allowed by the FRC.

## 2.11 **Law on National Payment System of Mongolia**, adopted on 31 May 2017

2.11.1 The Law on National Payment System of Mongolia dated 31 May 2017 (the “**National Payment System Law**”) is the main law that regulates Mongolia’s national/domestic payment system (including but not limited to payment, settlement, and clearing systems) and its operation within the territory of Mongolia. The National Payment System Law applies to the activities of ICWN.

2.11.2 The National Payment System Law applies to domestic payment systems to be operated within the territory of Mongolia, not international payment systems/international card networks. This law further applies to domestic interbank payments/transactions expressed and settled in Mongolian national currency (“**MNT**”).

2.11.3 This law further sets out the general framework and scope of operation and role/duties of each of the BOM (being a regulator) and participants (mostly financial institutions) who are permitted to carry out activities related to payment services in Mongolia.

2.11.4 According to the National Payment System Law, the following activities are required to obtain permission from the BOM:

- (a) payment services;
- (b) dependent services to the provision of payment services;
- (c) system operation;
- (d) payment instrument issuance and acquiring;
- (e) acting as a payment/settlement agent;
- (f) payment services through a contract agent;
- (g) receiving an outsourcing service;
- (h) money remittance services;
- (i) electronic transfer of funds; and
- (j) digital money issuance.

2.11.5 The National Payment System Law provides that a holder of payment services permission must be a legal person incorporated in Mongolia and will be granted the permissions as provided for in (d) to (j) above, and the permission holder of (b) and (c) above will be granted the permission in (g) above.

2.11.6 The National Payment System Law provides that payment service providers must be audited by an auditing firm registered with the BOM if the BOM requires them to do so.

### **3. KYRGYZSTAN**

#### **Law on Microfinance Organisations of the Kyrgyz Republic**, adopted 23 July, 2002 No 124

This law is the fundamental regulation on micro finance activity in Kyrgyzstan. Under this law, micro-finance organisations obtain a licence from, and are regulated under, the National bank of Kyrgyz Republic and may carry out activities such as lending, attracting short term investment, factoring, currency exchange, guarantee, and as an agent for a bank.

Under the requirements of the law, microfinance organisations must meet certain requirement and comply with the anti-money laundering and counter-terrorism financing laws in order to operate in Kyrgyzstan. The National Bank of the Kyrgyz Republic oversee the implementation of the law on microfinance organisations. The National Bank has issued a number of regulations that provide further guidance on compliance with the law.

Target Group entities ICCM and PKG are registered microfinance organisations in Kyrgyzstan and the law applies to these two entities.

The National Bank of Kyrgyz Republic issued the following Certificate of License

<i>Target Group Entity</i>	<i>Licence Number</i>	<i>Licence Activity</i>
ICCM	016	Operations in Microfinancing
PKG	2030270422	Operations in Microfinancing
PKG	3032270422	Payment Activity

### **4. KAZAKHSTAN**

ICFLLP has obtained the licence to operate as a registered microfinance organisation in Kazakhstan on 18 June 2024 and started operations in July 2024.

In 2012, the Law on Microfinance Organisations was adopted, replacing the earlier Microcredit Organisations Law in Kazakhstan. Micro financial activity is regulated by the National Bank of Kazakhstan and the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market also acts as government authority. In 2018, a number of further changes were introduced to Kazakhstan laws. The majority of these amendments are focused on protecting the recipients of financial services and improving currency control and securities market regulations. These regulations apply to ICFLLP.

In particular, loans granted to individuals by a microcredit organisation can only be issued in Kazakhstan currency; Tenge. Loans in foreign currency may only be provided by licensed banks. A Kazakhstan microcredit organisation cannot therefore grant any loans to individuals in a foreign currency (non-Tenge). In addition, certain limits are set for lending activities, including interest on loan contracts, maximum amount of penalty, refinancing, effective interest rate etc.

### **5. UZBEKISTAN**

In April 2022, Uzbekistan adopted a new law on nonbank credit organisations and microfinance activities developed with support from the World Bank. The measure establishes a unified legal framework that encourages the development of the NBCO sector through a proportional regulatory regime, removal of unnecessary constraints, and protection of consumers using NBCOs. Target Group entity ICUL is in process of applying for a record registration with the Central Bank of Uzbekistan to operate as a micro finance organisation and once ICUL obtains the licence it will be regulated by the Central Bank.

The Central Bank of Uzbekistan acts as the authorised body for registering and regulating the activities of micro finance activities and NBCOs are created in any organisational and legal form provided for by the law (LLC, OJSC, CJSC). The Central Bank adopted regulation on the minimum requirements for the activities of microfinance organisations and pawnshops in the implementation of relations with consumers of financial services on 6 September 2022.

In accordance with the recent regulation, information on the terms of a loan, including amount, duration, repayment and the procedure for calculating total amount owed should be open to the public and posted at the place where services are provided. The information also should be published on the official website of the credit organisations.

## PART 12

### SECTION A – FINANCIAL INFORMATION OF THE COMPANY

#### RELEVANT DOCUMENTATION AND INCORPORATION BY REFERENCE

The information below, which is incorporated by reference in this Document, is to ensure that Shareholders and others are aware of all information which is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and the rights attaching to the Ordinary Shares.

The Company's HFI for the period 28 May 2021 to 30 June 2022 (audited) and the 18 month period ended 31 December 2023 (audited) and the unaudited Interim financial statement for the 6 month period to 30 June 2024 can be found on the Company's website, and set out below are the page numbers of the key sections.

The page numbers below refer to the relevant pages for the audited financial period ended 30 June 2022. This can be found in the Company's prospectus dated 12 September 2022 on the Company's website at: [www.fintechasialtd.com](http://www.fintechasialtd.com)

Independent Accountants' Report – pages 39 - 40

Statement of Comprehensive Income – page 41

Statement of Financial Position – page 42

Statement of Cash Flows – page 43

Statement of Changes in Equity – page 44

Notes to the Financial Statements – pages 45 to 52

The page numbers below refer to the relevant pages of the Company's Report and audited Financial Statements for the period ended 31 December 2023. This document can be found on the Company's website at: [www.fintechasialtd.com](http://www.fintechasialtd.com)

Independent Auditors' Report – pages 12 to 16

Statement of Comprehensive Income – page 17

Statement of Financial Position – page 18

Statement of Changes in Equity – page 19

Statement of Cash Flows – page 20

Notes to the Financial Statements – pages 21 to 31

The page numbers below refer to the relevant pages of the Company's unaudited six-month period to 30 June 2024. This can be found in the Company's "*Interim Report for the 6 Month Period From 1 January 2024 to 30 June 2024*" dated 5 September 2024 on the Company's website at: [www.fintechasialtd.com](http://www.fintechasialtd.com)

Statement of Comprehensive Income – page 6

Statement of Financial Position – page 7

Statement of Changes in Equity – page 8

Statement of Cash Flows – page 9

Notes to the Financial Statements – pages 10 to 19

Shareholders may request a hard copy of the financial information from the Company's registered office. Hard copies will be dispatched as soon as possible, and in any event, within two business days of receipt of a request. Shareholders who do not make a request will not be sent hard copies of the financial information.

## **SECTION B – HISTORICAL FINANCIAL INFORMATION OF THE TARGET AND TARGET GROUP**

The Historical Financial Information on the Target Group is contained in two accountant's reports in Section B of Part 12 (Financial Information) of this Document ("Target Group Financials"). The first accountants' report, in Section B(i), covers the consolidated financial information of ICFG Pte Ltd (the "Target") for the year to 31 December 2023 and the combined financial information of SIBJ Capital LLC and the various commonly controlled entities that will form part of the ongoing business (the "SIBJ Group") for the two years to 31 December 2022 (see note 2 of Section B(i) for basis of combination). The financial information for the Target in this report is from the date it acquired SIBJ Capital LLC, being 18 January 2023. The second accountant's report and Historical Financial Information in Section B(ii) covers the two years financial information to 31 December 2022 for the Target Company alone, i.e. the period prior to being included in the Target Group.

The reason for the two separate reports is because there was no common control of SIBJ Group prior to 18 January 2023 by the Target. Both accountant's reports were prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom.

**SECTION Bi – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION  
OF THE TARGET GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2023**

The Directors and Proposed Directors  
Fintech Asia Limited  
Les Echelons Court  
Les Echelons  
St Peter Port  
Guernsey GY1 1AR



Strand Hanson Limited  
26 Mount Row  
Mayfair  
London  
W1K 3SQ

22 January 2025

Dear Directors and Proposed Directors

**ICFG Pte Ltd (the “Target”), and SIBJ Capital LLC and various commonly controlled entities that will form part of the ongoing business (the “SIBJ Group”) (together, the “Target Group”)**

We report on the consolidated financial information of ICFG Pte Ltd for the year ended 31 December 2023 (the “Consolidated Financial Information”) and on the combined financial information of SIBJ Group for the years ended 31 December 2022 and 31 December 2021 (the “Combined Historical Financial Information”) (together, the “Historical Financial Information”) set out in Section Bi of Part 12 of the prospectus (the “Prospectus”) dated on or about 22 January 2025 of Fintech Asia Limited (to be renamed as ICFG Limited) (the “Company”).

**Qualified opinion on the Historical Financial Information**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the Historical Financial Information in Section Bi of Part 12 gives, for the purpose of the Prospectus dated on or about 22 January 2025, a true and fair view of the state of affairs of the Target Group as at 31 December 2023, 31 December 2022 and 31 December 2021 and of its profit and loss, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

**Responsibilities**

The Directors and Proposed Directors of the Company are responsible for preparing the Historical Financial Information on the basis of preparation set out in the notes to the Historical Financial Information and in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

**Basis of preparation**

The Historical Financial Information has been prepared for inclusion in the Prospectus of the Company dated on or about 22 January 2025 on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is required by item 18.3.1 of Annex 1 of the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

### **Basis for qualified opinion**

InvesCore CA MFC ("InvesCore Kyrgyzstan") is a subsidiary within the Target Group whose commercial activities have historically been predominately transacted in cash. Pre-acquisition by the SIBJ Group and for a period thereafter, there were limited accounting procedures and financial reporting systems in operation until SIBJ Group management introduced new procedures and systems. These new procedures and systems were introduced progressively during 2021 and were substantially in place as at 31 December 2021.

We were unable to satisfy ourselves concerning opening balances for InvesCore Kyrgyzstan within the Historical Financial Information as at 1 January 2021 through alternative procedures for cash held within cash and bank balances and loans and advances to customers within the combined statement of financial position. Consequently, we were unable to determine whether any adjustment to these amounts and related balances were necessary.

We were unable to satisfy ourselves concerning cash based transactions for InvesCore Kyrgyzstan within the Historical Financial Information for the period ending 31 December 2021 through alternative procedures. Cash based transactions during this period predominately impacted the calculation of interest income calculated using EIR, segment assets and specifically loans and advances to customers, impairment of loans receivable, amounts written off loans receivable for the period ended 31 December 2021 together with the loans receivable balance as at 31 December 2021. Reported profit and cashflows for the year ended 31 December 2021 may be materially misstated for this reason. Consequently, we were unable to determine whether any adjustment to these amounts and related balances were necessary.

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent of the Company and the Target Group in accordance with the FRC's ethical standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

### **Conclusions relating to going concern**

In performing this engagement, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on the Target Group's ability to continue as a going concern for a period of at least twelve months from the date of the Prospectus for which the Historical Financial Information and this report were prepared.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1, item 1.2 of the PR Regulation.

Yours faithfully

**PKF Littlejohn LLP**  
Reporting Accountant

**Statement of Profit or Loss and other Comprehensive Income for the years ended  
31 December 2021 to 31 December 2023**

	Note	Consolidated 2023 US\$'000	Combined 2022 US\$'000	Combined 2021 US\$'000
Interest income calculated using EIR	5	36,473	24,595	15,335
Interest and similar expense	5	(14,068)	(8,432)	(3,891)
<b>Net interest income</b>		22,405	16,163	11,444
Fee and commission income	6	5,151	6,424	2,612
Fee and commission expense	6	(220)	(1,102)	(236)
<b>Net fee and commission income</b>		4,931	5,322	2,376
Revenue from contracts with customers	7	5,498	3,415	73
Cost of sales	7	(2,147)	(1,123)	–
Rental income	8	642	519	–
<b>Total revenue from contracts with customers</b>		3,993	2,811	73
Net trading Income	9	168	22	96
Impairment losses on financial assets	10	(2,301)	(2,794)	(919)
Other operating income	11	700	303	650
<b>Net operating income</b>		29,896	21,827	13,720
Employee costs	12	(6,184)	(4,234)	(2,557)
Depreciation of property, plant and equipment	23	(468)	(325)	(247)
Amortisation of right-of-use assets	27	(646)	(508)	(277)
Amortisation of intangible assets		(151)	(136)	(104)
Other operating expenses	13	(4,589)	(3,222)	(2,062)
<b>Profit before tax</b>		17,858	13,402	8,473
Income tax expense	14	(4,703)	(3,208)	(1,706)
<b>Profit for the year</b>		13,155	10,194	6,767

The profit for each year arises from continuing activities.

The notes form an integral part of this Historical Financial Information.

	Note	Consolidated 2023 US\$'000	Combined 2022 US\$'000	Combined 2021 US\$'000
<b>Profit for the year attributable to:</b>				
Owners of the parent company		10,611	8,381	5,859
Non-controlling interests		2,544	1,813	908
<b>Other comprehensive income:</b>				
<i>Items not to be classified in profit or loss (net of taxes):</i>				
- Net change in Fair value of equity investments at FVTOCI		(162)	(4)	-
<i>Items that will or may be classified in profit or loss (net of taxes):</i>				
- Exchange gain/(loss) arising from translation of foreign operations		282	(5,786)	(154)
<b>Other comprehensive income/(loss) for the year, net of taxes</b>				
		120	(5,790)	(154)
<b>Other comprehensive income/(loss) for the year attributable to:</b>				
Owners of the parent company		197	(5,821)	(154)
Non-controlling interests		(77)	31	-
<b>Total comprehensive income for the year</b>				
		13,275	4,404	6,614
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company		10,808	2,560	5,706
Non-controlling interests		2,467	1,844	908
Earnings per share (USD per share)	15	1.56	1.23	0.86

The notes form an integral part of the Historical Information.

**Statement of Financial Position as at 31 December 2023, 2022 and 2021**

	<i>Consolidated</i> Note 31 December 2023 US\$'000	<i>Combined</i> 31 December 2022 US\$'000	<i>Combined</i> 31 December 2021 US\$'000
<b>Assets</b>			
Cash and bank balances	16 24,405	16,127	8,863
Loans and advances to customers	17 134,911	77,597	60,361
Financial assets at FVTPL	18 1,179	523	298
Financial assets at FVOCI	18 1,912	2,080	—
Derivative financial assets	33 —	149	64
Finance leases receivable	37 6,818	2,227	—
Other financial assets	19 2,290	2,344	1,661
Other non-financial assets	20 751	2,680	1,368
Inventories	21 4,199	6,051	3,894
Repossessed collateral	22 299	446	274
Property, plant and equipment	23 5,722	769	747
Intangible assets	24 1,472	1,158	922
Right-of-use assets	27 1,102	669	819
Deferred tax assets	14 28	35	42
Non-current asset held for sale	25 —	1,217	1,458
Goodwill	26 85	85	102
<b>Total assets</b>	<u>185,173</u>	<u>114,157</u>	<u>80,873</u>
<b>Liabilities</b>			
Borrowed funds	30 59,413	20,277	9,846
Bonds payable	31 19,651	12,882	9,656
Private placement of deposits	32 41,113	32,632	19,747
Derivative financial liabilities	33 82	—	—
Financial liability at FVTPL	35 1,748	3,765	4,345
Other financial liabilities	34 7,158	4,049	5,503
Contract liability	7 180	458	93
Lease liabilities	37 1,154	734	841
Other non-financial liabilities	36 1,739	1,365	813
Current tax liabilities	14 2,426	994	773
Deferred tax liabilities	14 100	128	151
<b>Total liabilities</b>	<u>134,764</u>	<u>77,284</u>	<u>51,768</u>
<b>Equity</b>			
Share capital	38 5,071	5,798	5,798
Merger Reserve	2 780	—	—
Fair value reserve	39 (166)	(4)	—
Retained earnings	32,948	22,175	15,195
Translation reserve	(5,623)	(5,982)	(165)
<b>Total equity attributable to the owners of the parent</b>	<u>33,010</u>	<u>21,987</u>	<u>20,828</u>
Non-controlling interests	29 17,399	14,886	8,277
<b>Total equity</b>	<u>50,409</u>	<u>36,873</u>	<u>29,105</u>
<b>Total liabilities and equity</b>	<u>185,173</u>	<u>114,157</u>	<u>80,873</u>

The notes form an integral part of the Historical Information.

**Statement of changes in equity for the years ended 31 December 2023 to 2021**

	Share capital	Merger reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity of the parent	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2022</b>	5,798	—	(4)	(5,982)	22,175	21,987	14,886	36,873
Profit for the year	—	—	—	—	10,611	10,611	2,544	13,155
Other comprehensive income	—	—	(162)	359	—	197	(77)	120
<b>Total comprehensive income</b>	—	—	(162)	359	10,611	10,808	2,467	13,275
Merger	(727)	780	—	—	162	215	—	215
Addition	—	—	—	—	—	—	380	380
Dividends paid	—	—	—	—	—	—	(334)	(334)
<b>Total transactions with shareholders</b>	(727)	780	—	—	162	215	46	261
<b>Balance at 31 December 2023</b>	5,071	780	(166)	(5,623)	32,948	33,010	17,399	50,409

	Share capital	Merger reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity of the parent	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2021</b>	5,798	—	(165)	15,195	20,828	8,277	29,105	
Opening balance adjustment*	—	—	—	(1,401)	(1,401)	—	(1,401)	
<b>Adjusted balance as at 31 December 2021</b>	5,798	—	(165)	13,794	19,427	8,277	27,704	
Profit for the year	—	—	—	8,381	8,381	1,813	10,194	
Other comprehensive income	—	(4)	(5,817)	—	(5,821)	31	(5,790)	
<b>Total comprehensive income</b>	—	(4)	(5,817)	8,381	2,560	1,844	4,404	
Addition	—	—	—	—	—	4,849	4,849	
Dividends paid	—	—	—	—	—	(84)	(84)	
<b>Total transactions with shareholders</b>	—	—	—	—	—	4,765	4,765	
<b>Balance at 31 December 2022</b>	5,798	(4)	(5,982)	22,175	21,987	14,886	36,873	

\*The opening balance adjustment arises from the exclusion of discontinued operations from this historical financial information. See note 2 for further details.

					Total equity attributable to the owners	Non- controlling interests	Total Equity
	Share capital	Fair value reserve	Translation reserve	Retained earnings	of the parent		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2020</b>		2,236	–	(11)	9,336	11,561	7,432
Profit for the year		–	–	–	5,859	5,859	908
Other comprehensive income		–	–	(154)	–	(154)	–
<b>Total comprehensive income</b>		–	–	(154)	5,859	5,705	908
Issued share capital (note 38)		3,562	–	–	–	3,562	–
Dividends paid		–	–	–	–	–	(63)
<b>Total transactions with shareholders</b>		5,798	–	(165)	15,195	20,828	8,277
<b>Balance at 31 December 2021</b>		<b>5,798</b>	<b>–</b>	<b>(165)</b>	<b>15,195</b>	<b>20,828</b>	<b>8,277</b>
		<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

The notes form an integral part of the Historical Information.

**Statement of cash flows for the years ended 31 December 2023 to 2021**

	<i>Note</i>	<i>Consolidated 2023 US\$'000</i>	<i>Combined 2022 US\$'000</i>	<i>Combined 2021 US\$'000</i>
<b>Cash flows from operating activities</b>				
<b>Profit for the year</b>		13,155	10,194	6,767
<i>Adjustments:</i>				
Depreciation of property, plant and equipment		468	325	247
Amortisation of right-of-use assets		646	508	277
Amortisation of intangibles		151	136	104
Gain on sales of property, plant and equipment, net	11/13	(6)	(2)	–
Loss on write-off of property, plant and equipment, net	13	1	–	1
Loss on disposal of property, plant and equipment, net	13	3	195	–
Gain on sales of repossessed collateral	11	(1)	–	–
Impairment loss/(reversal) on repossessed collateral	11/13	(16)	59	153
Loss on sales of non-current asset held for sale	13	128	–	–
Unrealised loss from foreign exchange rate differences		152	2,343	58
Interest income from non-customer loans	5	(414)	(161)	(295)
Interest Expense	5	14,068	8,432	3,891
Dividend income	11	–	–	–
Fair value change of financial instruments at FVTPL	9	57	(15)	(44)
Fair value change of financial instruments at FVTOCI		–	–	(26)
Gain on securities trading, net	9	(225)	(6)	(52)
Impairment losses on financial instruments		2,301	1,654	919
Income tax expense	14	4,703	3,208	1,706
Other non-cash items		–	73	–
		35,171	28,083	13,706
Changes in operating assets and liabilities:				
Increase in loans due from customers		(59,163)	(32,246)	(27,745)
Derivatives		229	(103)	(116)
Finance lease receivables		(4,554)	(2,424)	
Other financial assets		216	(2,377)	(789)
Other non-financial assets		619	151	(1,053)
Inventories		1,822	(3,046)	(3,871)
Repossessed collateral		162	(295)	(1,601)
Liability at FVTPL		(1,991)	149	4,358
Other financial liabilities		(979)	(827)	(747)
Contract liabilities		(275)	415	93
Other non-financial liabilities		373	747	378
<b>Cash used in operations</b>		(28,370)	(11,773)	(17,387)
Income taxes paid	14	(3,287)	(2,824)	(1,267)
Interest received from non-customer loans		434	162	305
Interest paid		(11,787)	(10,251)	(3,391)
<b>Net cash flows used in operating activities</b>		(43,010)	(24,686)	(21,740)

Note	Consolidated	Combined	Combined
	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(4,230)	(2,469)	(512)
Sales of property, plant and equipment	144	193	1,470
Purchases of intangibles	(466)	(613)	(39)
Sales/(purchases) of non-current asset held for sale	1,076	–	–
Purchases of investments	(7,562)	(7,547)	(1,041)
Proceeds from sale of investments	7,078	5,039	965
Investment in term deposit	78	(477)	–
Dividends received	–	–	–
<b>Net cash flows used in investing activities</b>	<b>(3,882)</b>	<b>(5,874)</b>	<b>(843)</b>
<b>Cash flows from financing activities</b>			
Issued share capital	99	–	3,562
Addition of NCI	–	4,849	–
Dividend paid to NCI	(334)	(84)	(63)
Proceeds from drawdown of borrowings	46	74,356	41,040
Repayment of principal of borrowings	46	(35,634)	(28,546)
Proceeds from private placement of deposit	46	10,437	26,366
Repayment of private placement of deposit	46	(3,369)	(8,913)
Proceeds from issued bonds	46	19,827	8,345
Repayment of issued bonds	46	(13,310)	(2,858)
Financing received	3,526	–	–
Principal lease payment	(762)	(758)	(425)
<b>Net cash from financing activities</b>	<b>54,836</b>	<b>39,441</b>	<b>19,416</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,944</b>	<b>8,881</b>	<b>(1,481)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>17</b>	<b>15,689</b>	<b>8,863</b>
<b>Cash acquired on merger</b>	<b>2</b>	<b>83</b>	<b>–</b>
<b>Exchange movement on cash and cash equivalents</b>		331	(2,055)
<b>Cash and cash equivalents at end of year</b>	<b>17</b>	<b>24,047</b>	<b>15,689</b>
			<b>8,863</b>

Notes to the statement of cash flows are set out in Note 45.

The notes form an integral part of the Historical Information.

## **Notes to the Historical Financial Information for the years ended 31 December 2023 to 2021**

### **1. Reporting entity**

ICFG Pte Ltd (previously InvesCore Financial Group Pte Ltd) (the “Target”) was incorporated as a Limited Liability Company on 1 July 2020 and is incorporated in Singapore.

The ICFG Group consists of the Target and its subsidiaries, being SIBJ Capital LLC and its own five main subsidiaries, which it acquired on 18 January 2023 by way of a merger. The reporting period ended 31 December 2023 is presented as consolidated historical financial information (“Consolidated Historical Financial Information”). Prior to this acquisition, the ICFG Group consisted of SIBJ Capital LLC as the parent entity and its commonly controlled subsidiaries that will be part of the ongoing business (the “SIBJ Group”) and as such this historical financial information has been prepared on the basis of “combined” financial statements for the years 2022 and 2021 (“Combined Historical Financial Information”). All references to the “Target Group” refer to the ICFG Group for the year 2023 and the SIBJ Group for the years 2022 and 2021.

Additionally, one of these subsidiaries of SIBJ Capital LLC, InvesCore NBFI JSC, also holds its own subsidiaries in various jurisdictions. The subsidiaries hold special permits or licenses allowing them to operate in regulated financial markets. The subsidiaries are as follows:

1. SIBJ Capital LLC (“SIBJ”) was incorporated as a Limited Liability Company in accordance with the resolution issued by the founder dated 21 March 2016. SIBJ initially was established as a Limited Liability Company in accordance with the laws of Mongolia and restructured into a Foreign-Invested Limited Liability Company on 30 March 2023 through an investment from InvesCore Financial Group Pte Ltd, incorporated in Singapore. SIBJ was duly registered with the State Registration Office of Mongolia and issued the State Registration Certificate No. 9019097602 (Registration No. 6057209) on 21 March 2016.
2. On 8 June 2018, InvesCore Capital LLC, a fully owned subsidiary of SIBJ Capital LLC, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6317839 and Certificate No. 9011741137. InvesCore Capital LLC offers comprehensive investment banking services primarily to local companies, institutional, and individual investors. These services include underwriting, brokerage, financial advisory, and market making.
3. On 29 November 2017, InvesCore Property LLC, a fully owned subsidiary of SIBJ Capital LLC, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6253288 and Certificate No. 9011716012. InvesCore Property LLC provides comprehensive real estate development project management services to both local and international real estate investors, along with other related property management services. Additionally, on 31 October 2023, InvesCore Property LLC acquired 100 per cent. of the common shares of Core Development and Engineering LLC.
4. On 18 August 2018, AI Lab LLC, a subsidiary owned 60 per cent. by SIBJ Capital LLC, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6339247 and Certificate No. 9011758119. AI Lab LLC specialises in fintech services focused on micro-finance. They develop and offer support for advanced technologies including Artificial Intelligence (AI) and Machine Learning (ML) based credit scoring systems, robotic automation, and other innovative solutions.
5. The Target Group holds 80.71 per cent. in InvesCore NBFI JSC, a subsidiary was initially incorporated as a Limited Liability Company in accordance with a resolution issued by the founder on 29 March 2016. It was originally established under the laws of Mongolia and subsequently restructured into a joint-stock company on 22 May 2019, through the offering of 15 per cent. of its common shares to the public on the Mongolian Stock Exchange.

InvesCore NBFI JSC was officially registered with the State Registration Office of Mongolia and received State Registration Certificate No. 9010002004 (Registration No. 6060854) on 30 March 2016. Subsequently, on 17 May 2016, it was granted Special License No. 1/554 for non-banking financial activities, in accordance with Resolution No. 159 issued by the Financial Regulatory Commission of Mongolia. This license permits the NBFI to engage in lending, factoring, investment in short-term financial instruments, attracting private placement of trust deposits, and the issuance of payment guarantees.

InvesCore NBFI JSC maintains a presence in four Central Asian nations through a network of subsidiaries. These subsidiaries are strategically located in Mongolia (InvesCore Wallet NBFI LLC), Kyrgyzstan (InvesCore CA MFC and Pocket KG LLC), Kazakhstan (InvesCore KZ LLC and InvesCore Finance MFO LLP), and Uzbekistan (InvesCore UE LLC). They operate as both fintech and financial services providers, effectively serving InvesCore NBFI JSC's expansion strategy and facilitating the Target Group's growth within the region.

6. InvesCore wallet NBFI LLC: InvesCore wallet NBFI LLC was officially registered with the State Registration Office of Mongolia and received State Registration Certificate No.9015005115 (Registration No.6428916) on 6 May 2019.

Subsequently, on 25 November 2019, it was granted Special License No. 101/657 for non-banking financial activities, in accordance with Resolution No.327 issued by the Financial Regulatory Commission of Mongolia. This license permits the InvesCore wallet NBFI LLC to engage in lending, electronic payment, remittance service, issuing negotiable/settlement instruments.

Furthermore, the InvesCore wallet NBFI LLC was granted a permission for factoring, attracting trust deposits with Resolution No.12 on 13 January 2023, and permission for the foreign currency exchange with Resolution No.56 on 23 February 2024 by the Financial Regulatory Commission of Mongolia, Special license No.13 for issuing electronic money with Resolution No.A-436 on 8 December 2020 by the Bank of Mongolia.

7. OJSC "MFC "InvesCore CA": OJSC "MFC "InvesCore CA" was officially registered with the Ministry of Justice of the Kyrgyz Republic and received Registration certificate No. 50642-3301-OAO (Registration No. 02301200410114) on 1 April 2022.

Subsequently, on 22 November 2021, it was granted Special License No.16 for microfinance companies for the right to conduct certain banking operations in the national currency issued by National bank of the Kyrgyz Republic.

The license permits the OJSC "MFC "InvesCore CA" to engage in issuing secured and unsecured microcredits; accepting time deposits from individuals and legal entities on repayment terms in order to accumulate customer savings; factoring; provision of retail banking services under an agency agreement with a bank - without opening accounts for clients in a microfinance company; issuance of guarantees in an amount not exceeding, together with a microcredit (leasing), the maximum loan size per borrower; an integral part of this license is a list of restrictions on certain banking operations.

8. InvesCore UE: InvesCore UE LLC Foreign enterprise microcredit organisation was officially registered with The State Registration of a legal entity Uzbekistan and received registration certificate No. 2073991 (Registration No. 310 187 220) on 1 February 2023.

9. Limited Liability company Pocket KG: Limited Liability company Pocket KG was officially registered with the Ministry of Justice Kyrgyz Republic and received registration certificate No. 191720-3300-000 (Registration No. 02807202010084) on 6 August 2024. Subsequently, on 27 April 2022, it was granted Special License No. 2030270422 for payment system operations and Special License No.3032270422 for payment organisation issued by National bank of the Kyrgyz Republic.

The license permits the Limited Liability company Pocket KG to carry out activities to provide services for receiving, processing and issuing financial information (processing, clearing) for payments and settlements of third parties to participants of the payment system; carrying out activities to provide services for accepting and making payments and settlements for goods and services that are not the result of its activities, in favor of third parties through payment systems based on information technology, electronic means and payment methods.

10. InvesCore KZ Ltd: InvesCore KZ Ltd was officially registered with the Astana International Financial Center and received registration certificate No. 191720-3300-000 (Registration No. 02807202010084) on 6 May 2022.

The InvesCore KZ Ltd's principal business activities are a) Holding company b) any other lawful activity for which companies may be incorporated under the AIFC Companies Regulations in accordance with its charter.

11. InvesCore Finance MFO:InvesCore Finance MFO is a subsidiary company of InvesCore KZ Ltd (InvesCore NBFI JSC's subsidiary company). The InvesCore Finance MFO was officially registered with the Non-profit joint stock company "State Corporation "Government for Citizens" and received registration certificate No. 10100680677181 (Registration No. 231040033075) on 3 November 2023.

Subsequently, on 18 June 2024, it was granted Special license No.02.24.0007.M for Activities of a microfinance organisation issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Services.

The license permits the InvesCore Finance MFO to raise loans (except for raising money in the form of a loan from citizens as a business activity) from residents and non-residents of the Republic of Kazakhstan; investing assets in securities and other financial instruments; provision of consulting services on issues related to the provision of microcredits; renting out property; carrying out leasing activities; implementation of special literature on the activities of microfinance organisations on any type of storage media; performing the functions of a paying agent and a paying subagent; and any other lawful activities.

The Target Group's principal business activities include:

- Lending Operations
- Financial Factoring
- Attracting Trust Deposit
- Investment in Short-term Financial Instruments
- Payment Guarantee Service
- Electronic Payment and Settlement
- Investment Banking Services: Securities Broker, Dealer and Underwriting
- Real Estate Brokerage service
- Software Services and IT Services
- Management Consultancy Service
- Project Implementation
- Business Advisory Service

## **2. Basis of preparation and statement of compliance**

### ***Introduction***

The Target Group has historically included entities for the years 2021 and 2022 that are no longer within the Target Group ("Disposed Activities") and so have been carved out of this Historical Financial Information for the purpose of providing the Historical Combined Financial Information for inclusion herewith. For the years 2021 and 2022, the Combined Historical Financial Information has been prepared to the level of SIBJ Capital LLC, being the parent entity of the Target Group for those years and presents only the information of those entities that will form part of the Target Group going forward and removes any other entities which formed part of the same legal group historically. For the year 2023 there were no such excluded entities within the Target Group.

Effective 18 January 2023, the Target Group was acquired by ICFG Pte Ltd, which became the legal parent of the Target Group. ICFG Pte Ltd had minimal transactions in the period from 1 January 2023 to 18 January 2023. Consequently, the Historical Financial Information of the Target Group has been prepared as consolidated financial information of ICFG Pte Ltd for the year 2023.

The principal accounting policies adopted in the preparation of the Combined Historical Financial Information and the Consolidated Historical Financial Information (together the "Historical Financial Information") are set

out in Note 4, Accounting policies. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of Historical Financial Information requires the use of certain critical accounting estimates. It also requires the Target Group's management to exercise judgement in applying the Target Group's accounting policies. The principal estimations and judgements are set out in note 3, *Critical accounting estimates and judgements*.

### ***Basis of measurement***

The HFI are presented in United States Dollars ("USD" or "US\$"). The functional currency of the Target is Singapore Dollars and the functional currency of the Target Group's subsidiaries are the Mongolian Tugrik and the Kyrgyzstani Som. Amounts are rounded to the nearest thousand, unless otherwise stated.

### ***Statement of compliance***

#### **● *Consolidated Historical Financial Information***

The Consolidated Historical Financial Information for the year 2023 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively "IFRS Accounting Standards").

#### **● *Combined Historical Financial Information***

The Combined Historical Financial Information has been prepared as combined financial information for the years ended 31 December 2021 and 2022.

The combined statements of financial position as at 31 December 2021 and 2022 and the combined statements of income and comprehensive income, changes in equity, statement of financial position and cash flows for the years ended 31 December 2021 and 2022 have been prepared in accordance with the requirements of the Listing Rules and in accordance with this basis of preparation. The basis of preparation describes how the Combined Historical Financial Information has been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board, except as described below. IFRS Accounting Standards does not provide for the preparation of combined financial information, and accordingly in preparing the Combined Historical Financial Information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in prospectuses as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council have been applied. The Combined Historical Financial Information presents the financial track record for the two year period ended 31 December 2022 of SIBJ Capital LLC excluding the Disposed Operations referred to above. The Combined Historical Financial Information comprises an aggregation of the results, assets and liabilities of each of the subsidiary undertakings constituting the SIBJ Capital LLC (excluding the Disposed Operations) by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated financial statements" for each of the two years to 31 December 2022.

The application of these conventions results in the following material departures from IFRS Accounting Standards:

- The Combined Historical Financial Information does not comply with IAS 27 *Consolidated and Separate Financial Statements*, because, prior to 18 January 2023, ICFG Pte Ltd did not control SIBJ Capital LLC and its subsidiaries and, consequently, ICFG Pte Ltd is not permitted by IAS 27 to present consolidated financial information. The financial information prior to 2023 has therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IAS 27.
- The Combined Historical Financial Information does not constitute a set of general purpose financial statements under IAS 1, *Presentation of Financial Statements*, and consequently, ICFG Pte Ltd does not make an explicit and unreserved statement of compliance with IFRS as required by IAS 1.

In other respects IFRS Accounting Standards have been applied.

### ***Impact of Combination***

The effects of the to carve out of the Disposed Operations from the Combined Historical Financial Information are as follows:

	Year to 31 December 2022 US\$'000 Increase/ (decrease)	Year to 31 December 2021 US\$'000 Increase/ (decrease)
Other financial assets		(500)
Retained earnings	(1,901)	(500)
Impairment losses on financial instruments	527	
Employee costs	233	
Loss on disposal of discontinued operations	1,140	
Net impact on reserves	nil	(500)

### ***Basis of consolidation***

Where the Target Group has control over an investee, the investee is classified as a subsidiary. The Target Group exercises control over an investee when all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to influence those variable returns. Control is reevaluated whenever facts and circumstances suggest a potential change in any of these control elements.

Controlled entities are consolidated from the date on which control is established by the Target Group until the date that control ceases. The acquisition method of accounting is used to account for business combinations other than those under common control. A non-controlling interest is recognised by the Target Group in respect of any portion of the total assets less total liabilities of an acquired entity or entities that is not owned by the Target Group.

The 2023 Consolidated Historical Financial Information presents the results of the Target and its subsidiaries (the “Target Group”) as if they formed a single entity. Balances and transactions between entities within the Target Group and any unrealised gains and losses arising from those transactions are eliminated in full upon consolidation.

As ICFG Pte Ltd had minimal transactions in the period from 1 January 2023 to 18 January 2023, being the date of acquisition of the Target Group, the Consolidated Historical Financial Information has been prepared for the calendar year 2023.

### **Acquisition of Target Group by ICFG Pte Ltd**

Effective 18 January 2023, ICFG Pte Ltd acquired 100 per cent. of the shares in issue of SIBJ Capital LLC, the consideration for which was the allotment of an additional 6,614,384 shares to the vendors of SIBJ Capital LLC. This transaction has resulted in ICFG Pte Ltd becoming the parent company of the Target Group and has given rise to the following adjustments in this Historical Financial Information as at 1 January 2023:

	1 January 2023 Pre- adjustment US\$'000	Adjustment US\$'000	1 January 2023 Post- adjustment US\$'000
<b>Assets</b>			
Investment in subsidiary	5,117	(5,117)	–
<b>Equity</b>			
Share capital	10,968	(5,897)	5,071
Merger reserve	–	780	780

The transaction has been treated as a merger for the purposes of this Historical Financial Information and so no goodwill has been recognised arising from the acquisition of SIBJ Capital LLC by ICFG Pte Ltd, with the only adjustments being the elimination of the value of the investment in subsidiary against share capital, with the remainder of the share capital reserves of the acquired entity being eliminated against the merger reserve.

### **Going Concern**

This Historical Financial Information have been prepared on the Going Concern basis, which assumes that the business will continue to be able to meet its financial obligations as they fall due for a period of at least 12 months from the date of publication of this Prospectus.

In order for this Historical Financial Information to be prepared on the going concern basis, management must undertake an assessment of the capacity of the Target Group to continue operating, discharging its financial obligations as and when they fall due, for a period of at least 12 months from the date of publication of the Prospectus.

In undertaking this assessment, management prepares detailed forecasts of the future cashflows based on expectations of cash generation from operations, the funding requirements to ensure the continued operation and growth of these operations and the sensitivities of these projections to variables such as interest rates, growth rates, rates of inflation and overall operating market conditions. The forecasts are stressed for various scenarios to ensure that the business would continue to be able to meet its obligations as they fall due under each scenario.

Following this assessment, management is confident that the business will be able to continue operating for a period of at least 12 months from the date of this report, and that the preparation of these Historical Financial Information on the going concern basis is therefore appropriate.

### **Basis of measurement**

The Historical Financial Information have been prepared on a historical cost basis, except for the following item (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Repossessed collateral which is carried at historical or fair value less cost of sales whichever is lower.

### **Changes in accounting policies**

#### **(a) New standards, interpretations and amendments adopted from 1 January 2023**

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. The adoption of the above amendments did not have a material impact on the Target Group.

#### **(b) New standards, interpretations and amendments not yet effective**

There are a number of amendments to the standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Target Group has decided not to adopt earlier.

The following amendments are effective for the period beginning 1 January 2024:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);*
- *Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and*
- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).*

The following amendments are effective for the period beginning 1 January 2025:

- *Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)*

The Target Group does not anticipate that any other standards issued by the IASB, which are yet to become effective, will have a material impact on the Target Group.

### **3. Critical accounting estimates and judgements**

The Target Group relies on certain estimates and assumptions concerning the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities in the next financial year discussed below.

#### **Judgements**

Details regarding the key judgements made in applying accounting policies, which have the most significant impact on the amounts recognised in the Historical Financial Information, are provided in the following notes:

- ECL: Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL (Note 4 d (ii), 16, 17, 19 and 42 (a)).
- Classification of financial assets: Assessing the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding (4 d (i)).
- Lease term: Assessing whether the Target Group is reasonably certain to exercise extension options (4 (m)).

#### **Estimates and assumptions**

Details regarding assumptions and estimation uncertainties that pose a significant risk of leading to material adjustments in the next financial year are provided in the following notes:

- Impairment of financial assets – Note 4 d (ii), 16, 17, 19 and 42 (a)
- Effective interest rate (EIR) – The EIR is established at initial recognition, relying on the Target Group's best estimate of the future cash flows of the financial instrument over its expected life. If these estimates are later revised, a present value adjustment to the asset's carrying value is recognised in profit or loss. Such adjustments may introduce volatility to the income statement, making the EIR method a source of estimation uncertainty.
- Fair value measurement – A number of assets and liabilities included in the Target Group's financial information require measurement at, and/or disclosure of, fair value. The Target Group aims to use the best available observable inputs in the market when measuring fair values of assets or liabilities. Fair values are classified within the fair value hierarchy based on inputs used in valuation method, as outlined below:
  - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
  - Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Revenue from contracts with Customers – Revenue from the sale of properties to customers is recognised when the substantial rights and rewards of ownership have been transferred to the customer and any performance obligations have been met by the Target Group. However, in instances where the transfer of ownership has been deemed to have taken place yet performance obligations remain ongoing, recognitions of revenue associated with the sale must be estimated based on the percentage of completion of the costs of any outstanding performance obligations. See note 4(n) for further details.
- Right of use assets – In arriving at the determination of the value of a right of use asset, management must make a judgement as to the Incremental Borrowing Rate of the broader business that is used in the calculation of the asset fair value. See Note 4(o) for further details,

- Leases as a lessor – In determining the minimum lease payments expected over the life of a lease, management must make certain judgements over the likelihood of ranges to interest rates, modifications to payment terms and timings of payments. See Note 4(o) for further details.

If inputs used to measure the fair value of assets or liabilities move between levels of the fair value hierarchy, the Target Group classifies them at the lowest level of inputs significant to the overall measured value. Transfers between levels are recognised at the end of the reporting period in which they occur.

The Target Group measures the following financial instruments at fair value:

- Derivative (Note 33)
- Financial investments (Note 18)

For more details regarding the fair value measurement of the items above, please refer to the applicable notes.

#### **4. Accounting policies**

##### **(a) Basis of consolidation / combination**

See Note 2 for details on the basis of preparation.

##### **(b) Goodwill**

Goodwill represents the excess of the cost of a business combination over the Target Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Impairment tests on goodwill are undertaken annually at the financial year end. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down in the year of report without subsequent reversal in later years.

##### **(c) Foreign currency**

###### **(i) Foreign currency transactions**

Transactions conducted by Target Group entities in a currency other than their functional currency are recorded at the exchange rates prevailing at the time of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Variances resulting from foreign currency translation are typically recognised in the profit or loss statement. However, variances arising from the translation of equity investments, for which an election has been made to present subsequent changes in fair value in OCI, are recognised in Other Comprehensive Income (OCI).

The following foreign exchange rates have been used in the preparation of this Historical Financial Information, which have been obtained from publicly available databases:

	Year to 31 December 2023	Year to 31 December 2022	Year to 31 December 2021
MNT/US\$ – Average for year	3,463	3,147	2,851
MNT/US\$ – 31 December spot	3,432	3,425	2,860
SGD/US\$ – Average for year	1.343	1.378	1.344
SGD/US\$ – 31 December spot	1.319	1.340	1.349
KGS/MNT – Average for year	39.45	37.47	33.60
KGS/MNT – 31 December spot	38.29	40.20	33.61

(ii) *Foreign Operations*

Upon consolidation, the results of overseas operations are translated into USD using the average rates for the period in which the transactions occur. All assets and liabilities, including goodwill, from overseas operations are translated at the rate prevailing at the reporting date. Exchange rate differences resulting from translating the opening net assets at the opening rate and the outcomes of overseas operations at the actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

Upon disposal of a foreign operation, the accumulated exchange differences recognised in the translation reserve related to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

(d) **Financial assets and financial liabilities**

*Recognition and initial measurement*

The Target Group initially recognises loans and advances, trust deposits and debt securities on the date on which they are originated or issued. All other financial instruments (including purchases and sales of financial assets) are recognised on the trade, which is the date on which the Target Group becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is typically its transaction price.

(i) **Financial assets**

*Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

The Target Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Target Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The Target Group has debt securities whose objective is achieved by both holding these securities to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss. Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Target Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Business model assessment*

The Target Group evaluates the purpose of a business model wherein an asset is maintained at a portfolio level, as this most accurately reflects the management approach, and the way information is conveyed to management.

The information conveyed to management includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice, particularly whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Target Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the strategies for managing those risks;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity. However, information about sales activity is considered as part of an overall assessment of how the Target Group's stated objective for managing financial assets is achieved and how cash flows are realised, rather than in isolation.

Financial assets that are held for trading or are managed and evaluated on a fair value basis are measured at fair value through profit or loss (FVTPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as for profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Target Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Target Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Target Group’s claim to cash flows from specified assets; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

#### *Reclassifications*

Financial assets are not reclassified after their initial recognition, except in the period following a change in the Target Group’s business model for managing financial assets.

#### *Derecognition*

The Target Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or in which the Target Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. Upon derecognition of a financial asset, the difference between the carrying amount of the asset (or the portion of the asset derecognised) and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed, and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that are created or retained by the Target Group is recognised as a separate asset or liability.

The Target Group enters transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions.

In transactions in which the Target Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Target Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset, or to a group of similar financial assets in their entirety, when applicable. If transferring a part of an asset, such part must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically identified cash flow.

#### *Modification*

If the terms of a financial asset are modified, the Target Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different (referred to as “substantial modification”), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows are modified when a borrower is in financial difficulties, the objective of the modification is usually to maximise recovery under the original contractual terms rather than to originate a new asset with substantially different terms.

If the Target Group intends to modify a financial asset in a manner that would lead to the forgiveness of cash flows, it initially assesses whether a portion of the asset should be written off before the modification occurs (see below for the write-off policy). This methodology affects the outcome of the quantitative assessment and typically means that the derecognition criteria are not met in such instances.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, the Target Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

(ii) Financial liabilities

#### *Classification*

The Target Group classifies its financial liabilities, excluding financial guarantees and loan commitments, as measured at amortised cost.

#### *Derivative instruments*

The Target Group enters derivative financial instruments which are held to manage its exposure to foreign exchange rate risk. Derivative held include foreign exchange forward contracts and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 33.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### *Derecognition*

The Target Group derecognises financial liability when its contractual obligations are fulfilled or cancelled or expired.

#### *Modification*

The Target Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In such cases, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the derecognised financial liability and the fair value of the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes any non-financial assets transferred and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate, and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by recalculating the effective interest rate on the instrument.

#### *Offsetting*

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when the Target Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Target Group's trading activity.

#### *Trust deposits*

"Trust deposits" refers to the activity of receiving a trustor's assets in the form of a deposit of cash funds with the purpose of protecting them from devaluation and obtaining benefits, as well as controlling and using the trustor's assets within the period specified in the contract.

#### *Recognition*

In accordance with the trust service agreement entered into by the parties, the trust shall be recognised and registered when the customer commits to deposit the resources and the Target Group is obliged to return the financial assets.

#### *Measurement*

Resources withdrawn through trust services are measured at fair value on initial recognition. The fair value is equal to the amount of resources placed under the contract.

Assets collected through trust deposits are measured and presented at amortised cost in the financial statements. The amortised cost is determined by adding the trust deposit income received during the reporting period to the amount initially recognised and measured (actual value), interest payable is calculated on the balance of the funds collected by the trust deposit, and the expense and related fees paid during the reporting period are deducted.

#### (iii) *Impairment*

The Target Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- net investments in finance leases;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Target Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than net investments in finance leases) on which credit risk has not increased significantly since their initial recognition.

The Target Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Target Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL represents the portion of ECL resulting from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1’ financial instruments.

Lifetime ECL represents the ECLs resulting from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as ‘Stage 2’ financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and ‘Stage 3’ financial instruments (if the financial instruments are credit-impaired).

#### *Measurement of ECL*

Expected Credit Losses (ECL) represent a probability-weighted estimate of credit losses. These are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Target Group if the commitment is drawn down and the cash flows that the Target Group expects to receive.

Refer to note 42 for further details on the measurement of ECL.

#### *Restructured financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Target Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and net investments in finance leases are credit

impaired. A financial asset is considered “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Target Group on terms that the Target Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component*, and the Target Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Target Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

#### *Write-offs*

Loans and debt securities are written off, either partially or entirely, when there is no reasonable expectation of fully recovering the financial asset. This is generally the case when the Target Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. When there is no reasonable expectation of recovery for a loan, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off decrease the amount of the impairment charge in the income statement.

Financial assets that are written off may still be subject to enforcement activities to comply with the Target Group’s procedures for recovering amounts due.

#### **(e) Cash and cash equivalents**

Cash and cash equivalents include notes on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Target Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(f) ***Investment securities***

The investment securities include:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt investment securities measured at FVTOCI;
- debt investment securities measured at FVTPL;
- equity investment securities measured at FVTOCI; and
- equity investment securities measured at FVTPL;

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Target Group elects to present changes in the fair value of certain equity investments, not held for trading, in OCI. This election is made on an instrument-by-instrument basis upon initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the investment's cost, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings upon disposal of the investment.

(g) ***Inventory***

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property. Inventory property is reported at the lower of cost and net realisable value.

The cost of inventory is based on the weighted average principle and includes the cost of purchasing the inventory and all costs incurred in bringing it to its current location and condition, amount paid to contractor for development, planning and design cost, professional and legal fees, development overhead and other related costs. Net realisable value is calculated from the selling price of the inventory in the normal course of business minus the costs necessary to make the sale.

*Borrowing cost*

In accordance with the Target Group's accounting policy and IAS 23 "Borrowing Costs," borrowing costs are capitalised when directly attributable to the acquisition, construction, or production of a qualifying asset, such as property, plant, equipment, or development-stage intangible assets. Capitalisation starts when expenditures and borrowing costs are incurred and continues as long as activities necessary to prepare the asset for use or sale are ongoing, ceasing when these activities are substantially complete. For the reporting period, the Target Group capitalised borrowing costs amounting to US\$ 467,000 in 2022 and the capitalisation rate used was 14 per cent.

(h) ***Property, plant and equipment***

(i) ***Recognition and measurement***

Property, plant, and equipment are initially measured at cost and, after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditures directly related to the construction or acquisition of the asset, costs directly

attributable to bringing the asset to its intended operational location and condition, and the initial estimate of dismantling, removal, and site restoration costs.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) *Subsequent costs*

Subsequent costs are recognised in the carrying amount of property and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing are recognised in profit or loss as incurred.

(iii) *Depreciation*

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, reflecting the pattern in which the asset's future economic benefits are expected to be consumed. Any significant component, relative to the total cost of the property and equipment, is depreciated over its own useful life.

Gains and losses on the disposal of property and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are recognised as other non-operating income (loss).

The estimated economic useful life for the current and comparative years of significant items of property and equipment is as follows:

	<i>Useful lives (years)</i>
Building	25
Equipment	10
Furniture and fixtures	10
Vehicles	10
Leasehold improvements	5
Computers and others	2-10

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting date and adjusted if necessary. Any changes are accounted for as changes in accounting estimates.

(iv) *Borrowing costs*

Borrowing costs, net of interest received on cash drawn down yet to be expended, are capitalised when they are directly attributable to the acquisition, contribution, or production of property and equipment that requires a substantial period to get ready for its intended use or sale.

(i) ***Intangible assets***

The Target Group measures software acquired at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only if it enhances the future economic benefits of the specific asset. Any other expenditure is expensed as incurred. Software is amortised on a straight-line basis in profit or loss over its estimated useful life, starting from the date it becomes available for use. Currently, the estimated useful life of software is 10 years. Amortisation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if necessary.

(j) ***Repossessed collateral***

Repossessed collateral refers to non-financial assets obtained by the Target Group to settle overdue loans, which can include both real estate and movable property. These assets are initially recorded at their acquisition cost and booked in the Balance Sheet.

Depending on the specific characteristics of the repossessed collateral and the Target Group's intended strategy for recovering these assets, they are subsequently remeasured and accounted for in accordance with applicable accounting policies.

If the Target Group elects to utilise the acquired immovable property for its operational purposes, it shall be reclassified as Property, Plant, and Equipment (PPE). Conversely, should the Target Group choose to retain ownership of the property to generate rental income, it will be reclassified as Investment Property (IAS 40).

In the event that the Target Group opts to sell repossessed assets and they meet the criteria outlined in IFRS 5, such assets will be reclassified as Non-current Assets Held for Sale. Subsequently, it will be accounted for in accordance with applicable accounting policies.

(k) ***Non-current assets held for sale***

The Target Group applies IFRS 5 in recognition and measurement of non-current assets held for sale. If following conditions are met for an asset it is classified as held for sale:

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active program to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

Non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. At the end of reporting period any impairment loss is calculated based on the difference between the adjusted carrying amounts of the asset and fair value less cost to sell, and recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset can be recognised in the profit or loss to the extent that it is not in excess of the cumulative impairment loss that has been recognised in accordance with IFRS 5. Non-current assets held for sale are not depreciated.

(l) ***Equity capital***

(i) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) *Share premium*

The excess of contributions over the par value of shares is accounted for as "Share Premium." Share premiums can also arise from additional capital contributions made by shareholders.

(iii) *Merger reserve*

The merger reserve arises on recognition of the acquisition of SIBJ Capital LLC by ICFG Pte Ltd and represents the difference between the value of the investment in SIBJ Capital LLC by ICFG Pte Ltd and the share capital and premium that is eliminated against the investment value on consolidation of the acquired group into the Target Group Historical Financial Information. The merger reserve is not subject to revaluation.

(m) ***Employee benefits***

(i) *Short-term employee benefits*

Short-term employee benefits are benefits owed to employees and expected to be settled within 12 months after the end of the period in which the employees render the related service. When

an employee has provided a service to the Target Group during a reporting period, the Target Group recognises the undiscounted amount of short-term employee benefits expected to be paid for that service.

(ii) *Social and health insurance*

Where mandated by law in the jurisdiction of operation, companies make social security and health insurance contributions to the relevant social and health insurance scheme. These contributions are recognised as expenses in the profit or loss statement as they are incurred.

(n) **Revenue recognition**

The Target Group generates revenue from contracts with customers across various streams:

- Property sales revenue (within the scope of IFRS15)
- Property management services (within the scope of IFRS15)
- Interest income (within the scope of IFRS9)
- Brokerage and underwriting services (within the scope of IFRS15)
- IT service and maintenance (within the scope of IFRS15)
- Other revenues from contracts with customers (IFRS15)

Revenue is recognised at the transaction price allocated to each performance obligation, excluding amounts collected on behalf of third parties. Revenue is recognised when, or as, the Target Group satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is considered transferred when, or as, the customer obtains control of that asset.

When recognising revenue, the Target Group follows the standards set forth in IFRS15 (except revenues within the scope of IFRS9), which govern revenue recognition from contracts with customers.

*Property sales*

Per IFRS15 Revenue from contracts with customers, if an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control and indicators of the transfer of control such as:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

When recognising revenue, the Target Group follows the standards set forth in IFRS15, which govern revenue recognition from contracts with customers.

Performance obligations and timing of revenue recognition: The Target Group's revenue derived from selling properties is recognised at a point in time when control of the properties has transferred to the customer. The Target Group establishes the transfer of controls upon completing a handover agreement with customers.

Determining the transaction price: The Target Group's revenue comes from fixed-price contracts, thus the revenue earned from each contract is determined based on these fixed prices.

Allocating amounts to performance obligations: for most contracts, assigning a fixed unit price for each property sold or service rendered.

As required by IFRS15 Revenue from contracts with customers, the Target Group must assess then in time any performance obligations are satisfied. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control and indicators of the transfer of control such as transfer of physical possession of assets, transfer legal title to the asset, and/or transfer of significant risks and rewards of ownership of the assets. If some of the performance obligation has not met when transfer of the assets, the Target Group will defer the a portion of the revenue until any final obligations are met. Where such a performance obligation takes the form of property finalization or remedial works, the deferral of revenue is undertaken *pro-rata* with the overall cost of the property including all such finalization or remedial works.

Historically there are no cases of refund request and customer signs acceptance act when receive/transfer ownership of the asset. Cost of Goods Sold (COGS) is recognised using the input method, where incurred costs are recognised at the point when revenue is recognised.

#### *Property management service*

The Target Group provides property management services to various clients. These services include rent collection, property maintenance, tenant screening, and other related activities.

**Identification of the Contract:** Revenue recognition begins when a contract with a customer is identified. This occurs when the customer agrees to the terms and conditions of property management services.

**Determination of Performance Obligations:** Our performance obligations typically include ongoing property management services such as rent collection, maintenance, and tenant relations.

**Measurement of Transaction Price:** The transaction price is the amount of consideration to which we expect to be entitled in exchange for providing property management services. This includes fixed fees, variable fees based on performance, or a combination of both.

**Allocation of Transaction Price:** If the contract includes multiple performance obligations, we allocate the transaction price to each obligation based on its standalone selling price.

**Recognition of Revenue:** Revenue recognised as we satisfy each performance obligation. Revenue from rent collection services is recognised over time as rent payments are collected, while revenue from maintenance services is recognised at the time the service is provided.

When revenue related to unfulfilled obligations is received, it is recognised as a contract liability and presented as other liabilities in the statement of financial position. Similarly, when an agreed obligation is fulfilled before the payments are received, it is recorded in the statement of financial position as a contract asset or receivable.

#### *Rental income*

Rental income is generated from leasing activities, including amounts received by the lessor for transferring the right to use an asset to the lessee for a specified period and payment.

#### *Brokerage Income*

Brokerage income is recognised differently depending on whether it pertains to the primary or secondary market. For primary market activities, income from subscription or mobilization is recognised upon receipt of allotment notification by the Target Group. Conversely, for secondary market transactions, income is recognised upon the completion of brokerage services provided to customers. Therefore, brokerage income is recognised at a specific point in time according to these timing criteria.

#### *Underwriting fees*

These fees are received for underwriting of securities for customers that want to raise capital through public offerings of their securities. The Target Group's performance obligation is to provide all necessary activities to support the customer that is raising capital. The underwriting service, which is performed on a 'firm commitment' basis is satisfied on the trade date (i.e., the date the underwriter purchases

the securities from the issuer). The Target Group recognises revenue from the price difference (i.e., the gross underwriting spread) between the price it pays the issuer of the securities and the public offering price. The underwriting spread is known at the trade date, when revenue is recognised. Underwriting fees are variable consideration.

The Target Group estimates the amount to which it will be entitled but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant revenue reversal, which generally occurs upon satisfaction of the performance obligation, on the trade date.

Securities underwriting services typically includes activities such as maintaining certain records, committing to buy a specified portion of the issue and certain selling concession services (i.e., committing to sell a portion of the offering). The benefit to the customer of successfully raising capital is dependent upon successful completion of these individual activities. As a result, these activities are highly interrelated and represent a single performance obligation.

The Target Group does not provide underwriting services as a part of a syndicate. Where the underwriting service is provided by a syndicate, each member of the underwriting syndicate will need to evaluate the transaction price that it expects to receive for providing the services. In particular, the lead underwriter will also need to evaluate whether it is acting as principal to provide underwriting services for the overall issuance (i.e., with the participating underwriters providing services to the lead underwriter, rather than to the issuer).

#### *IT service and maintenance*

The Target Group develops software and provides management, design, implementation, and support services under fixed-price and variable-price contracts. Revenue from these services is recognised in the reporting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided, since the customer receives and uses the benefits simultaneously. This is determined based on the actual labor hours spent relative to the total expected labor hours.

Cost of Goods Sold (COGS) is recognised using the input method, where both incurred and estimated costs to be incurred are recognised at the point when revenue is recognised.

Dividends received on equity instruments are recognised when the right to receive payment is established.

#### *Interest income (within the scope of IFRS9)*

##### (i) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset, or
- the amortised cost of the financial asset and liability.

##### (ii) Gross carrying amount and amortised cost

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The 'amortised cost' of a financial asset or financial liability is the initial amount measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. Additionally, for financial assets, it is adjusted for any expected credit loss allowance.

##### (iii) Calculation of interest income and expense

When determining the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Target Group projects future cash flows based on all contractual terms of the instrument, excluding expected credit losses. In contrast, for purchased

or originated credit-impaired financial assets, a credit-adjusted effective interest rate is computed using estimated future cash flows that incorporate expected credit losses.

The effective interest rate calculation encompasses transaction costs, fees, and points paid or received that are integral to the rate. Transaction costs include incremental expenses directly tied to acquiring or issuing a financial asset or liability.

Upon initial recognition of a financial asset or liability, its effective interest rate is computed. This rate is applied to the gross carrying amount of the asset (when not credit-impaired) or to the amortised cost of the liability to determine interest income and expense. Periodic re-estimation of cash flows for floating rate instruments adjusts the effective interest rate to reflect changes in market rates.

If a financial asset becomes credit-impaired post-recognition, interest income is computed by applying the effective interest rate to its amortised cost. Once the asset is no longer impaired, interest income is then based on the gross carrying amount.

Conversely, for financial assets identified as credit-impaired at initial recognition, interest income is calculated using the credit-adjusted effective interest rate applied to the asset's amortised cost. This approach persists regardless of any subsequent improvement in the asset's credit risk.

(iv) Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- Interest income on financial assets measured at amortised cost;
- interest income on debt instruments measured at FVOCI;

Interest expense presented in the statement of profit or loss and other comprehensive income includes:

- interest expense on financial liabilities measured at amortised cost;
- interest expense on lease liabilities.

Interest income and expenses on all trading assets and liabilities are considered incidental to the Target Group's trading operations. Therefore, they are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expenses on other financial assets and financial liabilities measured at FVTPL are presented in net income from other financial instruments measured at FVTPL.

(v) Fees and commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Fees and commission income, such as account servicing fees, investment management fees, sales commission, placement fees, and syndication fees, are recognised as the related services are performed. In cases where a loan commitment is not expected to result in the drawdown of a loan, the associated loan commitment fees are recognised on a straight-line basis over the commitment period.

A contract with a customer that leads to a recognised financial instrument in the Target Group's Historical Financial Information may be partly within the scope of IFRS 9 and partly within the scope of IFRS 15. In such cases, the Target Group first applies IFRS 9 to separate and measure the portion of the contract covered by IFRS 9, and then applies IFRS 15 to the residual portion. Other fees and commission expenses primarily relate to transaction and service fees, which are expensed as the services are received.

(vi) Net income from other financial instruments measured at FVTPL

Net income from other financial instruments measured at FVTPL pertains to non-trading derivatives held for risk management purposes that are not part of qualifying hedge relationships, financial assets and financial liabilities designated at fair value through profit and loss (FVTPL), and non-trading assets mandatorily measured at fair value through profit and loss. This line item encompasses fair value changes, interest, dividends, and foreign exchange differences.

(o) **Leases**

At inception of a contract, the Target Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Target Group applies the definition of a lease as outlined in IFRS 16 to determine whether a contract confers the right to control the use of an identified asset.

*Group acting as a lessee*

At the commencement or upon modification of a contract containing a lease component, the Target Group allocates consideration in the contract to each lease component based on its relative standalone price. However, for leases of branch and office premises, the Target Group has chosen not to separate non-lease components. Instead, it accounts for both the lease and non-lease components as a single lease component.

The Target Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Target Group by the end of the lease term or the cost of the right-of-use asset reflects that the Target Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date. This value is discounted using the interest rate implicit in the lease, if readily determinable. If the interest rate implicit in the lease cannot be readily determined, the Target Group utilises its incremental borrowing rate. In most cases, the Target Group uses its incremental borrowing rate as the discount rate for this purpose.

The Target Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Target Group is reasonably certain to exercise, lease payments in an optional renewal period if the Target Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Target Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It undergoes remeasurement when there is a change in future lease payments due to a change in an index or rate, a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, a change in the Target Group's assessment of whether it will exercise a purchase, extension, or termination option, or if there is a revision in-substance fixed lease payment.

When the lease liability is remeasured as described, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Target Group presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

*Short-term leases and leases of low-value assets*

The Target Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

*Group acting as a lessor or sublease*

The Target Group holds contracts with both the head lease and sub-lessees to provide rental arrangement services, thereby generating revenue.

Leases entered by the Target Group as lessor, where substantially all the risks and rewards of ownership are transferred to the lessee, are classified as finance leases. In such cases, the leased asset is not included on the Target Group's balance sheet. Instead, a finance lease is recognised, representing the minimum lease payments receivable under the lease terms, discounted at the rate of interest implicit in the lease. Interest income is recognised in interest receivable, allocated across accounting periods to reflect a constant periodic rate of return.

Properties that are subleased, where ownership risks and rewards are not substantially transferred, are categorised as operating leases. In such cases, the lessee makes monthly rental payments. Income derived from operating leases, where the Target Group acts as the lessor, is recognised on a straight-line basis over the lease term. The properties that are leased and subsequently subleased are governed by tenancy agreements structured as operating leases, requiring monthly rental payments. Income derived from operating leases, in which the Target Group serves as the lessor, is recognised on a straight-line basis over the entire lease term.

(p) ***Income taxes***

Income tax expense consists of current tax and deferred tax. Both current tax and deferred tax are recognised in profit or loss, except to the extent that they pertain to items recognised directly in equity or in other comprehensive income.

(a) *Current tax*

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(b) *Deferred tax*

Deferred tax is recognised using the asset-liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences expected from the Target Group's anticipated manner of recovering or settling the carrying amount of its assets and liabilities at the reporting period's end.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

If there is any additional income tax expense incurred in accordance with dividend payments, such income tax expense is recognised when liabilities relating to the dividend payments are recognised.

(q) **Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, provided that the effect of the time value of money is significant.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(r) **Financial guarantees and loan commitments**

"Financial guarantees" are contracts that require the Target Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. "Loan commitments" are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

For loan commitments the Target Group recognises a loss allowance.

Liabilities arising from financial guarantees and loan commitments are included within the provisions.

(s) **Related parties**

For the purposes of these Historical Financial Information, a party is related to the Target Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Group or exercise significant influence over the Target Group in making financial and operating policy decisions, or has joint control over the Target Group;
- (ii) the Target Group and the party are subject to common control;
- (iii) the party is a director or member of key management personnel of the Target Group or the Target Group's parent, or subsidiaries;

- (iv) the party is an entity under the control, joint control or significant influence of a party referred to in (i), (ii), and (iii); or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group or of any entity that is a related party of the Target Group.

Related party transactions are transfers of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. These include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). As per IAS 37, executory contracts are contracts under which neither party has performed any of its obligations, or both parties have partially performed their obligations to an equal extent.

## 5. Net interest income

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b><i>Interest income calculated using the EIR:</i></b>			
Loans and advances to customers	36,058	24,433	15,039
Financial investments	177	73	65
Term deposit at bank	182	64	210
Current account at bank	56	25	21
<b>Total interest income</b>	<b>36,473</b>	<b>24,595</b>	<b>15,335</b>
<b><i>Interest and similar expense:</i></b>			
Private placement of trust deposits	(6,248)	(3,578)	(2,591)
Borrowed funds	(4,200)	(2,611)	(421)
Issued bonds	(2,680)	(1,401)	(717)
Interest expense on financial liabilities at FVTPL	(576)	(520)	–
Derivative financial instruments	(184)	(211)	(52)
Accretion of interest on lease liabilities	(180)	(111)	(110)
<b>Total interest expense</b>	<b>(14,068)</b>	<b>(8,432)</b>	<b>(3,891)</b>
<b>Net interest income</b>	<b>22,405</b>	<b>16,163</b>	<b>11,444</b>

Interest income split by geographical markets is as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b><i>By primary geographic markets:</i></b>			
<b>Mongolia</b>	<b>34,184</b>	<b>23,466</b>	<b>14,900</b>
<b>Other Asian countries</b>	<b>2,289</b>	<b>1,128</b>	<b>435</b>
<b>Total interest income</b>	<b>36,473</b>	<b>24,595</b>	<b>15,335</b>

## 6. Net fee and commission income

<b>Fee and commission income from providing financial services at a point in time:</b>	2023 US\$'000	2022 US\$'000	2021 US\$'000
Agency fees on facilitating loan and loan administration service	3,974	4,285	–
Loan related fees	520	641	2,231
Underwriting fee income	339	1,308	157
Fees income	240	140	172
Brokerage fees	67	23	22
Credit card fees	11	27	30
<b>Total fee and commission income</b>	<b>5,151</b>	<b>6,424</b>	<b>2,612</b>
<b>Fee and commission expense:</b>			
Bank services fees	(199)	(278)	(232)
Exchange and depository charges	(18)	(3)	(1)
Other fees and commissions	(3)	(8)	(3)
Referral fees and sub brokerage expense	–	(813)	–
<b>Total fee and commission expense</b>	<b>(220)</b>	<b>(1,102)</b>	<b>(236)</b>
<b>Net fee and commission income</b>	<b>4,931</b>	<b>5,322</b>	<b>2,376</b>

Fee and commission income split by geographical markets is as follows:

<b>By primary geographic markets:</b>	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Mongolia</b>	<b>5,151</b>	<b>6,424</b>	<b>2,612</b>
<b>Other Asian countries</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total fee and commission income</b>	<b>5,151</b>	<b>6,424</b>	<b>2,612</b>

## 7. Revenue from contracts with customers

<b>Revenue from contracts with customers:</b>	2023 US\$'000	2022 US\$'000	2021 US\$'000
Sale of inventory property	5,151	3,345	–
Software services	213	67	73
Supply of hardware	134	3	–
<b>Total revenue from contracts with customers</b>	<b>5,498</b>	<b>3,415</b>	<b>73</b>

### Contract balances

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Balance at 01 January</b>	458	93	–
Amounts included in contract liabilities that was recognised as revenue during the period	(425)	(39)	–
Cash received in advance of performance and not recognised as revenue during the period	150	453	93
Foreign exchange on translation	(3)	(49)	–
<b>Balance at 31 December</b>	<b>180</b>	<b>458</b>	<b>93</b>

Revenue from contracts are subject to the following costs of goods sold, representing the costs of construction of building property for sale to customers:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Sub-contractor works	(85)	(3,290)	–
Raw materials consumed	(83)	(642)	–
Change in stock*	(1,979)	2,809	–
	<u>(2,147)</u>	<u>(1,123)</u>	<u>–</u>

\* Changes in stock represent the movement in inventories associated with the construction and sale of building properties, excluding subcontractor works and the costs of raw materials, which are reported separately.

## 8. Rental income

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Sub-lease rental income	590	519	–
Rental income from inventory property	52	–	–
<b>Total</b>	<b>642</b>	<b>519</b>	<b>–</b>

## 9. Net trading Income

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Fair value gain/(loss) on financial investments at FVTPL	(57)	15	44
Gain on securities trading, net	225	7	52
<b>Total</b>	<b>168</b>	<b>22</b>	<b>96</b>

## 10. Impairment losses on financial assets

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Loans and advances to customers	(2,490)	(2,647)	(918)
Repayment of written-off loans	280	1	15
Other financial assets	(111)	(122)	(16)
Cash and bank	20	(26)	–
<b>Total</b>	<b>(2,301)</b>	<b>(2,794)</b>	<b>(919)</b>

## 11. Other operating income

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Dividend income	—	—	—
Reversal of impairment of reposessed collateral*	16	—	—
Gain on sales of reposessed collateral	1	—	—
Gain on sales of property, plant and equipment, net	9	2	—
Net foreign exchange gain	—	45	—
Property management income	246	98	405
Cleaning and maintenance services income	143	—	51
Other income	285	158	194
<b>Total other operating income</b>	<b>700</b>	<b>303</b>	<b>650</b>

\* The reversal of impairment charges on reposessed collateral represents charges that were incurred on reposessed collateral that was subsequently sold, with the impairment reversal being the value realised on disposal of the reposessed collateral assets.

The impairment allowance for collateralised assets is recognised based on the number of days since initial recognition of the asset for which the asset remains unsold.

## 12. Employees costs

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Salaries and bonuses	(5,562)	(3,784)	(2,315)
Employer contribution to social and health insurance	(622)	(450)	(242)
<b>Total employee costs</b>	<b>(6,184)</b>	<b>(4,234)</b>	<b>(2,557)</b>

The average number of employees within the Target Group for the year to 31 Dec 2023 was 508 employees (2022: 433) (2021: 344).

## 13. Other operating expenses

	2023 US\$'000	2022 US\$'000	2021 US\$'000
IT and automation expense	(695)	(262)	(169)
Advertisement and marketing expenses	(697)	(657)	(513)
Professional service fees	(579)	(412)	(131)
Entertainment and events expenses	(283)	(199)	(108)
Telecommunication and internet service expenses	(201)	(198)	(133)
Business trips	(223)	(130)	(29)
Rental expenses	(309)	(301)	(193)
Utility expenses	(258)	(103)	(36)
Business meeting expenses	(90)	(73)	(36)
Stationery and supply material expenses	(130)	(122)	(79)
Insurance expenses	(86)	(135)	(82)
Net foreign exchange loss	(41)	—	(55)
Repair and maintenance	(182)	(102)	(58)
Work safety related expenses	(56)	(52)	(38)
Loss on disposal of property, plant and equipment, net	(3)	(195)	—
Loss on write-off of property, plant and equipment, net	(1)	—	(1)
Loss on sale of property, plant and equipment	(3)	—	—
Loss on sales of non-current asset held for sale	(128)	—	—
Impairment loss on reposessed collateral	—	(59)	(153)
Training expenses	(48)	(31)	(7)
Tenant services expense	—	—	(43)
Other expense	(576)	(191)	(198)
<b>Total operating expenses</b>	<b>(4,589)</b>	<b>(3,222)</b>	<b>(2,062)</b>

#### 14. Income tax

The income tax expense for the years ended 31 December 2023 to 2021 is:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Income tax expense</b>			
<b>Current tax expense</b>			
Current tax on profits for the year	4,702	3,204	1,597
<b>Deferred tax expense</b>			
Deferred tax charge/(benefit)	1	4	109
<b>Total income tax</b>	<u>4,703</u>	<u>3,208</u>	<u>1,706</u>

A reconciliation of income tax expense applicable to profit before tax for the years ended 31 December 2023 to 2021 are as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Profit before tax</b>	<u>17,858</u>	<u>13,402</u>	<u>8,474</u>
Income tax expenses at statutory rate of 25% based on net profit before taxation	4,465	3,351	2,119
Effect of lower tax rate on profit below MNT 6 billion	(260)	(286)	(316)
Effect on expenses that are non-deductible	946	478	211
Different tax rate applied in overseas jurisdiction	(58)	(17)	(6)
Effect on income not taxable	(260)	(308)	(273)
Effect on income subject to flat 5% and 10%	(130)	(10)	(29)
<b>Tax expense</b>	<u>4,703</u>	<u>3,208</u>	<u>1,706</u>

Movements in the income tax payable for the reporting year is as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Balance at 1 January</b>	994	773	439
Balance acquired on merger	6		
Current tax expense for the year	4,703	3,208	1,706
Income taxes paid	(3,287)	(2,824)	(1,267)
Foreign exchange on translation	10	(163)	(105)
<b>Balance at 31 December</b>	<u>2,426</u>	<u>994</u>	<u>773</u>

In 2023, according to Corporate Income Tax Law of Mongolia, the Target Group has an obligation to pay the Corporate Income Tax at the rate of 10 per cent. of the portion of taxable profits up to MNT 6 billion (US\$ 1.75 million) (2022 and 2021: MNT 6 billion) and 25 per cent. of the portion of taxable profits above MNT 6 billion (US\$ 1.75 million) (2022 and 2021: MNT 6 billion).

During the years ended December 2021 to 2023, the Target Group was subject to incremental tax rates on certain bands of profit below the minimum 15 per cent. level mandated by the OECD's Pillar Two Model Rules. However, due to the application of higher income tax rates on certain bands of profit within the tax jurisdictions in which the Target Group operates, the effective rate of tax paid by the Target Group on its taxable profit exceeds this 15 per cent. threshold. As a consequence, the provisions of the OECD Pillar Two Model Rules are not considered to have any impact on the Target Group's tax exposures.

	As at 1 January 2023	As at 31 December 2023
	US\$'000	US\$'000
<b>Deferred tax assets/(liabilities)</b>		
Revaluation of financial investments measured at FVOCI	1	24
Timing difference from loan interest	10	140
Timing difference in revenue recognition	–	3
Lease liabilities	39	21
Cash and cash equivalents	–	7
Other financial assets	(7)	–
Trade payable	–	–
Amortisation of intangible assets	(102)	(249)
Right of use assets	(35)	(17)
Property, plant and equipment	(1)	–
FCTR	–	–
<b>Gross deferred tax assets</b>	<u>35</u>	<u>28</u>
<b>Gross deferred tax liabilities</b>	<u>(128)</u>	<u>(100)</u>
<b>Net deferred tax liabilities</b>	<u>(95)</u>	<u>(71)</u>

	As at 1 January 2022	As at 31 December 2022
	US\$'000	US\$'000
<b>Deferred tax assets/(liabilities)</b>		
Revaluation of financial investments measured at FVOCI	–	1
Timing difference from loan interest	(19)	10
Timing difference in revenue recognition	–	–
Lease liabilities	49	39
Cash and cash equivalents	–	–
Other financial assets	–	(7)
Trade payable	–	–
Amortisation of intangible assets	(91)	(102)
Right of use assets	(48)	(35)
Property, plant and equipment	(1)	(1)
FCTR	–	–
<b>Gross deferred tax assets</b>	<u>42</u>	<u>35</u>
<b>Gross deferred tax liabilities</b>	<u>(151)</u>	<u>(128)</u>
<b>Net deferred tax liabilities</b>	<u>(110)</u>	<u>(95)</u>

	As at 1 January 2021	As at 31 December 2021
	US\$'000	US\$'000
<b>Deferred tax assets/(liabilities)</b>		
Revaluation of financial investments measured at FVOCI	–	–
Timing difference from loan interest	–	(19)
Timing difference in revenue recognition	–	–
Lease liabilities	–	49
Cash and cash equivalents	–	–
Other financial assets	–	–
Trade payable	–	–
Amortisation of intangible assets	–	(91)
Right of use assets	–	(48)
Property, plant and equipment	–	(1)
FCTR	–	–
<b>Gross deferred tax assets</b>	<hr/>	<hr/>
	–	42
<b>Gross deferred tax liabilities</b>	<hr/>	<hr/>
	–	(151)
<b>Net deferred tax liabilities</b>	<hr/>	<hr/>
	–	(110)
	<hr/>	<hr/>

## 15. Earnings per share

### (a) **Basic**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Target Group by the weighted average number of ordinary shares in issue during the year.

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Loss from continuing operations attributable to equity holders of the Target Group	10,611	8,381	5,860
Weighted average number of ordinary shares in issue	<hr/>	<hr/>	<hr/>
	6,814,384	6,814,384	6,814,384
Basic and fully diluted loss per share from continuing operations – US\$	1.56	1.23	0.86

As at 31 December 2023, 2022 and 2021 there were no potentially dilutive instruments in issue for consideration in arriving at the fully diluted loss per share.

The Weighted average number of shares in issue (WASI) used for the purposes of calculating earnings per share has been taken from the WASI for ICFG Pte Ltd at the end of 2023 and applied to all 3 years falling within this historical financial information, as if ICFG Pte Ltd had been the parent entity of the Target Group for the entire period of report.

## 16. Cash and bank balances

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Cash in hand	4	35	8
Current account at bank	21,389	9,003	7,442
Demand deposits	3	2	38
Term deposits	2,981	7,091	1,368
Accumulated interest receivable	33	19	7
<b>Total cash and bank balances</b>	<b>24,410</b>	<b>16,150</b>	<b>8,863</b>
Less: Allowance for impairment losses	(5)	(23)	—
<b>Net cash and bank balances</b>	<b>24,405</b>	<b>16,127</b>	<b>8,863</b>
Less: Deposit with original maturity more than three months	(358)	(438)	—
<b>Cash and cash equivalent</b>	<b>24,047</b>	<b>15,689</b>	<b>8,863</b>

Summary of the allowance for impairment losses on cash and cash equivalent balances with other banks is as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Current account at bank	(5)	(14)	—
Deposits at bank	—	(9)	—
<b>Total allowance for impairment losses</b>	<b>(5)</b>	<b>(23)</b>	<b>—</b>

Movement of provision for impairment of other receivables is as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Balance at 01 January</b>	<b>(23)</b>	<b>—</b>	<b>—</b>
Net charge/(reversal) for the year	18	(23)	—
<b>Balance at 31 December</b>	<b>(5)</b>	<b>(23)</b>	<b>—</b>

As of 31 December, the Target Group's cash and cash equivalent balances denominated in various currencies are as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
MNT	18,642	13,975	8,548
JPY	4,415	280	56
US\$	644	1,730	90
KGS	289	164	169
KZT	244	—	—
UZK	176	—	—
EUR	—	1	—
<b>Total</b>	<b>24,410</b>	<b>16,150</b>	<b>8,863</b>

## 17. Loans and advances to customers

Balance of loans and advances - by product type:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Consumer loan	5,717	4,623	17,705
Digital loan	33,978	20,415	12,251
Business loan	82,926	47,300	16,315
Vehicle loan	17,830	9,420	15,892
Credit card loan	279	30	48
<b>Total loans and advances to customers</b>	<b>140,730</b>	<b>81,788</b>	<b>62,247</b>
Less: Deferred loan origination fees	(652)	(176)	–
Less: Allowances for loans and advances to customers	(5,167)	(4,015)	(1,886)
<b>Net loans and advances to customers</b>	<b>134,911</b>	<b>77,597</b>	<b>60,361</b>

The split of the expected credit loss allowance by the main product type is as follows:

	Consumer loans US\$'000	Digital US\$'000	Business loan US\$'000	Vehicle loan US\$'000	Credit card loan US\$'000	Total US\$'000
<b>Balance at</b>						
<b>1 January 2021</b>	<b>157</b>	<b>147</b>	<b>403</b>	<b>201</b>	<b>–</b>	<b>908</b>
Increased during the year	109	436	504	40	–	1,089
Write-off	–	–	(102)	–	–	(102)
Foreign exchange movements	(2)	(2)	(4)	(1)	–	(9)
<b>Balance at</b>						
<b>31 December 2021</b>	<b>264</b>	<b>581</b>	<b>801</b>	<b>240</b>	<b>–</b>	<b>1,886</b>
Increased during the year	262	1,305	722	383	–	2,672
Write-off	–	–	–	–	–	–
Foreign exchange movements	(61)	(227)	(187)	(68)	–	(543)
<b>Balance at</b>						
<b>31 December 2022</b>	<b>465</b>	<b>1,659</b>	<b>1,336</b>	<b>555</b>	<b>–</b>	<b>4,015</b>
Increased during the year	679	881	989	(99)	2	2,452
Write-off	–	–	–	–	–	–
Foreign exchange movements	(349)	(922)	(9)	(20)	–	(1,300)
<b>Balance at</b>						
<b>31 December 2023</b>	<b>795</b>	<b>1,618</b>	<b>2,316</b>	<b>436</b>	<b>2</b>	<b>5,167</b>

**Balance of loans and advances - by stage:**

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Gross carrying amount			
Stage 1	130,220	74,924	59,613
Stage 2	4,790	2,855	984
Stage 3	5,068	3,833	1,650
	<hr/>	<hr/>	<hr/>
	140,078	81,612	62,247
Less: Allowance for impairment losses			
Stage 1	(1,561)	(1,324)	(710)
Stage 2	(382)	(136)	(38)
Stage 3	(3,224)	(2,555)	(1,138)
	<hr/>	<hr/>	<hr/>
	(5,167)	(4,015)	(1,886)
	<hr/>	<hr/>	<hr/>

**Provision for impairment of loan receivables**

The Target Group applies the IFRS 9 general three-stage approach to measure expected credit losses.

To measure expected credit losses on a collective basis, loan receivables are grouped based on similar credit risk profile and aging.

Movement in the impairment allowance of loan receivables is as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>At 1 January</b>			
Increased during the year	(4,015)	(1,886)	(1,077)
Written off	(2,444)	(2,438)	(756)
Foreign exchange movement	1,295	24	84
	<hr/>	<hr/>	<hr/>
<b>At 31 December</b>	(3)	285	(137)
	<hr/>	<hr/>	<hr/>
	(5,167)	(4,015)	(1,886)
	<hr/>	<hr/>	<hr/>

Movement between stages of loan receivables is as follows:

	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
<b>At 1 January 2021 – gross</b>	32,293	496	1,075	33,864
Issued during the year	56,662	–	–	56,662
Repaid during the year	(27,778)	(1,309)	(681)	(29,768)
Movement to Stage 1	(2,464)	1,419	1,044	(1)
Movement to Stage 2	65	(140)	76	1
Movement to Stage 3	19	8	(28)	(1)
Foreign exchange movement	(197)	–	(4)	(227)
	58,600	472	1,482	60,554
Interest receivables	1,004	513	176	1,693
Fee deferral	–	–	–	–
Impairment allowance	(710)	(38)	(1,138)	(1,886)
<b>Net balance at 31 December</b>	58,894	947	520	60,361
<b>At 31 December 2021 – gross</b>	58,600	472	1,482	60,554
Issued during the year	83,498	–	–	83,498
Repaid during the year	(52,129)	372	(329)	(52,086)
Movement to Stage 1	(4,698)	2,195	2,503	–
Movement to Stage 2	121	(547)	426	–
Movement to Stage 3	18	7	(25)	–
Foreign exchange movement	(11,234)	(218)	(423)	(11,875)
	74,176	2,281	3,634	80,091
Interest receivables	848	582	267	1,697
Fee deferral	(100)	(8)	(68)	(176)
Impairment allowance	(1,324)	(136)	(2,555)	(4,015)
<b>Net balance at 31 December</b>	73,600	2,719	1,278	77,597
<b>At 31 December 2022 – gross</b>	74,176	2,281	3,634	80,091
Issued during the year	180,123	–	–	180,123
Repaid during the year	(119,444)	(188)	(3,381)	(123,013)
Movement to Stage 1	(6,485)	3,316	3,169	–
Movement to Stage 2	176	(961)	784	(1)
Movement to Stage 3	20	5	(26)	(1)
Foreign exchange movement	178	8	–	186
	128,744	4,461	4,180	137,385
Interest receivables	2,118	334	894	3,346
Fee deferral	(627)	(19)	(6)	(652)
Impairment allowance	(1,562)	(382)	(3,224)	(5,168)
<b>Net balance at 31 December 2023</b>	128,673	4,394	1,844	134,911

The Target Group applies the IFRS 9 general three-stage approach to measure expected credit losses. To measure expected credit losses on a collective basis, loan receivables are grouped based on similar credit risk profile and aging. ECL is estimated by using seven years of historical data and current year data. The historical probability of default is calculated by considering both actual and forward-looking macroeconomic factors. The Target Group incorporates factors such as GDP growth, fluctuations in coal and copper prices, and the policy rate of the Central Bank, which are deemed to primarily impact expected credit losses. The carrying value of the loans and advances approximates their fair value.

Movement of expected credit losses movement between stages is as follows:

	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
Balance at 1 January 2021	570	24	383	977
Issued during the year	861	4	698	1,563
Repaid during the year	(495)	(30)	(115)	(640)
Movement to Stage 1	(209)	12	197	–
Movement to Stage 2	–	(1)	–	(1)
Movement to Stage 3	10	2	(12)	–
Write-off	–	–	(8)	(8)
Foreign exchange	(2)	1	(4)	(5)
<b>Balance at 31 December 2021</b>	<b>735</b>	<b>12</b>	<b>1,139</b>	<b>1,886</b>
Issued during the year	2,171	66	1,128	3,365
Repaid during the year	(425)	(14)	(262)	(701)
Movement to Stage 1	(993)	85	909	1
Movement to Stage 2	–	(6)	6	–
Movement to Stage 3	119	16	(125)	10
Write-off	4	1	(20)	(15)
Foreign exchange	(193)	(15)	(323)	(531)
<b>Balance at 31 December 2022</b>	<b>1,418</b>	<b>145</b>	<b>2,452</b>	<b>4,015</b>
Issued during the year	2,143	47	1,878	4,068
Repaid during the year	(1,085)	(69)	(462)	(1,616)
Movement to Stage 1	(868)	332	536	–
Movement to Stage 2	27	(70)	43	–
Movement to Stage 3	(73)	(4)	77	–
Write-off	–	–	(1,301)	(1,301)
Foreign exchange	(1)	1	1	1
Balance at 31 December 2023	<b>1,561</b>	<b>382</b>	<b>3,224</b>	<b>5,167</b>

As of 31 December 2023, the Target Group had 256,631 loans totalling US\$ 134,030 thousand, of which 26 loans totalling US\$ 660 thousand had been subject to modification as at 31 December 2023. The following conditions must be met for the loan contractual cash flows to be modified:

- Accrued interests to the date of modification must be fully paid before modification becomes effective;
- A modification commission of 0.3 per cent. must be paid, calculated on the outstanding balance at the date of the modification;
- Evidence of external factors that led to modification request must be provided.

Furthermore, the regulations of the FRC of Mongolia require that for borrowers who have modified the terms of a loan 2 or more times, the Stage categorisation is downgraded by one, resulting in a disincentive for borrowers to make modifications to the contractual terms of a loan.

Following modification of above 26 loans from Stage 2/3 to Stage 1, the effect on the total ECL provision in the year was 2.7 per cent. of ECL, or US\$ 127 thousand.

There were no loan modifications in the years 2022 or 2021.

Of the total value of loans written off in the year, amounts totalling US\$ 306,000 (2022: US\$ 61,000) (2021: US\$ 1,000) were subject to ongoing recovery enforcement activity as at the reporting date.

## 18. Financial investments

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>Financial assets at FVOCI:</b>			
<b>Debt instruments</b>			
MIK Bond	1,113	995	–
Active Garden Bond	–	163	–
Khan Altai Bond	–	125	–
IC REIT Bond	–	73	–
<b>Equity Securities</b>			
<b>Listed</b>			
Golomt Bank JSC	513	724	–
Khas Bank JSC	269	–	–
Khan Bank JSC	17	–	–
<b>Total</b>	<u>1,912</u>	<u>2,080</u>	<u>–</u>

FVTOCI debt instruments are held within the business model for the purposes of both collecting contractual cash flows and selling financial assets. Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>Financial assets at FVTPL:</b>			
<b>Debt instruments</b>			
<b>Listed</b>			
InvesCore Global Q ETF LLC	105	–	–
Invesco QQQ Trust ETF	2	–	–
InvesCore NBFI JSC	–	–	–
<b>Unlisted</b>			
Active Garden LLC	103	15	–
Domog Impex LLC	33	–	–
IC Reit LLC	32	146	–
Tsoba House LLC	–	29	–
<b>Equity Securities</b>			
<b>Listed stocks</b>			
Innovation Investment JSC	444	–	–
Bogd Bank JSC	23	26	–
Gazar Shim JSC	12	–	–
Geely Automobile Holdings Ltd.	4	–	–
Khas Bank JSC	4	–	–
Golomt Bank JSC	–	187	–
Central Express CVS JSC	–	120	298
<b>Private fund units</b>			
InvesCore Ri Cycle Private Fund LLC	118	–	–
Ochun Private Fund LLC	299	–	–
<b>Total</b>	<u>1,179</u>	<u>523</u>	<u>298</u>

## 19. Other financial assets

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Due from borrowers*	611	772	671
Due from related parties	631	735	112
Due from employees	107	50	13
ABS receivables	–	–	422
Receivables related to underwriting services	30	13	–
Receivables related to brokerage services	–	70	–
Other receivables	1,116	856	500
<b>Total other financial assets</b>	<b>2,495</b>	<b>2,496</b>	<b>1,718</b>
Less: Allowance for impairment losses	(205)	(152)	(57)
<b>Net other financial assets</b>	<b>2,290</b>	<b>2,344</b>	<b>1,661</b>

\* Receivables from borrowers include direct expenses incurred during the transfer of collateral assets to the Target Group according to the fiduciary contract, such as legal expenses and taxes related to collateral assets.

Movement in the impairment allowance for these receivables is as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>As at 1 January</b>	(152)	(57)	(117)
Impairment loss for the year	(111)	(122)	(16)
Write-off during the year	58	–	76
Foreign exchange translation	–	27	–
<b>As at 31 December</b>	<b>(205)</b>	<b>(152)</b>	<b>(57)</b>

## 20. Other non-financial assets

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Prepayments and advances	295	2,141	831
Other tax receivables	446	528	532
Other non-financial assets	10	11	5
<b>Total other non-financial assets</b>	<b>751</b>	<b>2,680</b>	<b>1,368</b>
Current	464	1,085	1,119
Non-current	287	1,595	249

## 21. Inventories

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Inventory property	3,768	5,777	3,827
Raw materials	86	139	–
Supply and other inventories	345	135	67
<b>Total inventories</b>	<b>4,199</b>	<b>6,051</b>	<b>3,894</b>

Movement of inventory property:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>As at 1 January</b>	5,777	3,827	–
Sub-contractor works	84	4,099	–
Raw materials consumed	83	642	–
Employee costs	96	170	–
Depreciation of PPE	2	3	–
Amortisation of intangible assets	–	1	–
Finance cost	–	632	–
Other expense	192	121	–
Construction in progress	–	–	5,129
Cost of property sold	(2,436)	(2,859)	(1,290)
Foreign exchange translation	(30)	(859)	(12)
<b>As at 31 December</b>	<u>3,768</u>	<u>5,777</u>	<u>3,827</u>

## 22. Repossessed collateral

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Real estate	420	533	543
Vehicle	140	197	1
<b>Total reposessed collateral</b>	<u>560</u>	<u>730</u>	<u>544</u>
Less: Allowance for impairment losses	(261)	(284)	(270)
<b>Net reposessed collateral</b>	<u>299</u>	<u>446</u>	<u>274</u>

Movement in the impairment allowance for reposessed collateral is as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>As at 1 January</b>	(284)	(270)	(179)
Impairment (loss)/reversal for the year	19	(59)	(153)
Write-off during the year	3	(4)	61
Foreign exchange movement	1	49	1
<b>As at 31 December</b>	<u>(261)</u>	<u>(284)</u>	<u>(270)</u>

### 23. Property, plant and equipment

	Buildings US\$'000	Computers and its accessories US\$'000	Vehicles US\$'000	Furniture and fixtures US\$'000	Leasehold improvement US\$'000	Other assets US\$'000	Total US\$'000
<b>(i) Cost</b>							
<b>At 01 January</b>							
<b>2021</b>	1,541	349	23	211	–	5	2,129
Acquisitions	–	317	34	144	–	17	512
Disposals	–	(117)	(6)	(33)	–	3	(153)
Reclassifications	–	–	–	–	311	–	311
Sales	(1,462)	–	–	(5)	–	(3)	(1,470)
Transfer to non-current asset held for sale	–	–	–	–	–	–	–
Foreign exchange movement	(2)	(2)	(1)	(1)	(1)	–	(7)
<b>At 31 December</b>							
<b>2021</b>	77	547	50	316	310	22	1,322
Acquisitions	–	276	155	119	142	41	733
Disposals	–	(93)	(7)	(33)	(63)	–	(196)
Sales	(62)	(1)	(7)	(1)	–	(2)	(73)
Foreign exchange movement	(8)	(104)	(19)	(58)	(58)	–	(247)
<b>At 31 December</b>							
<b>2022</b>	7	625	172	343	331	61	1,539
Acquisitions	4,055	299	246	408	470	45	5,523
Disposals	–	(45)	–	(17)	(245)	(1)	(308)
Sales	–	(2)	(132)	(21)	–	(2)	(157)
Write-off	–	(5)	–	(2)	–	(2)	(9)
<b>Foreign exchange movement</b>	<b>37</b>	<b>(1)</b>	<b>(1)</b>	<b>3</b>	<b>2</b>	<b>–</b>	<b>40</b>
<b>At 31 December</b>							
<b>2023</b>	<b>4,099</b>	<b>871</b>	<b>285</b>	<b>714</b>	<b>558</b>	<b>101</b>	<b>6,628</b>

The Group's property, plant and equipment are not pledged as collateral.

	Buildings US\$'000	Computers and its accessories US\$'000	Vehicles US\$'000	Furniture and fixtures US\$'000	Leasehold improvement US\$'000	Other assets US\$'000	Total US\$'000
<b>(ii) Accumulated depreciation</b>							
<b>At 01 January</b>							
<b>2021</b>	(4)	(124)	(3)	(31)	–	(1)	(163)
Depreciation	(4)	(200)	(5)	(35)	–	(3)	(247)
Reclassifications	–	–	–	–	(217)	–	(217)
Disposals	1	42	1	5	–	–	49
Sales	–	–	–	1	–	–	1
Foreign exchange movement	–	1	–	1	–	–	2
<b>At 31 December</b>							
<b>2021</b>	<b>(7)</b>	<b>(281)</b>	<b>(7)</b>	<b>(59)</b>	<b>(217)</b>	<b>(4)</b>	<b>(575)</b>
Depreciation	(1)	(187)	(14)	(46)	(71)	(6)	(325)
Disposals	–	–	–	2	–	1	3
Sales	7	1	1	–	–	–	9
Foreign exchange movement	–	59	3	13	42	1	118

	Buildings US\$'000	Computers and its accessories US\$'000	Vehicles US\$'000	Furniture and fixtures US\$'000	Leasehold improvement US\$'000	Other assets US\$'000	Total US\$'000
<b>At 31 December</b>							
<b>2022</b>	(1)	(408)	(17)	(90)	(246)	(8)	(770)
Depreciation	(21)	(245)	(29)	(70)	(93)	(10)	(468)
Disposals	–	43	–	17	245	1	306
Sales	–	2	10	6	–	–	18
Write-off	–	5	–	1	–	1	7
Foreign exchange movement	–	–	–	1	–	–	1
<b>At 31 December</b>	<b>(22)</b>	<b>(603)</b>	<b>(36)</b>	<b>(135)</b>	<b>(94)</b>	<b>(16)</b>	<b>(906)</b>
<b>(iii) Net book value</b>							
<b>At 01 January</b>							
<b>2021</b>	1,537	225	20	180	–	4	1,966
<b>At 31 December</b>							
<b>2021</b>	70	266	43	257	93	18	747
<b>At 31 December</b>							
<b>2022</b>	6	217	155	253	85	53	769
<b>At 31 December</b>							
<b>2023</b>	4,077	268	249	579	464	85	5,722

## 24. Intangible assets

	Software US\$'000
<b>(i) Cost</b>	
<b>At 01 January 2021</b>	1,031
Additions	39
Disposals	(2)
Foreign exchange movement	–
<b>At 31 December 2021</b>	1,068
Acquisitions	613
Disposals	(89)
Foreign exchange movement	(223)
<b>At 31 December 2022</b>	1,369
Acquisitions	466
Disposals	(1)
Foreign exchange movement	1
<b>At 31 December 2023</b>	1,835
<b>(ii) Accumulated depreciation</b>	
<b>At 01 January 2021</b>	(37)
Amortisation	(104)
Disposals	–
Foreign exchange movement	(5)
<b>At 31 December 2021</b>	(146)

	Software US\$'000
Amortisation	(136)
Disposals	34
Foreign exchange movement	37
<b>At 31 December 2022</b>	<b>(211)</b>
Amortisation	(151)
Disposals	1
Foreign exchange movement	(2)
<b>At 31 December 2023</b>	<b>(363)</b>
<b>(iii) Net book value</b>	
<b>At 01 January 2022</b>	<b>994</b>
<b>At 31 December 2021</b>	<b>922</b>
<b>At 31 December 2022</b>	<b>1,158</b>
<b>At 31 December 2023</b>	<b>1,472</b>

## 25. Non-current asset held for sale

### (i) General Description

In 2021, Management determined its intention to dispose of Construction in Progress with the sale being completed in December 2023.

The asset has been classified as held for sale in the statement of financial position.

### (ii) Non-current asset held for sale

The following asset has been classified as held for sale in the consolidated statement of financial position on 31 December:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Construction in progress	—	1,217	1,458
<b>Non-current asset held for sale</b>	<b>—</b>	<b>1,217</b>	<b>1,458</b>

### (iii) Impairment losses

There has been no impairment loss recognised as recoverable amount was equal to fair value of the asset. The construction in progress is initially recognised based on its cost, which is approximately equal to the fair value of the asset. Movements in the carrying value of non-current assets held for sale arise from foreign exchange translation of the asset from MNT into US\$.

## 26. Goodwill and impairment

### Accounting for goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Target Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition. Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of a cash-generating unit (CGU), including goodwill, with the present value of the CGU's free cash flows, discounted at a rate of required equity return that reflects inherent risks.

Certain subsidiaries of the Target Group, reasonably expected to benefit from the synergies of the acquisition that generated the goodwill, are considered CGUs for the purpose of the test. The breakup of the goodwill for different CGU are given below:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
InvesCore NBFI JSC	82	82	99
InvesCore CA MFC	3	3	3
<b>Total</b>	<b>85</b>	<b>85</b>	<b>102</b>

Movements in the carrying value of goodwill year on year arise from foreign exchange differences on translation of the underlying balances into US\$.

### **Critical accounting estimates and judgements**

Testing goodwill for impairment involves a significant amount of judgement. Calculating the recoverable value involves a high degree of uncertainty, particularly in estimating future cash flows and the discount rates applied. Key judgements include determining the carrying value of the CGU, as well as the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based on their view of the business prospects and market conditions at the time of the assessment. The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to future cash flows also involve judgment, as they can significantly impact the valuation. These rates are compared to those used by market participants where applicable to ensure they are appropriate and based on the estimated cost of equity for each CGU, while also being subject to readily available market data.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions beyond management's control.

The approach and analysis undertaken in the annual impairment review of goodwill is detailed below.

#### *Determining the carrying value of CGUs*

The carrying value for each CGU is the sum of the tangible equity and goodwill balances associated with that CGU. The tangible equity is derived from the capital required to be deployed in the CGU, reflecting the level of capital that management believes a market participant would need to hold and retain to support business growth.

#### *Cash flows*

The five-year cash flows used in the calculation are based on medium-term plans approved by the Board. These plans incorporate macroeconomic assumptions that management considers reasonable and supportable, reflecting agreed-upon business initiatives for the forecast period. The macroeconomic assumptions supporting the medium-term plan were established in 2023, and management has assessed whether any subsequent significant changes in these assumptions would adversely affect the results of the impairment review. Given the business nature, cash flow generation, and reinvestment characteristics of the CGUs, free cash flows to equity (FCFE) are utilised in the VIU calculations.

#### *Discount rates*

IAS 36 requires that the discount rate used in a recoverable value calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those expected from the asset. In determining the discount rate, management identified the required return of equity associated with market participants that closely resemble the Target Group's CGUs through the bond yield plus risk premium approach, as the local equity market is considered inefficient for obtaining reliable data for other approaches.

The required return on equity rate has been used as the discount rate in the impairment assessment and applied to FCFEs of the CGU. The discount rate used for all CGUs in this year's calculation remains unchanged to reflect the relatively stable volatility in the bond yield, which is observable since the CGUs have readily available data on their publicly traded bonds. The risk premium, which is part of the discount rate determination, is solely judged by management to be 5 per cent. to 6 per cent. (2022: 5 per cent. to 6 per cent.). This judgment is based on the sector's generally high-yielding characteristics, as evidenced by Return on Equity (ROE) and other profitability measures.

The range of equivalent pre-tax discount rates applicable across the CGUs range from 23 per cent. to 25 per cent. (2022: 23 per cent. to 25 per cent.).

#### *Terminal growth rate*

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. Management judges that the cash flows associated with the CGUs will grow in line with the economies in which the Target Group operates. Inflation rates (set by the Bank of Mongolia's lower bound target for inflation) are used as an approximation of future growth rates and serve as the basis for the terminal growth rates applied.

The terminal growth rate used is 4.0 per cent. (2022: 4.0 per cent.).

#### **Outcome of goodwill test**

InvesCore NBFI JSC holds the largest portion of the Target Group's goodwill balance, largely due to the InvesCore CA acquisition aimed at diversifying its income streams through geographic expansion. The goodwill within InvesCore NBFI JSC was US\$ 82 thousand (2022: US\$ 82 thousand) (2021: US\$ 99 thousand) and within InvesCore CA MFC was US\$ 3 thousand (2022: US\$ 3 thousand) (2021: US\$ 3 thousand).

No impairment of goodwill has been identified and recognised for the year, as the value in use exceeds the carrying value and there is enough headroom available.

All CGUs showed an increase in value in use during the period, primarily attributable to the increase in the growth observed for each CGU.

#### **Sensitivity of key assumptions**

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

*Discount rate:* Management have identified discount rates for comparable businesses through the bond yield plus risk premium approach and consider these to be a reasonable estimate of a suitable market rate for the profile of the CGUs. The risk associated with the appropriateness of these discount rates is quantified below, illustrating the impact of a 200 basis points ("bps") change.

*Terminal growth rate:* The terminal growth rate is utilised to estimate cash flows into perpetuity based on the expected longevity of the CGU's businesses. This rate is sensitive to uncertainties in the macroeconomic environment. The risk associated with using inflation data for its determination is quantified below, illustrating the impact of a 200 bps change.

The sensitivity of the value in use to key judgements in the calculations is set out below:

	Carrying value Goodwill and Tangible Equity	Recoverable value through value in use calculations	Recoverable value exceeding carrying value 2023	Discount rate %
		US\$'000	US\$'000	
<b>Cash generating unit</b>				
InvesCore NBFI JSC	37,017	201,770	164,753	23
InvesCore CA MFC	1,435	15,239	13,804	25
<b>Total</b>	<b>38,452</b>	<b>217,009</b>	<b>178,557</b>	

	Terminal growth rate	% US\$'000	Reduction in VIU		Change required to reduce headroom to zero
			200 bps increase in the discount rate	200 bps decrease in terminal growth rate US\$'000	
Cash generating unit					
InvesCore NBFI JSC	4	(15,017)	(16,312)	76%	
InvesCore CA MFC	4	(1,232)	(1,353)	153%	

## 27. Right of use assets

The Target Group leases several properties for use as office premises in their operations. The lease agreements stipulate fixed payments over the lease term.

The Target Group also leases properties for providing property management services, and these leases are accounted for in accordance with IFRS 16.

		Office US\$'000	Other US\$'000	Total US\$'000
<b>Balance at 01 January 2021</b>		404	—	404
Additions		789	—	789
Reclassifications		(94)	—	(94)
Disposals/Terminations		—	—	—
Effect of modification to lease terms		—	—	—
Variable lease payment adjustment		—	—	—
Amortisation		(277)	—	(277)
Foreign exchange movement		(3)	—	(3)
<b>Balance at 31 December 2021</b>		819	—	819
		—	—	—
Additions		1,186	—	1,186
Disposals/Terminations		(538)	—	(538)
Effect of modification to lease terms		(97)	—	(97)
Variable lease payment adjustment		(103)	—	(103)
Amortisation		(508)	—	(508)
Foreign exchange movement		(90)	—	(90)
<b>Balance at 31 December 2022</b>		669	—	669
Additions		1,201	12	1,213
Effect of modification to lease terms		(6)	—	(6)
Variable lease payment adjustment		(120)	—	(120)
Amortisation		(645)	(1)	(646)
Foreign exchange movement		(8)	—	(8)
<b>Balance at 31 December 2023</b>		1,091	11	1,102
		—	—	—
<i>Additional note:</i>		2023 US\$'000	2022 US\$'000	2021 US\$'000
Short-term leases		201	239	178
Low value leases		77	62	15
<b>Total</b>		278	301	193

## 28. Investment in subsidiaries

The principal subsidiaries of the Target Group, all of which have been included in this Historical Financial Information, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December			Non-Controlling interests Ownership/voting interest at 31 December		
		2023	2022	2021	2023	2022	2021
SIBJ Capital LLC	Mongolia	100%	–	–	–	–	–
InvesCore NBFI JSC	Mongolia	80.71%	81.26%	85.21%	19.29%	18.74%	14.79%
InvesCore Capital LLC	Mongolia	100%	100%	100%	–	–	–
InvesCore Property LLC	Mongolia	100%	100%	100%	–	–	–
AI Lab LLC	Mongolia	60%	60%	60%	40%	40%	40%
InvesCore Wallet							
NBFI LLC	Mongolia	80.71%	81.26%	85.21%	19.29%	18.74%	14.79%
Pocket KG LLC	Kyrgyz Republic	80.71%	81.26%	85.21%	19.29%	18.74%	14.79%
InvesCore CA MFC	Kyrgyz Republic	59.39%	56.88%	85.21%	40.61%	43.12%	14.79%
InvesCore UE LLC	Uzbekistan	80.71%	–	–	19.29%	–	–
InvesCore KZ LLC	Kazakhstan	80.71%	–	–	19.29%	–	–
InvesCore							
Finance MFO	Kazakhstan	80.71%	–	–	19.29%	–	–
Core Development and Engineering LLC	Mongolia	100%	–	–	–	–	–

One of the principal subsidiaries, InvesCore NBFI JSC, has invested in six subsidiaries: InvesCore Wallet NBFI LLC, InvesCore CA MFC, Pocket KG LLC, InvesCore KZ LLC (founded in 2023), InvesCore Finance MFO LLP (founded in 2023), and InvesCore UE LLC (founded in 2023). SIBJ Capital LLC holds an ownership interest of 80.71 per cent. in InvesCore NBFI JSC. The ownership interests in InvesCore NBFI JSC as of 31 December 2023 and 31 December 2022 are detailed in the table above for the Target Group. In 2023, InvesCore Property, another principal subsidiary, acquired the wholly owned subsidiary Core Development and Engineering LLC for 3 thousand US\$. It is a newly incorporated company with no assets and liabilities.

## 29. Non-controlling interests

InvesCore NBFI JSC, a subsidiary 80.71 per cent. owned by the Target Group (2022: 81.26 per cent., 2021: 85.21 per cent.), and AI Lab LLC, a subsidiary 60 per cent. owned by the Target Group (2022: 60 per cent., 2021: 60 per cent.), and InvesCore CA MFC, a subsidiary 59.39 per cent. owned by the Target Group (2022: 56.88 per cent., 2021: 85.21 per cent.), have significant non-controlling interests (NCI). Summarized financial information for InvesCore NBFI JSC and AI Lab LLC, before intra-group eliminations, is presented below along with the amounts attributable to NCI:

	2023	2022	2021
For the period ended 31 December	US\$'000	US\$'000	US\$'000
<b>Statement of Comprehensive income:</b>			
Interest income calculated using the EIR	36,437	24,595	15,318
Interest and similar expense	(13,537)	(8,075)	(4,518)
<b>Net interest income</b>	<b>22,900</b>	<b>16,520</b>	<b>10,800</b>
Fee and commission income	4,504	4,953	2,261
Fee and commission expense	(198)	(278)	(232)
<b>Net fee and commission income</b>	<b>4,306</b>	<b>4,675</b>	<b>2,029</b>
Revenue from contracts with customers	883	775	423
<b>Total revenue from contracts with customers</b>	<b>883</b>	<b>775</b>	<b>423</b>
Net trading income	(82)	–	–
Impairment losses on financial instruments	(2,191)	(2,790)	(919)
Other operating income	101	115	95
<b>Total operating income</b>	<b>25,917</b>	<b>19,295</b>	<b>12,428</b>

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<i>For the period ended 31 December</i>			
Employee costs	(4,586)	(3,528)	(2,279)
Depreciation of property, plant and equipment	(412)	(293)	(226)
Amortisation of right-of-use assets	(376)	(228)	(277)
Amortisation of intangible assets	(148)	(141)	(108)
Other operating expenses	(3,184)	(2,835)	(1,882)
<b>Profit before tax</b>	<b>17,211</b>	<b>12,270</b>	<b>7,656</b>
Tax expense	(4,380)	(2,958)	(1,590)
<b>Profit for the year</b>	<b>12,831</b>	<b>9,312</b>	<b>6,066</b>
Profit attributable to NCI	2,544	1,813	908
Other comprehensive income allocated to NCI	(72)	31	–
Total comprehensive income attributable to NCI	2,467	1,844	908
Dividends paid to NCI	(334)	(84)	(63)
<b>Statement of cash flows:</b>			
Cash flows to operating activities	(42,355)	(25,638)	(20,191)
Cash flows to investing activities	(1,984)	(4,746)	1,111
Cash flows from financing activities	53,517	37,887	18,476
<b>Net cash flow</b>	<b>9,178</b>	<b>7,503</b>	<b>(604)</b>

	At 31 December 2023 US\$'000	At 31 December 2022 US\$'000	At 31 December 2021 US\$'000
<b>Statement of financial position:</b>			
<i>Assets:</i>			
Cash and bank balance	23,877	14,707	8,687
Loans and advances to customers	134,342	77,875	60,361
Other financial assets	1,655	1,215	1,512
Other non-financial assets	593	2,218	652
Repossessed collateral	299	446	274
Property, plant and equipment	3,533	628	668
Intangible assets	1,400	1,098	912
Right-of-use assets	807	353	408
Deferred tax assets	11	1	–
<i>Liabilities:</i>			
Borrowed funds	59,085	20,277	11,218
Bond payables	19,651	12,897	9,658
Current tax liabilities	2,157	852	663
Other financial liabilities	5,640	803	5,330
Contract liabilities	23	–	–
Other non-financial liabilities	1,096	966	692
Lease liabilities	822	394	419
Accumulated non-controlling interests	17,399	14,886	8,277

### 30. Borrowed funds

	At 31 December 2023		At 31 December 2022		At 31 December 2021	
	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Book value US\$'000	Fair value US\$'000	Fair value US\$'000
From banks						
– Secured	10,658	10,694	1,175	1,175	1,909	1,909
– Unsecured	9,956	9,971	1,314	1,314	–	–

	At 31 December 2023		At 31 December 2022		At 31 December 2021	
	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Book value US\$'000	Fair value US\$'000	Fair value US\$'000
From financial institutions						
– Secured	3,157	3,164	2,153	2,153	3,496	3,496
– Unsecured	30,170	30,526	15,297	15,305	734	734
From individuals – unsecured	4,053	4,062	–	–	–	–
From corporates – unsecured	664	665	–	–	3,501	3,501
Accrued interest payable	976	976	338	338	206	206
	<u>59,634</u>	<u>60,058</u>	<u>20,277</u>	<u>20,285</u>	<u>9,846</u>	<u>9,846</u>
Less: Deferred fee expense	(221)	(221)	–	–	–	–
<b>Total borrowed fund, net</b>	<b><u>59,413</u></b>	<b><u>59,837</u></b>	<b><u>20,277</u></b>	<b><u>20,285</u></b>	<b><u>9,846</u></b>	<b><u>9,846</u></b>

The currency profile of the Target Group's borrowed funds is as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
MNT	36,598	14,147	6,300
USD	17,640	4,267	3,222
KGS	4,166	1,680	116
JPY	848	183	208
EUR	161	–	–
<b>Total</b>	<b><u>59,413</u></b>	<b><u>20,277</u></b>	<b><u>9,846</u></b>

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Golomt Bank JSC	(i) 3,223	437	524
Capitron Bank JSC	(ii) 6,119	–	–
Bogd Bank JSC	(iii) 4,371	–	–
Trade and Development Bank JSC	(iv) –	29	1,269
Khas BankJSC	(v) 5,275	438	–
Tavanbogd Finance NBFI LLC	(vi) 408	–	–
Shiidel Finance NBFI LLC	(vii) 117	–	–
CEC Investment NBFI LLC	(viii) 204	–	–
Ochir Undraa OMZ NBFI LLC	(ix) 146	–	–
Khuvsgul Geology JSC	(x) 664	–	–
Individual Ts	(xi) 146	–	–
Individual E	(xii) 3,059	–	–
Individual A	(xiii) 848	–	–
Rio Tinto Mongolia LLC	(xiv) 796	766	917
Mik Holding JSC	(xv) 5,232	11,411	2,656
Bridge Japan LLC	(xvi) 517	1,194	1,207
European Bank for Reconstruction and Development (EBRD)	(xvii) 2,092	–	–
Asian Development Bank	(xviii) 9,955	–	–
EMF Microfinance Fund Agmvk	(xix) 4,969	2,112	–
Hands on B.V	(xx) 1,237	1,078	–
Microfinance Enhancement Facility SA, SICAV-SIF	(xxi) 4,969	–	–

		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
M Bank JSC	(xxii)	–	876	–
EMF Microfinance Fund, Agmvk	(xxiii)	994	–	2,988
Frontiers Microcredit Company LLC	(xxiv)	1,475	959	–
Bank of Asia CJSC	(xxv)	587	352	–
FinanceCreditBank OJSC	(xxvi)	1,038	356	115
Ashid Capital NBFI LLC	(xxvii)	291	–	–
Accrued interest payable		902	269	170
<b>Total borrowed fund</b>		59,634	20,277	9,846
Less: Deferred fee expense		(221)	–	–
<b>Total borrowed fund, net</b>		<b>59,413</b>	<b>20,277</b>	<b>9,846</b>

The Target Group did not default on principal or interest payments with regard to all liabilities as of 31 December 2023, 31 December 2022 and 31 December 2021. As of 31 December 2023, the Target Group is fully compliant with contractual covenants imposed by the lenders.

Fixed rates of interest ranges from 5 per cent. to 20.5 per cent. and floating rate of interest range from 10.4 per cent. to 23 per cent.

Lenders	Currency	Principal amount disbursed	Principal amount outstanding	Interest type	Type of loan	Payment
		US\$'000	US\$'000			
(i) Golomt Bank JSC	MNT	437	2,914	Fixed	Secured	Interest and principal are payable on monthly basis.
	Golomt Bank JSC	MNT	1,166	279	Fixed Unsecured	Interest and principal are payable on monthly basis.
	Golomt Bank JSC	MNT	–	31	Fixed Secured	Overdraft
(ii)	Capitron Bank JSC	MNT	6,119	6,119	Fixed Secured	Interest and principal are payable on monthly basis.
(iii)	Bogd Bank JSC	MNT	4,371	4,371	Fixed Unsecured	Interest and principal are payable on monthly basis.
(iv)	Trade and Development Bank JSC	MNT	583	–	Fixed Unsecured	Interest and principal are payable on monthly basis.
(v)	Khas Bank JSC	MNT	8,736	5,275	Fixed Secured	Interest and principal are payable on monthly basis.
(vi)	Tavanbogd Finance NBFI LLC	MNT	408	408	Fixed Secured	The next payment is due on 18 Jan 2024.
(vii)	Shiidel Finance NBFI LLC	MNT	117	117	Fixed Secured	The next payment is due on 18 Jan 2024.
(viii)	CEC Investment NBFI LLC	MNT	204	204	Fixed Secured	The next payment is due on 18 Jan 2024.

<i>Lenders</i>	<i>Currency</i>	<i>Principal amount disbursed US\$'000</i>	<i>Principal amount outstanding US\$'000</i>	<i>Interest type</i>	<i>Type of loan</i>	<i>Payment</i>
(ix) Ochir Undraa OMZ NBFI LLC	MNT	146	146	Fixed	Secured	The next payment is due on 18 Jan 2024.
(x) Khuvsulgul Geology JSC	MNT	641	664	Fixed	Unsecured	The next payment is due on 28 Oct 2024.
(xi) Individual Ts	MNT	146	146	Fixed	Unsecured	The next payment is due on 28 Dec 2024.
(xii) Individual E	MNT	2,914	3,059	Fixed	Unsecured	The next payment is due on 26 Dec 2024.
(xiii) Individual A	JPY	845	848	Fixed	Unsecured	The next payment is due on 27 Dec 2024.
(xiv) Rio Tinto Mongolia LLC	MNT	–	796	–	Secured	The next payment is due on 25 Nov 2024.
(xv) Mik Holding JSC	MNT	19,578	5,232	Fixed	Secured	The principal payment is quarterly, and interest is payable monthly. The last payment is due on 10 Jan 2024.
(xvi) Bridge Japan LLC	US\$	517	517	Fixed	Unsecured	Interest is due annually and principal amount is due at the end of the term.
(xvii) European Bank for Reconstruction and Development	MNT	2,511	2,092	Fixed	Unsecured	To be repaid in 6 equal installments.
(xviii) Asian Development Bank	MNT, US\$	–	9,955	Floating	Unsecured	To be repaid in 6 equal installments.
(xix) EMF Microfinance Fund Agmvk	US\$	4,953	4,969	Fixed	Unsecured	To be repaid in 6 equal installments.
(xx) Hands on B.V	MNT, US\$, EUR	–	1,237	Fixed	Unsecured	The next payment is due on 1 Nov 2025.
(xxi) Microfinance Enhancement Facility SA, SICAV-SIF	US\$	4,983	4,969	Fixed	Unsecured	Interest amount is payable semiannually on 30 June and 31 December of each year, beginning on 30 June 2024.

Lenders	Currency	Principal amount disbursed US\$'000	Principal amount outstanding US\$'000	Interest type	Type of loan	Payment
(xxii) EMF Microfinance Fund AGmyk	KGS	994	994	Fixed	Unsecured	Interest and principal are payable on monthly basis.
(xxiii) Frontiers Microcredit Company LLC	KGS	1,475	1,475	Fixed	Unsecured	Interest and principal are payable on monthly basis.
(xxiv) Bank of Asia CJSC	KGS	669	587	Fixed	Unsecured	Interest and principal are payable on monthly basis.
(xxv) FinanceCreditBank OJSC	KGS	1,330	1,038	Fixed	Unsecured	Interest and principal are payable on monthly basis.
(xxvi) Ashid Capital NBFI	MNT	583	291	Fixed	Secured	Interest and principal are payable on monthly basis and the last payment is due in November 2024.

During the year to 31 December 2023, IC Capital LLC raised approx. US\$ 580,000 in borrowings from external parties, with security for such borrowings being 100 per cent. of the equity shares in IC Capital LLC held by SIBJ Capital LLC. During the year, approx. US\$ 290,000 of these borrowings were repaid, with the remaining amount repayable by 15 November 2024.

Please see note 45 for a reconciliation in movements of borrowed funds in the years.

Please see note 42 for a maturity analysis of borrowed funds at the reporting dates.

### 31. Bonds payable

Type of bond	At 31 December 2023		At 31 December 2022		At 31 December 2022	
	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Fair value US\$'000
Listed bonds	8,741	8,727	11,114	11,032	6,993	6,993
Non-listed bonds	10,751	10,751	1,679	1,679	2,541	2,541
Accrued interest payable	463	463	255	255	224	224
	<u>19,955</u>	<u>19,941</u>	<u>13,048</u>	<u>12,966</u>	<u>9,758</u>	<u>9,758</u>
Less: Deferred fee expense	(304)	(304)	(166)	(166)	(102)	(102)
<b>Total bonds payable</b>	<b>19,651</b>	<b>19,637</b>	<b>12,882</b>	<b>12,800</b>	<b>9,656</b>	<b>9,656</b>

The currency profile of the Target Group's bonds payable is as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
MNT	19,472	12,087	9,656
KGS	179	795	—
<b>Total</b>	<b>19,651</b>	<b>12,882</b>	<b>9,656</b>

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Listed bond issued by InvesCore NBFI JSC (i)	8,741	5,840	9,534
Non-listed bond issued by InvesCore NBFI JSC (ii)	10,577	—	—
Non-listed bond issued by InvesCore CA MFC (iii)	—	6,953	—
Listed bond issued by InvesCore NBFI JSC (iv)	174	—	—
Accrued interest payable	463	255	224
	<b>19,955</b>	<b>13,048</b>	<b>9,758</b>
Less: Deferred fee expense	(304)	(166)	(102)
<b>Total bonds payable</b>	<b>19,651</b>	<b>12,882</b>	<b>9,656</b>

<i>Bond issue name</i>	<i>Currency</i>	<i>Par value US\$'000</i>	<i>Quantity</i>	<i>Term</i>	<i>Outstanding balance US\$'000</i>
(i) Bond 2.0	MNT	146	460,000	12 months	8,741
(ii) Bond 2.1	MNT	2,040	36,300	12 months	10,577
(iii) Bond 1.0	MNT	146	210,000	12 months	—
(iv) Non-listed bond issued by InvesCore CA MFC	KGS	1	75	36 months	174

All bonds carry a fixed interest rate of interest and range between 18 per cent. - 19 per cent. per annum and are unsecured.

Please see note 45 for a reconciliation in movements of bonds payable in the years.

### 32. Private placement of trust deposits

	At 31 December		At 31 December		At 31 December	
	2023	2022	2021	2023	2022	2021
	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Fair value US\$'000	Book value US\$'000	Fair value US\$'000
Individuals	30,597	30,616	29,879	29,879	16,543	16,544
Corporates	8,386	8,386	2,037	2,037	1,756	1,756
Accrued interest payables	2,130	2,130	716	716	1,448	1,448
<b>Total private placement of trust deposits</b>	<b>41,113</b>	<b>41,132</b>	<b>32,632</b>	<b>32,632</b>	<b>19,747</b>	<b>19,748</b>

The currency profile of the Target Group's private placement of trust deposits is as follows:

	Interest rate	31 December		
		2023	2022	2021
		US\$'000	US\$'000	US\$'000
MNT	13%-38.8%	40,120	27,399	18,300
USD	3%-6.5%	838	5,210	1,304
JPY	5%	155	23	143
<b>Total</b>		<b>41,113</b>	<b>32,632</b>	<b>19,747</b>

### 33. Derivatives

Derivative financial assets and liabilities carried at FVTPL include:

#### As at 31 December 2023

	Notional amount		Carrying value	
	Asset US\$'000	Liability US\$'000	Asset US\$'000	Liability US\$'000
Currency swaps	—	82	—	82
	—	82	—	82
	<b>—</b>	<b>82</b>	<b>—</b>	<b>82</b>

#### As at 31 December 2022

	Notional amount		Carrying value	
	Asset US\$'000	Liability US\$'000	Asset US\$'000	Liability US\$'000
Currency swaps	149	—	149	—
	149	—	149	—
	<b>149</b>	<b>—</b>	<b>149</b>	<b>—</b>

#### As at 31 December 2021

	Notional amount		Carrying value	
	Asset US\$'000	Liability US\$'000	Asset US\$'000	Liability US\$'000
Currency swaps	64	—	64	—
	64	—	64	—
	<b>64</b>	<b>—</b>	<b>64</b>	<b>—</b>

The Target Group uses derivative products for the purpose of hedging the foreign currency denominated debt financing from international funds providers. The Target Group has a swap agreement with Xacbank for hedging a US\$ 4 million loan from Asian Development Bank entered into in September 2023.

### 34. Other financial liabilities

	31 December		
	2023	2022	2021
	US\$'000	US\$'000	US\$'000
Advance received towards preference shares*	3,559	—	—
Loan related payables**	1,426	346	175
Due to related parties	785	153	336
Unallocated loan repayments	12	10	14
ABS payables	—	47	455
Nominal account payable	335	1,139	1
Security deposits payable	255	142	74
Other sources			3,573
Deferred revenue			25
Other financial liabilities	786	2,212	850
<b>Total</b>	<b>7,158</b>	<b>4,049</b>	<b>5,503</b>

\* One of the Target Group entities received US\$ 3,559m as advance toward the issue of preference shares from one individual, a citizen of Japan. Preference shares of 6,000,000 are to be issued at face value of MNT 5,000 each (US\$ 1). The dividend rate is the BoM policy rate plus a 5 percent premium. The preference shares are redeemable after five years and are non-cumulative. Pending allotment, the amounts received has been recognised under other financial liabilities.

\*\* Loan related payables include prepayment, overpayment of borrowers and prepayment and advance receipt under pass-through arrangement from retail loan distributor channel partner

### 35. Financial liability at FVTPL

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Embedded derivative liability - current	1,748	–	–
Embedded derivative liability - non-current	–	3,765	4,345
<b>Total</b>	<b>1,748</b>	<b>3,765</b>	<b>4,345</b>

Embedded derivative liability arose due to the Mongolian Tugrik (MNT) settlement of the Japanese Yen (JPY) denominated liability. The Target purchased unfinished construction near the end of 2021 with a term of 27 months. As per the agreement, if the MNT/JPY increases above 25.5 anytime during the period as per the Bank of Mongolia official exchange rate, the Target Group is obligated to pay MNT 16,575,000,000 (US\$ 4,829,545) irreversibly. The fair value of the embedded derivative is nil (2022: Nil) and the amount has been discounted at 14.2 per cent.

### 36. Other non-financial liabilities

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Withholding tax payable	300	254	48
Provision for tax on capitalisation of common shares*	226	226	271
Accrued salary payable	456	449	46
Other tax and social health insurance payables	635	321	151
Other non-financial liabilities	122	115	297
<b>Total</b>	<b>1,739</b>	<b>1,365</b>	<b>813</b>

\* The provision for tax on capitalisation of share capital represents a tax contingency arising from changes in the par value of shares as detailed in Note 38. Pursuant to Shareholders' Resolution No. A/01 dated 31 January 2019, InvesCore NBFI JSC increased its par value per share by MNT 127, capitalising this amount from its retained earnings. This transaction resulted in an increase in the par value of shares held by SIBJ Capital LLC, with no related taxes withheld or reported. According to the law applicable at the time of the transaction, the increased value of shares would have been subject to taxation at the rate applicable to dividend income. Therefore, this amount is recognised and reported as a contingent liability reflecting the potential risk of tax on dividends.

### 37. Leases

#### (A) Lease Liabilities

Movement in lease liability relating to the right-of-use asset disclosed in Note 27 for the year is as follows:

	Office US\$'000	Other US\$'000	Total US\$'000
<b>Balance at 01 January 2021</b>	313	–	313
Additions	956	–	956
Lease payment	(535)	–	(535)
Interest expense	110	–	110
Variable lease payment adjustment	–	–	–
Foreign exchange movement	(3)	–	(3)
<b>Balance at 31 December 2021</b>	<b>841</b>	<b>–</b>	<b>841</b>
Additions	858	4	862
Lease payment	(868)	–	(868)
Interest expense	111	–	111
Variable lease payment adjustment	(103)	–	(103)
Foreign exchange movement	(108)	(1)	(109)
<b>Balance at 31 December 2022</b>	<b>731</b>	<b>3</b>	<b>734</b>

	Office US\$'000	Other US\$'000	Total US\$'000
Additions	1,201	12	1,213
Lease payment	(937)	(6)	(943)
Interest expense	179	1	180
Variable lease payment adjustment	(28)	–	(28)
Foreign exchange movement	(2)	–	(2)
<b>Balance at 31 December 2023</b>	<b>1,144</b>	<b>10</b>	<b>1,154</b>

The lease liabilities are measured at their discounted present value using the Target Group's incremental borrowing rates. These rates represent the interest rates that would be paid on the same loan from an independent lender, under identical terms and conditions. The discount rates used range from 15.9 per cent. to 21.6 per cent.

(B) *Lease receivables*

Net investments in finance leases:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Gross investment in finance leases:			
Not later than one year	4,200	1,306	–
Later than one and not later than five years	5,824	2,234	–
Later than five years	–	–	–
	10,024	3,540	–
Unrealised finance income	3,362	1,313	–
Total investment in finance leases	13,386	4,853	–
Net investment in finance leases			
Not later than one year	2,249	616	–
Later than one and not later than five years	4,569	1,611	–
Later than five years	–	–	–
	6,818	2,227	–

Investments in finance leases consist predominantly of contracts with companies and individuals for the lease of vehicles.

The Target Group leases vehicles to customers under fixed-term contracts typically ranging from 10 to 36 months. The amounts under finance lease contracts vary between KGS 82,000 (US\$ 1,000) and KGS 3,000,000 (US\$ 35,000).

Lease terms are negotiated individually, depending on factors such as the advance payment made for the vehicle purchase, the borrower's credit rating, and other considerations. Ownership of the leased assets remains with the Target Group until all lease payments have been fully settled.

The Target Group's risk management strategy involves requiring mandatory insurance for the leased vehicles, with the cost borne by the lessee. As the Target Group retains ownership of the vehicles, in the event of default, it reserves the right to repossess the asset and recover contractual cash flows through resale.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Target Group, the lessee's incremental borrowing rate is used. This is the rate the lessee would need to pay to borrow funds to acquire an asset of similar value to the right-of-use asset in a comparable economic environment, with similar terms, security, and conditions. The average effective interest rate used in 2023 was 43 per cent. (2022: 43 per cent.).

The Target Group's rental contracts do not include variable lease payments

### 38. Share capital

The Target Group's share capital as of 31 December 2023 consists of 6,814,384 ordinary shares with a par value of SGD1 (US\$ 1) each. (2022: 16,524,596 common shares with par value of MNT 1,000 (US\$ 2) each).

Details about the Target Group's shares are provided below:

	2023		2022		2021	
	Number of shares	Share capital US\$'000	Number of shares	Share capital US\$'000	Number of shares	Share capital US\$'000
<b>At 31 January</b>	16,524,596	5,798	16,524,596	5,798	16,524,596	2,236
Capital increase	–	–	–	–	–	3,562
Merger	(9,710,212)	(727)	–	–	–	–
<b>At 31 December</b>	<b>6,814,384</b>	<b>5,071</b>	<b>16,524,596</b>	<b>5,798</b>	<b>16,524,596</b>	<b>5,798</b>

### 39. Fair value reserve

	Reserve US\$'000
<b>At 1 January 2021</b>	–
Net loss on financial instruments at FVOCI	–
Deferred tax liability (Note 15)	–
<b>At 31 December 2021</b>	–
Net loss on financial instruments at FVOCI	6
Deferred tax liability (Note 15)	(2)
<b>At 31 December 2022</b>	4
Net loss on financial instruments FVOCI	184
Deferred tax liability (Note 15)	(22)
<b>At 31 December 2023</b>	<b>166</b>

### 40. Related party transactions

#### (i) Identifying related parties

A list of the Target Group's principal subsidiaries consolidated is provided in Note 28. Transactions and outstanding balances between fully consolidated entities are eliminated. Transactions between SIBJ Capital LLC and its subsidiaries meet the definition of related party transactions. Where these are eliminated on consolidation, they are not separately disclosed in the Target Group's Historical Financial Information. Transactions between SIBJ Capital LLC and its subsidiaries are fully disclosed in SIBJ Capital LLC's stand-alone financial statements.

The Target Group has an ultimate parent company, which does not have any other subsidiary and whose financial statements are not consolidated. Transactions between InvesCore Financial Group and the Target Group meet the definition of related party transactions. They are disclosed separately in the Target Group's Historical Financial Information.

Related party	Country of incorporation	Relationship	Type of main transactions
InvesCore Financial Group Pte. Ltd	Singapore	Parent company	Management advisory service

*Related parties of the Target Group that are not its subsidiaries as follows:*

- associates (entities that are under the significant influence of the Target Group; however there were no associates in 2021, 2022 and 2023);
- joint ventures (entities in which SIBJ Capital LLC shares control with another party; however, there were no joint ventures in 2021, 2022 and 2023);
- key management personnel and directors; and
- entities over which key management personnel and directors or their close family members have solely or jointly a direct or indirect significant influence (collectively referred to as other related parties).

Key management personnel and directors are those people who have authority and responsibility for planning, directing, and controlling the activities of the Target Group, directly or indirectly. The Target Group considers the members of the Board of Directors (the BoD) and C-suites of the parent and its subsidiaries to be key management personnel and directors for the purposes of IAS 24.

Other related parties of the Target Group with which there have been transactions or outstanding balances in the period of report are identified as follows:

<i>Related party</i>	<i>Country of incorporation</i>	<i>Relationship</i>	<i>Transactions</i>
iCore Partners LLC	Mongolia	Key management personnel has joint control over	Loans and advances
Abico LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Bitum Naran LLC	Mongolia	Key management personnel has control over	Loans and advances
InvesCore Leasing LLC	Mongolia	Key management personnel has joint control over	Loans and advances
InvesCore Asset Management LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
Mongolia Talent Network LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
InvesCore Japan Co., Ltd	Japan	Key management personnel has joint control over	Sales and purchases of goods and services
IC REIT LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
Finberry LLC	Mongolia	Key management personnel has joint control over	Transfers of intangible assets
Colo Thinking Design LLC	Mongolia	Key management personnel has influence over	Sales and purchases of goods and services
Amar Daatgal LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Microcredit NBFI LLC	Mongolia	Key management personnel has control over	Partnerships
Business Media LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services

Datacom LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Mongolia Investment Rating Agency LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Corex LLC	Mongolia	Key management personnel is a member of key personnel	Sales and purchases of goods and services
Blockchain Solution LLC	Mongolia	Key management personnel is a member of key personnel	Sales and purchases of goods and services

The Target Group receives management advisory services from its parent, with the associated considerations paid, as disclosed below.

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Transactions with the shareholders</b>			
Investment received in share capital	–	109	–

Additionally, the Target Group provides non-banking services to its subsidiaries, key management personnel and directors, and other related parties, including the provision of loans, accepting trust deposits and purchase of fixed-income securities. Allowances for impairment were recognised in respect of loans to other related parties.

Group companies also provide investment banking services, facility management services, property leasing services, and IT automation services on an intra-group basis and to other related parties. All these transactions are conducted under prevailing market terms, similar to third-party transactions.

(ii) *Transactions with related parties*

As the transactions are not individually material, the amounts included in the Target Group's Historical Financial Information, aggregated by category or nature of transactions, for the years ended 31 December 2023 and 31 December 2022 are as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Transactions with other related parties:</b>			
Management & consulting fees	240	–	–
Other expenses	(6)	(13)	(6)
Sales income	199	3,087	–
Purchase of intangibles	–	(42)	–
Purchase of PPE	(1,862)	–	–
Sale of PPE	2	–	–
Proceeds from private placements	5,061	–	–
Repayment of private placements	(3,064)	(170)	–
Interest expense on private placements	(93)	–	–
Interest income on private placement of deposit	–	–	–
Payment of interest of private placements	(10)	–	–
Proceeds from borrowings	2,087	–	–
Interest expense on borrowings	65	(47)	–
Loans disbursed	(3,839)	(1,186)	–
Repayment of loan	(6,598)	(2,740)	–
Interest income of loan disbursed	259	185	–
Interest income on financial investments	1	–	–
Payment of loan interest	(326)	(140)	–
Other monetary payments received	2	–	–
Other monetary payments made	(1,409)	–	–
Bonds purchased	–	(159)	–
Sales of bonds	144	–	–
Interest income on bonds	16	–	–
Payment of bond interest	(16)	–	–
Prepayment received	11	–	–
Other income	10	6	146

Total remuneration awarded to key management personnel and directors, as shown below, represents salaries, bonuses, and employer contributions to social and health insurance received during the year, as well as awards made as part of the latest remuneration decisions related to the year. The Target Group did not award any other long-term benefits or share-based payments.

Figures are provided for the period that individuals met the definition of key management personnel and directors (2023: 38), (2022: 32) and (2021: 24), as outlined below:

Short-term benefit:	Key management personnel	2023		2022		2021	
		US\$'000	Key Directors	US\$'000	Key Directors	US\$'000	Key Directors
Salary and bonuses	763	353	465	387	338	274	
Employer contribution to social and health insurance	102	—	61	51	36	36	

*(iii) Outstanding balances of transactions with other related parties*

At 31 December, the outstanding balances of transactions with other related parties are follows:

<b>Amount due to related parties</b>	Notes	31 December		
		2023	2022	2021
		US\$'000	US\$'000	US\$'000
Directors		124	—	—
Abico LLC		—	—	68
InvesCore Leasing LLC		2	1	267
IC REIT LLC		131	—	—
Mongolia Talent Network LLC		2	—	—
InvesCore Japan Co., Ltd		446	51	—
Corex LLC		—	1	—
Blockchain Solution LLC		4	—	—
ICFG Pte Ltd		—	100	—
<b>Total amount due to related parties</b>	34	<b>709</b>	<b>153</b>	<b>335</b>
<b>Amount due from related parties</b>	Notes	31 December		
		2023	2022	2021
		US\$'000	US\$'000	US\$'000
Directors		152	—	—
InvesCore Japan Co., Ltd		176	—	—
InvesCore Leasing LLC		5	2	—
Mongolia Talent Network LLC		60	44	—
Finberry LLC		9	—	—
Corex LLC		—	—	72
Colo Thinking LLC		1	2	5
InvesCore Asset Management LLC		3	—	35
IC REIT LLC		218	687	—
<b>Total receivables due from related parties</b>	19	<b>624</b>	<b>735</b>	<b>112</b>

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>Prepayment to related parties</b>			
Mongolia Talent Network LLC	6	-	-
<b>Loans to related parties</b>			
IC REIT LLC	570	-	-

#### **41. Contingent liabilities and commitments**

Occasionally, as part of normal business operations, the Target Group may receive claims. Based on its own estimates, management believes that no significant losses will be incurred beyond the provisions already recorded in these Historical Financial Information to address such claims.

#### **Compliance with covenants**

The Target Group is subject to specific covenants stipulated in the agreements entered into with respect to borrowed funds, and there have been no breaches of these covenants.

#### **Obligation and guarantee of loans to customers**

To meet the financial needs of its customers, the Target Group issues lines of credit, thereby entering into contractual obligations to provide these facilities. The Target Group had not provided any financial guarantees. For undrawn credit limits by its customers, no provisions have been made as they are immaterial. The outstanding credit commitment as of the current and previous reporting dates are as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Credit commitment undrawn by customer	7,196	1,830	1,738

#### **42. Financial instruments – Risk management**

The Target Group is exposed through its operations to the following financial risks:

- (a) Credit risk
- (b) Market risk
  - (i) Interest rate risk
  - (ii) Foreign exchange risk
  - (iii) Other market price risk
- (c) Liquidity risk

In common with all other businesses, the Target Group is exposed to risks that arise from its use of financial instruments. This note describes the Target Group's objectives, policies and procedures for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Historical Financial Information.

There have been no substantive changes in the Target Group's exposure to financial instrument risks, its objectives, policies and procedures for managing those risks, or the methods used to measure them from previous periods unless otherwise stated in this note.

### **Principal financial instruments**

The principal financial instruments used by the Target Group, from which financial instrument risk arises, are as follows:

- Loans and advances to customers
- Cash and cash equivalents
- Other financial assets
- Private placement of trust deposit
- Other financial liabilities

### **Financial instruments by category**

	Fair value through profit or loss			Amortised cost			Fair value through other comprehensive income		
	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2023	31 Dec 2022	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>									
Cash and bank balance	–	–	–	24,405	16,127	8,863	–	–	–
Loans and advances to customers	–	–	–	134,911	77,597	60,361	–	–	–
Financial assets at FVOCI	–	–	–	–	–	–	1,912	2,080	–
Financial assets at FVTPL	1,179	523	298	–	–	–	–	–	–
Derivative financial assets	–	149	64	–	–	–	–	–	–
Finance lease receivables	–	–	–	6,818	2,227	–	–	–	–
Other financial assets	–	–	–	2,290	2,344	1,661	–	–	–
<b>Total financial assets</b>	<b>1,179</b>	<b>672</b>	<b>362</b>	<b>168,424</b>	<b>98,295</b>	<b>70,885</b>	<b>1,912</b>	<b>2,080</b>	<b>–</b>
<b>Financial liabilities</b>									
Borrowed funds	–	–	–	(59,413)	(20,277)	(9,846)	–	–	–
Bond payables	–	–	–	(19,651)	(12,882)	(9,656)	–	–	–
Private placement of trust deposits	–	–	–	(41,113)	(32,632)	(19,747)	–	–	–
Derivative financial liabilities	(82)	–	–	–	–	–	–	–	–
Liability at FVTPL	(1,748)	(3,765)	(4,345)	–	–	–	–	–	–
Other financial liabilities	–	–	–	(7,158)	(4,049)	(5,503)	–	–	–
<b>Total financial Liabilities</b>	<b>(1,830)</b>	<b>(3,765)</b>	<b>(4,345)</b>	<b>(127,335)</b>	<b>(69,840)</b>	<b>(44,752)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net financial assets/(liabilities)</b>	<b>(651)</b>	<b>(3,093)</b>	<b>(3,983)</b>	<b>41,089</b>	<b>28,445</b>	<b>26,133</b>	<b>1,912</b>	<b>2,080</b>	<b>–</b>

### **Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, loans to customers, other financial assets, borrowings, bonds, convertible debt, trust deposit liabilities, and other financial liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, other financial assets, and other payables approximates their fair value.

### **General objectives, policies and procedures**

The Board has overall responsibility for the determination of the Target Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Target Group's credit committee.

The management receives monthly reports from the Target Group Chief Financial Officer through which it reviews the effectiveness of the procedures put in place and the appropriateness of the objectives and policies it sets. The Target Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the management is to set policies that seek to reduce risk as much as possible without unduly affecting the Target Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) *Credit risk*

Credit risk is defined as the risk of financial loss to the Target Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Target Group is primarily exposed to credit risk due to customers potentially being unable to fulfill their obligations under loan agreements, impairment of collateral, and the inability to meet obligations with the collateral.

The Credit Committee manages the Target Group's credit risk in an integrated manner by regularly discussing and resolving issues. If necessary, these issues are escalated and discussed at Board meetings.

The Target Group follows the "Risk Management Policy" issued for the Credit Committee in its loan activities. According to the policy, the risk management process consists of five interrelated stages.

1. Risk identification
2. Risk analysis and measurement
3. Risk assessment – Quantitative and qualitative approaches appropriate to the nature of the risk
4. Risk treatment
5. Monitoring and review

The main purpose of credit risk management is to optimise the level of risks and expected returns of loan activities. The Target Group adheres to the following principles in their credit risk management activities:

1. Accountability
2. Independence
3. Operating within the framework of policies and procedures
4. Providing complete loan documentation
5. Consistency
6. Adherence to limits set and diversification of the loan portfolio

To manage the level of credit risk, the Target Group sets limits on the amount of risk it is willing to accept for individual borrowers or groups of borrowers. The level of exposure to credit risk is managed through ongoing analysis of borrowers' and potential borrowers' ability to meet interest and principal repayment obligations. Credit limits are adjusted as needed to mitigate risk. Furthermore, exposure to credit risk is managed by securing collateral and obtaining corporate or personal guarantees.

The maximum exposure to credit risk, excluding collateral and other credit enhancements, is as follows:

	31 December 2023	31 December 2022	31 December 2021
	Gross maximum exposure	Gross maximum exposure	Gross maximum exposure
<i>(In thousands of US\$)</i>			
Cash and bank balance	24,405	16,127	8,863
Loans and advances to customers	134,911	77,597	60,361
Finance lease receivable	6,818	2,227	—
Debt instruments at FVOCI	1,113	1,356	—
Other financial instruments	2,290	2,344	1,661
<b>Total on-balance sheet</b>	<b>169,537</b>	<b>99,651</b>	<b>70,885</b>
Commitments	3,598	915	869
<b>Total off-balance sheet</b>	<b>3,598</b>	<b>915</b>	<b>869</b>
<b>Total credit risk exposure</b>	<b>173,135</b>	<b>100,566</b>	<b>71,754</b>

Other credit enhancements refers to strategies and tools to mitigate risks associated with loan such as collateral, guarantees and insurance. InvesCore collateralises real estates with LTV ratios of up-to 80 per cent. and cars with LTV ratios of up-to 70 per cent. in keeping with loan procedure regulations. Furthermore, InvesCore collaborates with the 7 top Mongolian insurance companies (Practical insurance, Mandal insurance, Nomin insurance, Bodi insurance, Khaan insurance, Tenger insurance and Munkh insurance) to insure car purchase loans and investment loans.

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure, but they do not reflect the maximum risk exposure that could arise in the future due to changes in their values.

Loans and advances to customers	% of credit exposure subject to collateral requirements			Principal types of collateral held
	31 Dec 2023	31 Dec 2022	31 Dec 2021	
Consumer loans	98%	98%	99%	Car, factory, land, office building, apartment, shares, electronic appliances, phone number, parking, and machinery
Business loan	99%	96%	86%	Car, factory, land, office building, apartment, shares, electronic appliances, phone number, parking, machinery
Auto loan	100%	100%	100%	Car

#### **Credit quality analysis**

The following table sets out information about the credit quality of financial assets measured at amortised cost based on the Target Group's internal credit quality grading. Unless specifically indicated, the amounts in the table represent gross carrying amounts for financial assets.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4 (d).

(In thousands of US\$)	PD range	2023			Total
		Stage 1	Stage 2	Stage 3	
Performing	0%–3.7%	131,087	–	–	131,087
Past due	3%–70.4%	–	3,718	–	3,718
Substandard	100%	–	–	1,461	1,461
Doubtful	100%	–	–	2,115	2,115
Loss	100%	–	–	2,350	2,350
<b>Gross amount</b>		131,087	3,718	5,926	140,731
<b>Fee deferral</b>		(627)	(19)	(6)	(652)
<b>Loss allowance</b>		(1,562)	(382)	(3,224)	(5,168)
<b>Net carrying amount</b>		<u>128,898</u>	<u>3,317</u>	<u>2,696</u>	<u>134,911</u>
(In thousands of US\$)	PD range	2022			Total
		Stage 1	Stage 2	Stage 3	
Performing	0.02%–5%	75,922	–	–	75,922
Past due	0%–71.31%	–	2,226	–	2,226
Substandard	100%	–	–	1,262	1,262
Doubtful	100%	–	–	1,225	1,225
Loss	100%	–	–	1,153	1,153
<b>Gross amount</b>		75,922	2,226	3,640	81,788
<b>Fee deferral</b>		(100)	(8)	(68)	(176)
<b>Loss allowance</b>		(1,324)	(136)	(2,555)	(4,015)
<b>Net carrying amount</b>		<u>74,498</u>	<u>2,082</u>	<u>1,017</u>	<u>77,597</u>
(In thousands of US\$)	PD range	2021			Total
		Stage 1	Stage 2	Stage 3	
Performing	0.02%–5%	58,798	–	–	58,798
Past due	0%–71.31%	–	1,754	–	1,754
Substandard	100%	–	–	534	534
Doubtful	100%	–	–	477	477
Loss	100%	–	–	684	684
<b>Gross amount</b>		58,798	1,754	1,695	62,247
<b>Fee deferral</b>		–	–	–	–
<b>Loss allowance</b>		(710)	(38)	(1,138)	(1,886)
<b>Net carrying amount</b>		<u>58,088</u>	<u>1,716</u>	<u>557</u>	<u>60,361</u>

#### **Collateral and other credit enhancements**

The Target Group maintains collateral coverage in order to mitigate credit risk. The following table sets out the principal types of collateral held against different types of financial assets.

#### **Amounts arising from ECL**

To mitigate the credit risk associated with financial assets, the Target Group requires collateral primarily for business and consumer loans. The type of collateral varies depending on the loan product. For business loans, collateral includes both movable and immovable assets. For consumer loans, the underlying assets financed by the loan proceeds are typically used as collateral. For digital loans disbursed through the Pocket platform, the Target Group relies on the borrower's credit scoring model and does not require collateral.

The details of the fair value of collateral for loans provided to customers by the Target Group are as follows:

	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
<b>At 31 December 2023</b>				
Business loan	70,884	175,604	2,322	5,732
Consumer loan	8,013	23,061	47	292
Auto loan	17,366	33,815	18	48
<b>Total</b>	<b>96,263</b>	<b>232,480</b>	<b>2,387</b>	<b>6,072</b>
<b>At 31 December 2022</b>				
Business loan	37,534	89,037	1,280	4,535
Consumer loan	5,710	16,995	108	481
Auto loan	8,573	19,493	38	113
<b>Total</b>	<b>51,817</b>	<b>125,525</b>	<b>1,426</b>	<b>5,129</b>
<b>At 31 December 2021</b>				
Business loan	9,603	13,903	2,272	119
Consumer loan	9,334	11,991	1,674	1,178
Auto loan	14,314	15,675	1,033	34
<b>Total</b>	<b>33,251</b>	<b>41,569</b>	<b>4,979</b>	<b>1,331</b>

The loan collateral must be sufficient to cover the principal, accrued interest, and penalty interest on high-risk loans. The collateral is valued based on its market value and benchmark valuation standards. Management continuously monitors the valuation of the collateral.

#### ***Inputs, assumptions and methodology used for estimating impairment***

##### *Significant increase in credit risk*

When assessing whether the risk of default on a financial instrument has increased significantly since initial recognition, the Target Group considers relevant and readily available information without undue cost or effort. This includes both quantitative and qualitative analysis, drawing on the Target Group's historical experience, expert credit assessments, and forward-looking information.

The Target Group uses three criteria to determine whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- a backstop indicator: If a financial asset is more than 30 days past due, or has been restructured, and if both internal and external ratings have decreased by two or more grades, it is assigned to Stage 2.

If a financial asset is more than 90 days past due and therefore considered defaulted, it is allocated to Stage 3.

#### *Credit risk grades*

The Target Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data to determine the impairment of financial asset: the borrower's financial condition, credit usage, contract restructuring, repayment history, income stability, economic trends, and references from law enforcement agencies. Sources of data include:

- Internally collected data on customer behaviour, such as credit card usage;
- External data from credit reference agencies;
- Internally collected payment records, detailing overdue status and payment ratios;
- Internally collected data on utilisation of the approved credit limit;
- Internally collected record of instances of forbearance requests and approvals;
- Internal research on anticipated changes in economic, business, and financial conditions;
- External data from law enforcement agencies.

#### *Generating the term structure of PD*

Determining whether credit risk has increased significantly

The Target Group assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Target Group's credit risk management procedures, which may not be fully captured in the quantitative analysis in a timely manner.

Such qualitative factors are based on the Target Group's expert judgement and relevant historical experience and are applied to the exposures that meet certain heightened risk criteria, such as placement on a watch list.

As a backstop, the Target Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days from the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial instrument return to being measured as 12-month ECL.

Some qualitative indicators of increased credit risk, such as delinquency or forbearance, may suggest a heightened risk of default that continues even after the indicator itself has ceased to exist. For instance, when the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance in accordance with the modified contractual terms.

The Target Group monitors the effectiveness of the criteria used to identify significant increases in credit risk through regular reviews to ensure that:

- The criteria are capable of identifying significant increases in credit risk before exposure is in default.
- The criteria do not align solely with the point in time when an asset becomes 30 days past due.
- The average time between the identification of a significant increase in credit risk and default is reasonable.
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired status.
- There is no unwarranted volatility in loss allowance due to transfers between 12-month ECL (Stage 1) and lifetime ECL measurements (Stage 2).

#### Definition of default

The Target Group considers a financial asset to be in default when:

Insolvency: The borrower is considered insolvent for the following reasons:

- Significant financial deterioration
- Having difficulty pay interest or principal payment
- Likelihood of bankruptcy or other financial restructuring

The asset is past due by more than 90 days.

In assessing whether a borrower is in default, the Target Group considers indicators based on data developed internally and obtained from external sources:

- Qualitative: e.g., breaches of covenant
- Quantitative: e.g., overdue status and non-payment on another obligation to the Target Group

Inputs into the assessment of whether a financial instrument is in default, and their significance, may vary over time to reflect changes in circumstances.

#### Incorporation of forward-looking information

The Target Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The key drivers for credit risk include GDP growth, unemployment rates, and interest rates. Due to the short average life of the Target Group's loan portfolio, the sensitivity to these key drivers is insignificant.

#### Modified financial assets

The contractual terms of a loan may be modified for various reasons, such as changing market conditions, customer retention efforts, and other factors unrelated to the current or potential credit deterioration of the customer. Exposures with no past due amounts and no restructuring are classified as Stage 1 exposures. Exposures that are past due within 90 days or loans that have been restructured are classified as Stage 2 exposures. Exposures that are past due more than 90 days or that have defaulted are classified as Stage 3 exposures.

#### Measurement of ECL

The key inputs into the measurement of Expected Credit Losses (ECL) are based on the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

For exposures in Stage 1, the 12-month ECL is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated similarly but uses the lifetime PD instead of the 12-month PD.

LGD represents the expected loss magnitude in the event of default. LGD models take into consideration the structure of the financial asset, any collateral involved, the seniority of the claim, the industry of the counterparty, and the recovery cost associated with collateral integral to the asset. LGD estimates are adjusted for various economic scenarios and are calculated using a discounted cash flow approach, with the effective interest rate serving as the discount factor.

EAD represents the anticipated exposure in the event of a default. The Target Group determines EAD based on the current exposure to the counterparty, considering potential changes allowed under the contract and arising from amortisation. For a financial asset, EAD is the gross carrying amount at the time of default. For lending commitments, EAD encompasses potential future amounts that may be drawn under the contract, estimated using historical data and forward-looking forecasts. In the case of financial guarantees, EAD equals the exposure under the guarantee at the point when it becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Target Group measures ECL by considering the risk of default over the maximum contractual period, which includes any borrower's extension options, over which it is exposed to credit risk. This measurement applies even if, for credit risk management purposes, the Target Group considers a longer period. The maximum contractual period extends to the date at which the Target Group has the right to demand repayment of an advance or terminate a loan commitment or guarantee.

#### Credit risk arising on cash at bank deposits

The Target Group maintains cash at bank in a variety of banks across the portfolio of operations, giving rise to a level of credit risk associated with the credit worthiness of the banks with whom funds are held. As at the reporting date, a total of 97 per cent. (2022: 97 per cent.) (2021: 93 per cent.) of all funds held were lodged with banks with a credit rating of B2 or above.

#### (a) **Market risk**

Market risk arises from the Target Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk) or other market factors (other market price risk).

##### (i) *Interest rate risk*

The Target Group defines interest rate risk as potential loss due to a negative impact from adverse changes in interest rates and their implied volatility. The Target Group's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Target Group's net interest income, while a long-term impact is on the Target Group's net worth as the economic value of the Target Group's assets, liabilities and off-balance sheet exposures will be affected.

The Target Group's risk function periodically monitors the compliance against its risk appetite on the Target Group's interest rate position.

The following table presents the sensitivity analysis demonstrating the potential impact of a reasonable change in interest rates, while holding all other variables constant, on the Target Group's statement of comprehensive income. The sensitivity analysis measures the effect of assumed changes in interest rates on net interest income for one year, based on the floating rate of financial assets and financial liabilities held as of 31 December 2023 and 31 December 2022.

	Sensitivity of net interest expense US\$'000	
	Change in interest rate in basis point	Currency
Borrowed funds	+120	MNT US\$
	+120	52 51

(ii) *Foreign currency risk*

Foreign currency risk is the risk that the fair value of financial instruments fluctuates as a result of changes in foreign currency rates. This risk arises from foreign currency transactions and recognised assets and liabilities denominated in the foreign currencies. As of 31 December 2023, and 31 December 2022, the Target Group's net exposure to foreign exchange risk is as follows:

	As of 31 December	USD	2023	2022	2021	2023	JPY	2022	2021	2023	Other*	2022	2021	2023	Total	2022	2021
<b>Financial assets</b>																	
Cash and cash equivalents	644	1,730	90	18,642	13,975	8,548	4,415	280	56	709	165	169	24,410	16,150	8,863		
Loans and advances to customers	4,506	–	5,407	136,224	81,788	56,840	–	–	–	–	–	–	–	140,730	81,788	62,247	
Financial assets at FVOCI	1,113	995	–	799	1,085	–	–	–	–	–	–	–	–	1,912	2,080	–	
Financial assets at FVPL	–	–	–	1,175	523	298	–	–	–	4	–	–	–	1,179	523	298	
Derivative financial assets	–	–	–	–	–	–	149	64	–	–	–	–	–	–	–	149	64
Other financial assets	5	–	–	–	2,490	2,496	1,718	–	–	–	–	–	–	2,495	2,496	1,718	
<b>Total financial assets</b>	<b>6,268</b>	<b>2,725</b>	<b>5,497</b>	<b>159,330</b>	<b>100,016</b>	<b>67,468</b>	<b>4,415</b>	<b>280</b>	<b>56</b>	<b>713</b>	<b>165</b>	<b>169</b>	<b>170,726</b>	<b>103,186</b>	<b>73,190</b>		
<b>Financial liability</b>																	
Borrowed funds	(17,640)	(4,267)	(3,222)	(36,598)	(14,147)	(6,300)	(848)	(183)	(208)	(4,327)	(1,680)	(116)	(59,413)	(20,277)	(9,846)		
Private placement of deposits	(838)	(5,210)	(1,304)	(40,120)	(27,399)	(18,300)	(155)	(23)	(143)	–	–	–	(41,113)	(32,632)	(19,747)		
Liability at FVTPL	–	–	–	(6,477)	(4,043)	(5,503)	(1,748)	(3,765)	(4,345)	–	–	–	(1,748)	(3,765)	(4,345)		
Other financial liabilities	(660)	(6)	–	–	–	–	(21)	–	–	–	–	–	(7,158)	(4,049)	(5,503)		
<b>Total financial liabilities</b>	<b>(19,138)</b>	<b>(9,483)</b>	<b>(4,526)</b>	<b>(83,195)</b>	<b>(45,589)</b>	<b>(30,103)</b>	<b>(2,772)</b>	<b>(3,971)</b>	<b>(4,696)</b>	<b>(4,327)</b>	<b>(1,680)</b>	<b>(116)</b>	<b>(109,432)</b>	<b>(60,723)</b>	<b>(39,441)</b>		
<b>Total sensitivity</b>	<b>(12,870)</b>	<b>(6,758)</b>	<b>971</b>	<b>76,135</b>	<b>54,427</b>	<b>37,365</b>	<b>1,643</b>	<b>(3,691)</b>	<b>(4,640)</b>	<b>(3,614)</b>	<b>(1,515)</b>	<b>53</b>	<b>61,294</b>	<b>42,463</b>	<b>33,749</b>		

\* Other currencies include the MNT, Euro and the Hong Kong Dollar, with 14,996 Hong Kong Dollars classified as Financial Assets at FVTPL, and the rest in Euros.

(ii) *Foreign currency risk*

The following table presents sensitivities of profit or loss to reasonable possible changes in exchange rates applied as of 31 December 2023 against the functional currency of the Target Group, with all other variables held constant:

	Impact on profit or loss		
	2023	2022	2021
	US\$'000	US\$'000	US\$'000
MNT strengthening by 20%	(11,420)	(8,164)	(5,605)
MNT weakening by 20%	11,420	8,164	5,605
JPY strengthening by 20%	(246)	554	696
JPY weakening by 20%	246	(554)	(696)
Other strengthening by 20%	542	227	(8)
Other weakening by 20%	(542)	(227)	8

(c) **Liquidity risk**

Liquidity risk refers to the risk that the Target Group may be unable to fulfill its short-term financial obligations as they come due.

The Target Group's policy is designed to ensure it always has adequate cash on hand to meet its liabilities promptly. To achieve this objective, the Target Group maintains cash reserves and utilises agreed-upon facilities, such as overdraft facilities with multiple financial institutions, to cover anticipated needs.

The Target Group prepares its annual budget by assessing its cash flow requirements. Additionally, the Target Group conducts monthly liquidity risk assessments, which are presented to the Board of Directors for review and decision-making on further actions to maintain financial stability.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

As at 31 December 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 Years	Between 2 and 5 Years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial liabilities</b>					
Borrowed funds					
Borrowed funds	13,263	22,216	16,634	7,300	59,413
Bond payables	1,352	18,299	—	—	19,651
Private placement of trust deposits	6,736	33,214	1,163	—	41,113
Derivative financial liabilities	50	32	—	—	82
Other financial liabilities	6,602	556	—	—	7,158
Liability at FVTPL	1,748	—	—	—	1,748
Lease liabilities	118	302	368	366	1,154
<b>Total financial liabilities</b>	<b>29,869</b>	<b>74,619</b>	<b>18,165</b>	<b>7,666</b>	<b>130,319</b>
 <b>As at 31 December 2022</b>					
<b>Financial liabilities</b>					
Borrowed funds	3,646	14,022	1,378	1,231	20,277
Bond payables	795	6,363	5,724	—	12,882
Private placement of trust deposits	6,026	26,504	95	7	32,632
Other financial liabilities	2,432	1,617	—	—	4,049
Liability at FVTPL	—	—	3,765	—	3,765
Lease liabilities	61	189	160	324	734
<b>Total financial liabilities</b>	<b>12,960</b>	<b>48,695</b>	<b>11,122</b>	<b>1,562</b>	<b>74,339</b>

As at 31 December 2021	Up to 3 months	Between 3 and 12 months	Between 1 and 2 Years	Between 2 and 5 Years	Total US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	
<b>Financial liabilities</b>					
Borrowed funds	166	3,243	5,644	793	9,846
Bond payables	387	968	8,301	–	9,656
Private placement of trust deposits	14,848	4,849	50	–	19,747
Other financial liabilities	4,605	–	897	1	5,503
Liability at FVTPL	–	–	–	4,345	4,345
Lease liabilities	73	223	407	138	841
<b>Total financial liabilities</b>	<b>20,079</b>	<b>9,283</b>	<b>15,299</b>	<b>5,277</b>	<b>49,938</b>

(d) ***Disclosure of capital***

The Target Group controls 'adjusted capital', which consists of all components of the equity other than cash flow hedge reserves (e.g. share capital, additional paid-in capital, non-controlling interest, retained earnings and revaluation surplus). The primary objectives of the Target Group's capital management are:

- Ensure the Target Group's ability to operate as a going concern, thereby sustaining returns for shareholders and providing benefits to other stakeholders;
- Provide shareholders with appropriate returns by setting prices for products and services based on the level of risk involved.

The Target Group determines the amount of capital it needs relative to its risk exposure. It actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk profile of its underlying assets. To maintain or modify its capital structure, the Target Group may adjust dividend payments, conduct share buybacks, issue new shares, or sell assets to reduce debt. These actions are taken to optimise the Target Group's financial position and align its capital with its risk tolerance and business strategy.

Consistent with the industry, the Target Group monitors its capital using the debt-to-adjusted capital ratio. This ratio is computed as net debt divided by adjusted capital, defined as follows: Net debt equals total debt (as reported in the statement of financial position) minus cash and cash equivalents.

Due to recent market uncertainty, the Target Group's strategy is focused on maintaining a robust cash position and achieving a favorable debt-to-adjusted-capital ratio. This strategy aims to ensure access to finance at reasonable costs by sustaining a high credit rating. The debt-to-adjusted-capital ratios as of 31 December 2021, 31 December 2022 and 31 December 2023 were as follows:

	2023 US\$'000	2022 US\$'000	2021 US\$'000
Total liabilities	134,764	77,284	51,768
Less: Cash and bank balances	(24,405)	(16,127)	(8,863)
<b>Net liabilities</b>	<b>110,359</b>	<b>61,157</b>	<b>42,905</b>
Total equity	50,409	36,873	29,105
<b>Gearing ratio (%)</b>	<b>219%</b>	<b>166%</b>	<b>147%</b>

(e) ***Operational risk management***

In the operational risk management framework of the Target Group, operational risk is defined as the potential for loss arising from inadequate or failed internal processes, human errors, system failures, or external events.

All employees are accountable for preventing situations that could lead to operational risk incidents and for promptly reporting any significant operational risk incidents. Roles and responsibilities are allocated based on the Three Lines of Defence as outlined below:

The First Line of Defence, comprising Business Units and supporting units, is responsible for several key tasks within the operational risk management framework: ensuring the implementation and

execution of robust, effective, and efficient controls; reporting on the effectiveness of operational risk controls; accepting operational risk based on the approved risk acceptance matrix; and implementing follow-up measures commensurate with the level of operational risk identified.

The Second Line of Defence, represented by the Risk Management Department, holds several responsibilities within the operational risk management framework: reviewing and challenging all process assessments and follow-up measures; monitoring the performance of operational risk metrics; and escalating operational risk matters to the Risk Management Committee for appropriate attention and action.

The Third Line of Defence, Internal Audit, is tasked with providing assurance on the effectiveness of governance, risk management, and internal controls. This includes assessing how the first and second lines of defence fulfill their risk management and control objectives. The risk appetite statement is reviewed and approved annually by the Board of Directors. Monitoring of risk appetite occurs on a monthly basis, with reports provided to the monthly Risk Management Committee and quarterly to the Board Risk Management Committee.

(i) *Fraud Risk*

Fraud risk is managed through a comprehensive Anti-Fraud Policy and Whistleblowing Policy, forming the cornerstone of a robust framework where the intolerance for fraud is clearly outlined. These policies ensure that all employees grasp the significance of identifying and reporting any fraudulent incidents. By cultivating a culture of vigilance and accountability, every employee is empowered to actively engage in detecting and reporting potential fraud, thereby strengthening the Target Group's dedication to mitigating fraud risk and upholding the integrity of its operations.

(ii) *Health and Safety*

The Target Group addresses Occupational Health and Safety (OHS) risks through a comprehensive framework, incorporating established OHS procedures and designating an OHS officer to oversee compliance and safety measures. Regular OHS annual training and awareness programs ensure that all employees are well-versed in safety protocols and best practices. To oversee and mitigate risks, the Target Group tracks OHS incident metrics monthly, presenting detailed reports to the Risk Management Committee for review and action. Furthermore, the presence of an OHS incident response team ensures prompt and effective responses to any safety incidents, thereby reducing potential risks and fostering a safe working environment.

(iii) *Product or Service Malfunction and/or Deficiency*

The Target Group effectively manages product and service errors or deficiencies within an operational risk framework, employing a robust system that commences with thorough product development procedures. These procedures require risk assessments prior to product launch to proactively identify and mitigate potential risks. The Target Group upholds a stringent control environment to ensure continuous oversight and compliance with regulatory standards. Regular risk reporting facilitates timely identification and documentation of any emerging issues, allowing for swift resolution. Moreover, a well-defined customer complaint resolution procedure ensures swift investigation and resolution of any reported deficiencies. Certified by ISO 9001, the Target Group adheres to international quality management standards, reinforcing its commitment to excellence and continuous improvement. This certification underscores the Target Group's dedication to maintaining high standards of quality and reliability, thereby safeguarding its reputation and ensuring customer satisfaction.

(iv) *Business Disruption*

The management of business disruptions is facilitated through the implementation of a Business Continuity Plan (BCP), which assures resilience and prompt recovery in unforeseen circumstances. This plan incorporates well-defined risk tolerances related to business disruptions, such as core system uptime ratios and internet service availability, to sustain vital operations. It delineates comprehensive protocols for addressing diverse disruption scenarios, ensuring the uninterrupted continuity of essential functions with minimal disruptions. Routine testing and revisions of the BCP are conducted to ensure its ongoing effectiveness and applicability. Through imposing rigorous standards for system uptime and service reliability, the Group emphasises the significance of operational continuity.

(v) *Legal and Compliance risk*

The Target Group effectively mitigates legal and compliance risks through the collaborative efforts of its Legal Unit and Risk and Compliance units, dedicated to proactively prevent such risks. The Target Group employs thorough legal assessments and compliance protocols, with the legal team meticulously scrutinising all operations to ensure conformity with pertinent legal standards. Additionally, the legal team offers timely recommendations to address any identified instances of non-compliance. The Target Group reinforces compliance with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regulations through robust policies and procedures, complemented by mandatory annual training for all staff. Through the integration of these strategies, the Target Group fortifies its defences against legal and compliance risks, thereby safeguarding its operations and reputation.

(vi) *Information technology*

The Target Group manages IT risk through a multifaceted approach anchored by adherence to the ISO 27001 standard, renowned for its stringent framework in information security management. An integral part of this strategy involves a dedicated IT team responsible for implementing and upholding these standards, ensuring the establishment of robust security measures for safeguarding sensitive data and systems. This team conducts regular risk assessments, oversees IT infrastructure, and promptly addresses any identified vulnerabilities. Furthermore, the Target Group enforces stringent access controls, employs data encryption measures, and maintains continuous monitoring to counter cyber threats effectively. Through the utilisation of the IT team's expertise and compliance with internationally recognised standards, the Target Group effectively mitigates IT risks, thereby ensuring the security and integrity of its technological assets.

### 43. Fair value disclosures

#### **Financial instruments measured at fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

The fair value hierarchy of financial instruments measured at fair value is provided below.

(In thousands of US\$)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2023</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	799	1,113	–	1,912
Financial assets at FVTPL	594	585	–	1,179
<b>Financial liabilities</b>				
Derivative financial liabilities	–	(82)	–	(82)
Financial liability at FVTPL	–	(1,748)	–	(1,748)
	<b>1,393</b>	<b>(132)</b>	<b>–</b>	<b>1,261</b>

(In thousands of US\$)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2022</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	724	1,356	–	2,080
Financial assets at FVTPL	333	190	–	523
Derivative financial assets	–	149	–	149
<b>Financial liabilities</b>				
Financial liability at FVTPL	–	(3,765)	–	(3,765)
	<b>1,057</b>	<b>(2,070)</b>	<b>–</b>	<b>(1,013)</b>

(In thousands of US\$)	Level 1	Level 2	Level 3	Total
<b>At 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	—	—	—	—
Financial assets at FVTPL	176	122	—	298
Derivative financial assets	—	—	—	—
<b>Financial liabilities</b>				
Financial liability at FVTPL	—	(4,345)	—	(4,345)
	<u>176</u>	<u>(4,223)</u>	<u>—</u>	<u>(4,047)</u>

Description of valuation techniques and inputs used in fair value measurement for Level 1, Level 2 and Level 3:

<i>Financial instruments</i>	<i>Fair value hierarchy</i>	<i>Valuation technique</i>	<i>Inputs</i>	<i>Sensitivity to changes in significant unobservable inputs</i>
Financial assets	Level 1	Market price	Share price, transaction price	Increase in the net assets value will increase the fair value and vice versa
Financial Liabilities Embedded	Level 2	Interest rate parity analysis	Policy rate, bond yield of similar credit	Increase in the JPY bond yield rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Derivative financial instruments	Level 2	Interest rate parity analysis	Policy rate, Government bond yield, Z-spread, SOFR rates, and SHIBOR rates	Increase in USD interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Debt instruments	Level 3	Market value approach	Rating migration rates of Moody's, historical data from external sources, and future cash flows	Increase in default rate and market rate of interest will decrease the fair value and vice versa
Equity instruments	Level 3	Net assets value	Share price and transaction price	Increase in the net assets value will increase the fair value and vice versa

There were no changes in the valuation approach used during the years ended 31 December 2022 and 31 December 2023. Additionally, there were no transfers between Levels 1, 2, and 3 of the fair value hierarchy for assets recorded at fair value.

The Target Group discloses fair values for financial instruments at amortised cost based on the following methodologies and assumptions:

- Loans and advances to customers are valued by first categorising them into portfolios with similar characteristics. The fair value determination involves adjusting contractual cash flows for ECLs and expectations of customer behaviour, which are informed by observed historic data. These adjusted cash flows are then discounted at a weighted average lending rate that is appropriate for each portfolio, resulting in an estimate of their fair value.
- Trust deposits are valued using a replacement cost method, which assumes that if the deposits were to be replaced, it would be done in the most advantageous market available. The fair value calculation involves discounting contractual cash flows using a funding interest rate profile that incorporates credit spreads reflecting the maturity profile of each deposit.

- Debt securities in issue are valued based on quoted market prices where available. When quoted prices are not available, the fair value is determined using a discounted cash flow model. This model uses current market rates applicable to instruments with similar terms and maturity to estimate the present value of future cash flows.

#### 44. Maturity analysis of assets and liabilities

	Less than 12 months US\$'000	More than 12 months US\$'000	Total US\$'000
<i>At 31 December 2023</i>			
<b>Assets</b>			
Cash and cash equivalents	24,405	—	24,405
Loans and advances to customers	43,287	91,624	134,911
Financial assets at FVTPL	286	893	1,179
Financial assets at FVOCI	808	1,104	1,912
Financial assets at amortised cost	—	—	—
Derivative financial assets	—	—	—
Financial lease receivables	2,249	4,569	6,818
Other financial assets	1,971	319	2,290
<b>Non-Financial Assets</b>			
Other non-financial assets	464	287	751
Inventories	4,199	—	4,199
Repossessed collateral	—	299	299
Property, plant and equipment	—	5,722	5,722
Intangible assets	—	1,472	1,472
Right-of-use assets	—	1,102	1,102
Non current asset held for sale	—	—	—
Investments in subsidiaries	—	—	—
Investment in convertible loan	—	—	—
Deferred tax assets	—	28	28
Goodwill	—	85	85
<b>Total assets</b>	<u>77,669</u>	<u>107,504</u>	<u>185,173</u>
<b>Liabilities</b>			
Borrowed funds	(35,479)	(23,934)	(59,413)
Bond payables	(19,651)	—	(19,651)
Private placement of deposits	(39,950)	(1,163)	(41,113)
Convertible liability	—	—	—
Derivative financial liabilities	(82)	—	(82)
Other financial liabilities	(7,158)	—	(7,158)
Contract liabilities	(180)	—	(180)
Liability at FVTPL	(1,748)	—	(1,748)
Lease liabilities	(420)	(734)	(1,154)
<b>Non-Financial Liabilities</b>			
Current tax liabilities	(2,426)	—	(2,426)
Deferred tax liabilities	—	(100)	(100)
Other non-financial liabilities	(1,739)	—	(1,739)
<b>Total liabilities</b>	<u>(108,833)</u>	<u>(25,931)</u>	<u>(134,764)</u>
<b>Net position</b>	<u>(31,164)</u>	<u>81,573</u>	<u>50,409</u>

	<i>Less than 12 months</i> US\$'000	<i>More than 12 months</i> US\$'000	<i>Total</i> US\$'000
<i>At 31 December 2022</i>			
<b>Assets</b>			
Cash and cash equivalents	16,127	—	16,127
Loans and advances to customers	33,559	44,038	77,597
Financial assets at FVTPL	511	12	523
Financial assets at FVOCI	—	2,080	2,080
Financial assets at amortised cost	—	—	—
Derivative financial assets	149	—	149
Financial lease receivables	616	1,611	2,227
Other financial assets	2,033	311	2,344
<b>Non-Financial Assets</b>			
Other non-financial assets	1,085	1,595	2,680
Inventories	6,050	1	6,051
Repossessed collateral	—	446	446
Property, plant and equipment	—	769	769
Intangible assets	—	1,158	1,158
Right-of-use assets	—	669	669
Non current asset held for sale	—	1,217	1,217
Investments in subsidiaries	—	—	—
Investment in convertible loan	—	—	—
Deferred tax assets	—	35	35
Goodwill	—	85	85
<b>Total assets</b>	<u>60,130</u>	<u>54,027</u>	<u>114,157</u>
<b>Liabilities</b>			
Borrowed funds	(17,668)	(2,609)	(20,277)
Bond payables	(7,158)	(5,724)	(12,882)
Private placement of deposits	(32,530)	(102)	(32,632)
Convertible liability	—	—	—
Derivative financial liabilities	—	—	—
Other financial liabilities	(4,049)	—	(4,049)
Contract liabilities	(458)	—	(458)
Liability at FVTPL	—	(3,765)	(3,765)
Lease liabilities	(250)	(484)	(734)
<b>Non-Financial Liabilities</b>			
Current tax liabilities	(994)	—	(994)
Deferred tax liabilities	—	(128)	(128)
Other non-financial liabilities	(1,365)	—	(1,365)
<b>Total liabilities</b>	<u>(64,472)</u>	<u>(12,812)</u>	<u>(77,284)</u>
<b>Net position</b>	<u>(4,342)</u>	<u>41,215</u>	<u>36,873</u>

	<i>Less than 12 months</i> US\$'000	<i>More than 12 months</i> US\$'000	<i>Total</i> US\$'000
<i>At 31 December 2021</i>			
<b>Assets</b>			
Cash and cash equivalents	8,863	—	8,863
Loans and advances to customers	30,048	30,313	60,361
Financial assets at FVTPL	298	—	298
Financial assets at FVOCI	—	—	—
Financial assets at amortised cost	—	—	—
Derivative financial assets	64	—	64
Financial lease receivables	—	—	—
Other financial assets	1,661	—	1,661
<b>Non-Financial Assets</b>			
Other non-financial assets	1,368	—	1,368
Inventories	3,894	—	3,894
Repossessed collateral	—	274	274
Property, plant and equipment	—	747	747
Intangible assets	—	922	922
Right-of-use assets	—	819	819
Non current asset held for sale	—	1,458	1,458
Investments in subsidiaries	—	—	—
Investment in convertible loan	—	—	—
Deferred tax assets	—	42	42
Goodwill	—	102	102
<b>Total assets</b>	<u>46,196</u>	<u>34,677</u>	<u>80,873</u>
<b>Liabilities</b>			
Borrowed funds	(3,409)	(6,437)	(9,846)
Bond payables	(1,355)	(8,301)	(9,656)
Private placement of deposits	(19,697)	(50)	(19,747)
Convertible liability	—	—	—
Derivative financial liabilities	—	—	—
Other financial liabilities	(4,605)	(898)	(5,503)
Contract liabilities	(93)	—	(93)
Liability at FVTPL	—	(4,345)	(4,345)
Lease liabilities	(296)	(545)	(841)
<b>Non-Financial Liabilities</b>			
Current tax liabilities	(773)	—	(773)
Deferred tax liabilities	—	(151)	(151)
Other non-financial liabilities	(813)	—	(813)
<b>Total liabilities</b>	<u>(31,041)</u>	<u>(20,727)</u>	<u>(51,768)</u>
<b>Net position</b>	<u>15,155</u>	<u>13,950</u>	<u>29,105</u>

## 45. Notes supporting cash flow

Reconciliation of financing liabilities with financing activities.

	Borrowed Funds US\$'000	Bonds Payable US\$'000	Private placement of deposit US\$'000	Lease liabilities US\$'000	Total US\$'000
<b>As at 31 Dec 2022</b>	20,277	12,882	32,632	734	66,525
Proceeds	74,356	19,827	10,437	1,213	105,833
Repayment of principal	(35,634)	(13,310)	(3,369)	(762)	(53,075)
Interest accrued	4,200	2,680	6,248	180	13,308
Interest paid	(3,542)	(2,461)	(4,845)	(180)	(11,028)
Variable lease payment adjustment	—	—	—	—	—
Foreign exchange	149	33	10	(31)	232
<b>As at 31 Dec 2023</b>	<b>59,413</b>	<b>19,651</b>	<b>41,113</b>	<b>1,154</b>	<b>121,331</b>

	Borrowed Funds US\$'000	Bonds Payable US\$'000	Private placement of deposit US\$'000	Lease liabilities US\$'000	Total US\$'000
<b>As at 31 Dec 2021</b>	9,846	9,656	19,747	841	40,090
Proceeds	41,040	8,345	26,366	862	76,613
Repayment of principal	(28,546)	(2,858)	(8,913)	(758)	(41,075)
Interest accrued	2,762	1,404	3,578	111	7,855
Interest paid	(3,457)	(1,646)	(4,306)	(111)	(9,520)
Variable lease payment adjustment	—	—	—	103	103
Foreign exchange	(1,368)	(2,019)	(3,840)	(314)	(7,541)
<b>As at 31 Dec 2022</b>	<b>20,277</b>	<b>12,882</b>	<b>32,632</b>	<b>734</b>	<b>66,525</b>

	Borrowed Funds US\$'000	Bonds Payable US\$'000	Private placement of deposit US\$'000	Lease liabilities US\$'000	Total US\$'000
<b>As at 31 Dec 2020</b>	4,952	2,767	14,823	313	22,855
Proceeds	17,488	8,487	36,261	956	63,192
Repayment of principal	(12,427)	(1,726)	(31,741)	(425)	(46,319)
Interest accrued	421	753	2,600	110	3,884
Interest paid	(528)	(593)	(1,858)	(110)	(3,089)
Variable lease payment adjustment	—	—	—	—	—
Foreign exchange	(60)	(32)	(338)	(3)	(433)
<b>As at 31 Dec 2021</b>	<b>9,846</b>	<b>9,656</b>	<b>19,747</b>	<b>841</b>	<b>40,090</b>

### Significant non-cash transactions in the year

Effective 1 January 2023, SIBJ Capital LLC was acquired by ICFG Pte Ltd, with consideration for the acquisition being the allotment of shares in ICFG Pte Ltd to the vending shareholders of SIBJ Capital LLC. See Note 2 and 4 for further details.

## 46. Segment information

### (A) Segment information by business line

The Target Group comprises multiple strategic business units which offer differing products and services, being Non-banking financial services, Investment banking services and Real estate trading and services. The Target Group therefore assesses the performance of all activities within these individual strategic business units.

	Non-banking financial activities US\$'000	Investment banking activities US\$'000	Trading of real estates US\$'000	Other US\$'000	Total US\$'000
2023					
<b>Segment results</b>					
Interest income calculated using the effective interest rate	36,363	10	55	45	36,473
Interest and similar expense	(13,363)	(42)	(621)	(42)	(14,068)
<b>Net interest income</b>	<b>23,000</b>	<b>(32)</b>	<b>(566)</b>	<b>3</b>	<b>22,405</b>
Fee and commission income	4,504	432	215	–	5,151
Fee and commission expense	(198)	(22)	–	–	(220)
<b>Net fee and commission expense</b>	<b>4,306</b>	<b>410</b>	<b>215</b>	<b>–</b>	<b>4,931</b>
Revenue from contracts with customers	–	–	5,151	347	5,498
Cost of sales	–	–	(2,147)	–	(2,147)
Rental income	–	–	642	–	642
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>3,646</b>	<b>347</b>	<b>3,993</b>
Net trading income	(82)	298	(66)	18	168
Impairment losses on financial instruments	(2,143)	(11)	(94)	(53)	(2,301)
Other operating income	100	12	401	187	700
<b>Total operating income</b>	<b>25,181</b>	<b>677</b>	<b>3,536</b>	<b>502</b>	<b>29,896</b>
Employee costs	(4,052)	(430)	(712)	(990)	(6,184)
Depreciation of property, plant and equipment	(370)	(37)	(27)	(34)	(468)
Amortisation of right of use	(332)	(36)	(233)	(45)	(646)
Amortisation of intangible assets	(131)	(7)	(4)	(9)	(151)
Other operating expenses	(2,575)	(208)	(1,067)	(739)	(4,589)
Loss of control of subsidiaries	–	–	–	–	–
<b>Profit before tax</b>	<b>17,721</b>	<b>(41)</b>	<b>1,493</b>	<b>(1,314)</b>	<b>17,858</b>
Income tax expense	(4,375)	(3)	(200)	(125)	(4,703)
<b>Profit for the year</b>	<b>13,346</b>	<b>(44)</b>	<b>1,293</b>	<b>(1,439)</b>	<b>13,156</b>
<i>Profit for the year attributable to:</i>					
<b>Owners of the parent</b>	<b>10,773</b>	<b>(44)</b>	<b>1,293</b>	<b>(1,411)</b>	<b>10,611</b>
<b>Non-controlling interest</b>	<b>2,575</b>	<b>–</b>	<b>–</b>	<b>(31)</b>	<b>2,544</b>
<b>Segment assets</b>	<b>173,951</b>	<b>1,678</b>	<b>6,038</b>	<b>3,506</b>	<b>185,173</b>
<b>Segment liabilities</b>	<b>129,107</b>	<b>880</b>	<b>3,425</b>	<b>1,351</b>	<b>134,763</b>
<b>Non controlling interest</b>	<b>318</b>	<b>(11)</b>	<b>–</b>	<b>–</b>	<b>307</b>

2022	Non-banking financial activities US\$'000	Investment banking activities US\$'000	Trading of real estates US\$'000	Other US\$'000	Total US\$'000
<b>Segment results</b>					
Interest income calculated using the effective interest rate	24,547	25	19	4	24,595
Interest and similar expense	(7,816)	—	(616)	—	(8,432)
<b>Net interest income</b>	<b>16,731</b>	<b>25</b>	<b>(597)</b>	<b>4</b>	<b>16,163</b>
Fee and commission income	4,953	1,331	140	—	6,424
Fee and commission expense	(278)	(824)	—	—	(1,102)
<b>Net fee and commission expense</b>	<b>4,675</b>	<b>507</b>	<b>140</b>	<b>—</b>	<b>5,322</b>
Revenue from contracts with customers	—	—	3,345	70	3,415
Cost of sales	—	—	(1,123)	—	(1,123)
Rental income	—	—	519	—	519
<b>Total revenue from contracts with customers</b>	<b>—</b>	<b>—</b>	<b>2,741</b>	<b>70</b>	<b>2,811</b>
Net trading income	—	36	—	(14)	22
Impairment losses on financial instruments	(2,790)	—	(4)	—	(2,794)
Other operating income	(10)	6	300	7	303
<b>Total operating income</b>	<b>18,606</b>	<b>574</b>	<b>2,580</b>	<b>67</b>	<b>21,827</b>
Employee costs	(3,085)	(280)	(586)	(283)	(4,234)
Depreciation of property, plant and equipment	(274)	(8)	(22)	(21)	(325)
Amortisation of right of use	(215)	—	(280)	(13)	(508)
Amortisation of intangible assets	(127)	(3)	(2)	(4)	(136)
Other operating expenses	(2,238)	(194)	(611)	(179)	(3,222)
<b>Profit before tax</b>	<b>12,667</b>	<b>89</b>	<b>1,079</b>	<b>(433)</b>	<b>13,402</b>
Income tax expense	(2,929)	(28)	(133)	(118)	(3,208)
<b>Profit for the year</b>	<b>9,738</b>	<b>61</b>	<b>946</b>	<b>(551)</b>	<b>10,194</b>
<i>Profit for the year attributable to:</i>					
<b>Owners of the parent</b>	<b>7,913</b>	<b>61</b>	<b>946</b>	<b>(539)</b>	<b>8,381</b>
<b>Non-controlling interest</b>	<b>1,825</b>	<b>—</b>	<b>—</b>	<b>(12)</b>	<b>1,813</b>
<b>Segment assets</b>	<b>101,757</b>	<b>1,889</b>	<b>8,127</b>	<b>2,384</b>	<b>114,157</b>
<b>Segment liabilities</b>	<b>68,820</b>	<b>1,235</b>	<b>6,889</b>	<b>340</b>	<b>77,284</b>
<b>Non controlling interest</b>	<b>37</b>	<b>—</b>	<b>—</b>	<b>12,918</b>	<b>12,955</b>

2021	Non-banking financial activities US\$'000	Investment banking activities US\$'000	Trading of real estates US\$'000	Other US\$'000	Total US\$'000
<b>Segment results</b>					
Interest income calculated using the effective interest rate	15,318	11	6	–	15,335
Interest and similar expense	(3,805)	–	(86)	–	(3,819)
<b>Net interest income</b>	<b>11,513</b>	<b>11</b>	<b>(80)</b>	<b>–</b>	<b>11,444</b>
Fee and commission income	2,261	178	173	–	2,612
Fee and commission expense	(232)	(4)	–	–	(236)
<b>Net fee and commission expense</b>	<b>2,029</b>	<b>174</b>	<b>173</b>	<b>–</b>	<b>2,376</b>
Revenue from contracts with customers	–	–	–	73	73
Cost of sales	–	–	–	–	–
Rental income	–	–	–	–	–
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>73</b>	<b>73</b>
Net trading income	–	96	–	–	96
Impairment losses on financial instruments	(919)	–	–	–	(919)
Other operating income	81	–	568	1	650
<b>Total operating income</b>	<b>12,704</b>	<b>281</b>	<b>661</b>	<b>74</b>	<b>13,720</b>
Employee costs	(1,977)	(107)	(317)	(156)	(2,557)
Depreciation of property, plant and equipment	(209)	(4)	(17)	(17)	(247)
Amortisation of right of use	(277)	–	–	–	(277)
Amortisation of intangible assets	(101)	(3)	–	–	(104)
Other operating expenses	(1,585)	(107)	(292)	(77)	(2,061)
Loss of control of subsidiaries	–	–	–	–	–
<b>Profit before tax</b>	<b>8,555</b>	<b>60</b>	<b>35</b>	<b>(176)</b>	<b>8,474</b>
Income tax expense	(1,585)	(6)	(7)	(108)	(1,706)
<b>Profit for the year</b>	<b>6,970</b>	<b>54</b>	<b>28</b>	<b>(284)</b>	<b>6,768</b>
<i>Profit for the year attributable to:</i>					
<b>Owners of the parent</b>	<b>5,939</b>	<b>54</b>	<b>28</b>	<b>(161)</b>	<b>5,860</b>
<b>Non-controlling interest</b>	<b>1,031</b>	<b>–</b>	<b>–</b>	<b>(123)</b>	<b>908</b>
<b>Segment assets</b>	<b>73,182</b>	<b>396</b>	<b>5,219</b>	<b>2,076</b>	<b>80,873</b>
<b>Segment liabilities</b>	<b>45,850</b>	<b>43</b>	<b>5,374</b>	<b>501</b>	<b>51,768</b>
<b>Non controlling interest</b>	<b>36</b>	<b>–</b>	<b>–</b>	<b>8,207</b>	<b>8,243</b>

(B) **Segment information by geography – Non-banking financial activities**

Non-banking financial services within the Target Group is made up of the core Mongolian market operations and operations in other Central Asian countries and, is largely represented by the Kyrgyz Republic. The below segmental information shows the performance and assets of the non-banking financial services strategic business unit within these two key geographical jurisdictions.

	Non-banking		
	Non-banking financial activities - Mongolia	Other Asian Countries	Non-banking financial activities – Total
2023	US\$'000	US\$'000	US\$'000
<b>Segment results</b>			
Interest income calculated using the effective interest rate	34,074	2,289	36,363
Interest and similar expense	(12,614)	(749)	(13,363)
<b>Net interest income</b>	<b>21,460</b>	<b>1,540</b>	<b>23,000</b>
Fee and commission income	4,504	–	4,504
Fee and commission expense	(193)	(5)	(198)
<b>Net fee and commission expense</b>	<b>4,311</b>	<b>(5)</b>	<b>4,306</b>
Revenue from contracts with customers	–	–	–
Cost of sales	–	–	–
Rental income	–	–	–
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net trading income	(82)	–	(82)
Impairment losses on financial instruments	(2,023)	(120)	(2,143)
Other operating income	88	12	100
<b>Total operating income</b>	<b>23,754</b>	<b>1,427</b>	<b>25,181</b>
Employee costs	(3,562)	(490)	(4,052)
Depreciation of property, plant and equipment	(348)	(22)	(370)
Amortisation of right of use	(321)	(11)	(332)
Amortisation of intangible assets	(126)	(5)	(131)
Other operating expenses	(2,388)	(187)	(2,575)
Loss of control of subsidiaries	–	–	–
<b>Profit before tax</b>	<b>17,009</b>	<b>712</b>	<b>17,721</b>
Income tax expense	(4,337)	(38)	(4,375)
<b>Profit for the year</b>	<b>12,672</b>	<b>674</b>	<b>13,346</b>
<i>Profit for the year attributable to:</i>			
<b>Owners of the parent</b>	<b>10,184</b>	<b>589</b>	<b>10,773</b>
<b>Non-controlling interest</b>	<b>2,489</b>	<b>86</b>	<b>2,575</b>
<b>Segment assets</b>	<b>163,561</b>	<b>10,390</b>	<b>173,951</b>
<b>Segment liabilities</b>	<b>124,489</b>	<b>4,618</b>	<b>129,107</b>
<b>Non controlling interest</b>	<b>249</b>	<b>69</b>	<b>318</b>

2022

**Segment results**

Interest income calculated using the effective interest rate  
Interest and similar expense

	Non-banking financial activities - Mongolia US\$'000	Other Asian Countries US\$'000	Non-banking financial activities - Total US\$'000
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23,419	1,128	24,547
(7,383)	(433)	(7,816)

**Net interest income**

Fee and commission income  
Fee and commission expense

16,036	695	16,731
4,953	–	4,953
(278)	–	(278)

**Net fee and commission expense**

Revenue from contracts with customers  
Cost of sales  
Rental income

4,675	–	4,675
–	–	–
–	–	–
–	–	–

**Total revenue from contracts with customers**

Net trading income  
Impairment losses on financial instruments  
Other operating income

–	–	–
–	–	–
(2,747)	(43)	(2,790)
–	(10)	(10)

**Total operating income**

Employee costs  
Depreciation of property, plant and equipment  
Amortisation of right of use  
Amortisation of intangible assets  
Other operating expenses  
Loss of control of subsidiaries

17,964	642	18,606
(2,773)	(312)	(3,085)
(258)	(16)	(274)
(201)	(14)	(215)
(124)	(3)	(127)
(2,151)	(87)	(2,238)
–	–	–

**Profit before tax**

Income tax expense

12,457	210	12,667
(2,917)	(12)	(2,929)

**Profit for the year**

9,540	198	9,738
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*Profit for the year attributable to:*

**Owners of the parent**

7,755	158	7,913
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**Non-controlling interest**

1,786	38	1,824
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**Segment assets**

115,125	5,623	120,748
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**Segment liabilities**

80,238	1,821	82,059
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**Non controlling interest**

90	–	90
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2021

**Segment results**

	Non-banking financial activities - Mongolia US\$'000	Non-banking financial activities - Other Asian Countries US\$'000	Non-banking financial activities - Total US\$'000
Interest income calculated using the effective interest rate	14,885	433	15,318
Interest and similar expense	(3,751)	(54)	(3,805)
<b>Net interest income</b>	<b>11,134</b>	<b>379</b>	<b>11,513</b>
Fee and commission income	2,261	–	2,261
Fee and commission expense	(232)	–	(232)
<b>Net fee and commission expense</b>	<b>2,029</b>	<b>–</b>	<b>2,029</b>
Revenue from contracts with customers	–	–	–
Cost of sales	–	–	–
Rental income	–	–	–
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net trading income	–	–	–
Impairment losses on financial instruments	(846)	(73)	(919)
Other operating income	48	33	81
<b>Total operating income</b>	<b>12,365</b>	<b>339</b>	<b>12,704</b>
Employee costs	(1,767)	(210)	(1,977)
Depreciation of property, plant and equipment	(196)	(13)	(209)
Amortisation of right of use	(235)	(42)	(277)
Amortisation of intangible assets	(101)	–	(101)
Other operating expenses	(1,536)	(49)	(1,585)
Loss of control of subsidiaries	–	–	–
<b>Profit before tax</b>	<b>8,530</b>	<b>25</b>	<b>8,555</b>
Income tax expense	(1,573)	(12)	(1,585)
<b>Profit for the year</b>	<b>6,957</b>	<b>13</b>	<b>6,970</b>
<i>Profit for the year attributable to:</i>			
<b>Owners of the parent</b>	<b>5,925</b>	<b>14</b>	<b>5,939</b>
<b>Non-controlling interest</b>	<b>1,031</b>	<b>–</b>	<b>1,031</b>
<b>Segment assets</b>	<b>70,510</b>	<b>2,993</b>	<b>73,503</b>
<b>Segment liabilities</b>	<b>45,734</b>	<b>317</b>	<b>46,051</b>
<b>Non controlling interest</b>	<b>48</b>	<b>–</b>	<b>48</b>

**47. Subsequent events**

In June 2024, the parent entity of the Target Group changed its name from InvesCore Financial Group Pte Ltd to ICFG Pte Ltd.

Management is not aware of any other events that occurred after the end of the reporting period until the date that the Historical Financial Information was approved for release, which would have any impact on this Historical Financial Information.

**SECTION Bii – HISTORICAL FINANCIAL INFORMATION AND  
ACCOUNTANT’S REPORT ON THE  
HISTORICAL FINANCIAL INFORMATION OF THE TARGET FOR THE YEARS ENDED  
31 DECEMBER 2021 AND 31 DECEMBER 2022**

The Directors and Proposed Directors  
Fintech Asia Limited  
Les Echelons Court  
Les Echelons  
St Peter Port  
Guernsey GY1 1AR

Strand Hanson Limited  
26 Mount Row  
Mayfair  
London  
W1K 3SQ



22 January 2025

Dear Directors and Proposed Directors

**ICFG Pte Ltd (the “Target”)**

We report on the standalone financial information of ICFG Pte Ltd for the years ended 31 December 2022 and 31 December 2021 (the “Historical Financial Information”) set out in Section Bii of Part 12 of the prospectus (the “Prospectus”) dated on or about 22 January 2025 of Fintech Asia Limited (to be renamed as ICFG Limited) (the “Company”).

**Opinion on the Historical Financial Information**

In our opinion, the Historical Financial Information gives, for the purpose of the prospectus of the Company dated on or about 22 January 2025, a true and fair view of the state of affairs of the Target as at 31 December 2022 and 31 December 2021 and of its profit and loss, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the IASB.

**Responsibilities**

The Directors and Proposed Directors of the Company are responsible for preparing the Historical Financial Information in accordance with IFRS.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

**Basis of preparation**

The Historical Financial Information has been prepared for inclusion in the Prospectus of the Company dated on or about 22 January 2025 on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is required by item 18.3.1 of Annex 1 of the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent of the Company and the Target in accordance with the FRC's ethical standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

### **Conclusions relating to going concern**

In performing this engagement, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on the Target's ability to continue as a going concern for a period of at least twelve months from the date of the Prospectus for which the Historical Financial Information and this report were prepared.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1, item 1.2 of the PR Regulation.

Yours faithfully

**PKF Littlejohn LLP**

Reporting Accountant

## Statement of Comprehensive Income

	Notes	Year to 31 December 2022	Year to 31 December 2021
		US\$'000	US\$'000
<b>Income</b>			
Consulting fees		227	108
Total income		<b>227</b>	<b>108</b>
<b>Expenses</b>			
Operating expenses	4	(104)	(15)
<b>Total expenses</b>		<b>(104)</b>	<b>(15)</b>
Foreign exchange movement		(25)	(3)
<b>Profit before tax</b>		98	90
Tax	9	(16)	—
<b>Profit after tax</b>		<b>82</b>	<b>90</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of operations from foreign currency		7	(1)
<b>Total comprehensive income for the year</b>		<b>89</b>	<b>89</b>
<b>Earnings/(loss) per share (US\$)</b>			
Basic and diluted	8	0.49	900

## Statement of Financial Position

	Notes	As at 31 December 2022	As at 31 December 2021
		US\$'000	US\$'000
<b>Current assets</b>			
Cash and cash equivalents		83	—
Other current assets	5	407	108
		<b>490</b>	<b>108</b>
<b>Total Assets</b>		<b>490</b>	<b>108</b>
<b>Current liabilities</b>			
Trade payables	6	2	2
Other payables	6	175	27
		<b>177</b>	<b>29</b>
<b>Total Liabilities</b>		<b>177</b>	<b>29</b>
<b>Capital and Reserves</b>			
Share capital	7	145	—
Foreign exchange reserve		6	(1)
Retained earnings		162	80
		<b>313</b>	<b>79</b>
<b>Total equity</b>		<b>313</b>	<b>79</b>
<b>Total Liabilities and reserves</b>		<b>490</b>	<b>108</b>

## Statement of Changes in Equity

	Notes	Share Capital US\$'000	Foreign exchange reserve US\$'000	Retained earnings US\$'000	Total US\$'000
<b>Balance at 1 January 2021</b>		—	—	(10)	(10)
Profit for the year		—	—	90	90
Foreign exchange translation		—	(1)	—	(1)
<b>Total comprehensive income</b>		—	(1)	90	89
<b>Balance at 31 December 2021</b>		—	(1)	80	79
Profit for the year		—	—	82	82
Foreign exchange translation		—	7	—	7
<b>Total comprehensive income</b>		—	7	82	89
Share issued		145	—	—	145
<b>Total transactions with shareholders</b>		145	—	—	145
<b>Balance at 31 December 2022</b>		145	6	162	313

## Statement of Cash Flows

	31 December 2022 Notes	31 December 2021 US\$'000
<b>Operating activities</b>		
Loss for the period	82	90
Adjustments for:		
Movement in receivables	(8)	(105)
Movement in payables	8	15
<b>Net cash flow from operating activities</b>	<b>82</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>82</b>	<b>-</b>
Cash and cash equivalents at the beginning of the period	-	-
Foreign exchange	1	-
<b>Cash and cash equivalents at the end of the period</b>	<b>83</b>	<b>-</b>

Significant non-cash transactions in the years included the allotment of 199,900 new ordinary shares for proceeds of US\$ 145,000 which remained receivable as at the year end (2021: nil).

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

ICFG Pte Ltd (the “Target”) was incorporated on 1 July 2020 in Singapore under the Companies Act of 1967 of Singapore. The address of the Target’s registered office is 20 Collyer Quay, #23-01 20 Collyer Quay, Singapore 049391 and the Target’s registration number is 202018412K. The Target was previously named IVCH Pte Ltd on incorporation and changed its name to InvesCore Financial Group Pte Ltd on 8 September 2022 and then further changed its name to ICFG Pte Ltd on 2 July 2024. The Target’s primary trade from incorporation was the provision of advisory services. On 18 January 2023 the Target acquired the entire share capital of SIBJ Capital LLC, a company incorporated in Mongolia, at which point the primary trade of the Target became that of a holding company providing management services to subsidiary undertakings.

### BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Historical Financial Information has been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”). IAS’s include standards and interpretations approved by the IASB. This Historical Financial Information has not been prepared under the requirements of Singapore Financial Reporting Standards from ACRA (Accounting and Corporate Regulatory Authority) and has been prepared solely for the purposes of inclusion of Historical Financial Information in this Prospectus. The Historical Financial Information is in compliance with IAS’s and the Listing Rules.

This historical financial information has been prepared for the 2 calendar years 2021 and 2022, being the period of operations of the Target prior to the acquisition of SIBJ Capital LLC by the Target, which took place on 18 January 2023, at which point the Target became the Parent Company of the Target Group. As the Target has had no material transactions in the period 1 January 2023 to 18 January 2023, the Target operations for the full calendar year 2023 has been included in the Consolidated historical financial information for the ICFG Pte Ltd Group within this prospectus.

The presentation currency of these historical financial information is United States Dollars and the functional currency of the Target is Singapore Dollars.

The Historical financial information is prepared on a going concern basis and under the historical cost convention.

New standards, interpretations and amendments effective from 1 January 2022:

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022 that had a significant effect on the Target’s Historical Financial Information.

New standards, interpretations and amendments not yet effective:

At the date of publication of this Historical Financial Information, a number of amendments to existing standards and interpretations, which have not been applied in these Historical Financial Information, were in issue but not yet effective for the year presented. The Directors have determined that the adoption of these standards will not have a material impact on the financial information of the Target in future periods.

### 2. SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS AND ESTIMATES

#### Financial Assets

The Target’s financial assets are cash and cash equivalents and other current assets. The classification is determined by management at initial recognition and depends on the purpose for which the financial assets are acquired.

The Target initially recognises receivables issued when the Target becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. All financial assets are recognised at fair

value as Level 3 assets, meaning inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any differences between the initial and maturity amounts using the effective interest method. Loans and receivables are reviewed for impairment assessment.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### **Other current assets**

Other current assets principally consist of prepayments which are carried at amortised cost. The Target assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target has transferred substantially all risks and rewards of ownership or has not retained control of the financial asset.

### **Financial liabilities**

All financial liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the instrument.

Financial liabilities which include trade and other payables and are recognised initially at fair value, net of directly attributable transaction costs.

Financial liabilities are subsequently stated at amortised cost, using the effective interest method. Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Target does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognised from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

All financial liabilities are recognised at fair value as Level 3 assets, meaning inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **Equity**

Share capital represents the nominal value of shares that have been issued.

Retained earnings represent all current period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared.

Items included in the Historical financial information of the Target are measured using the currency of the primary economic environment in which the Target operates ('the functional currency'). The Target's functional currency is Singapore Dollars.

The Historical financial information are presented in US Dollars, which is the Target's presentation currency. Differences arising in the translation of the historical financial information of the Target from its functional currency to its presentational currency are taken to the 'Foreign exchange reserve' in equity at each reporting date, with movements in the year recognised in 'Other comprehensive income'.

## **Foreign currency**

Transactions conducted by the Target entities in a currency other than its functional currency are recorded at the exchange rates prevailing at the time of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

## **Income**

Consulting fees income are recognised in revenue in the period to which the provision of consulting services relates, with fees invoiced for future periods being recognised as a deferred income liability and released in the later period to which it relates.

## **Costs and expenses**

Cost and expenses are recognised in profit or loss upon utilisation of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis.

## **Going concern**

These historical financial information has been prepared on the going concern basis.

## **USE OF JUDGEMENTS AND ESTIMATES**

The preparation of historical financial information in accordance with IAS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

## **Going concern**

In determining whether these historical financial information should be prepared on the going concern basis, the Directors must consider whether the business has adequate financial resources to continue to operate and meet its obligations for a period of at least 12 months from the date of this report.

The Directors have assessed the funding needs of the business, alongside its forecast financial performance, and believe that the Target has adequate financial resources to continue its operational existence for at least 12 months from the date of the approval of these historical financial information. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing these historical financial information.

### Related party receivables

In determining the recoverability of receivables from related parties, the directors have assessed the probability that amounts may not be fully recovered, by reference to recourse available to the Target in the event of non receipt of amounts receivable when they fall due, along with the probability of such an event taking place. It is the opinion of the directors that all amounts receivable from related parties will be fully recovered when they fall due, and as such no provision has been made in this historical financial information as regards any potential or expected losses associated with these receivables.

### 3. CONSULTING FEES

Consulting fees in the year totalling US\$ 227,000 (2021: US\$ 108,000) consist of advisory services provided to clients in Japan.

### 4. COSTS BY NATURE

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Employee benefit costs	26	1
Directors fees	50	–
Legal & professional fees	19	14
Rent expense	8	–
Bank charges	1	–
	<b>104</b>	<b>15</b>

### 5. OTHER NON-CURRENT AND CURRENT ASSETS

	31 December 2022 US\$'000	31 December 2021 US\$'000
<b>Current</b>		
Trade receivables	148	104
Prepayments	6	4
Director receivables	3	–
Shareholder receivables	149	–
Related Company receivables*	101	–
	<b>407</b>	<b>108</b>

\* Related company receivables relates to funds advanced to SIBJ Capital LLC in advance of the acquisition of 100 per cent. of the share capital in the company in January 2023.

All current assets are determined to have a low probability of default given they are from related parties under shared management, therefore no expected credit loss provision has been recognised as regards the recoverability of these assets.

## 6. TRADE & OTHER PAYABLES

	31 December 2022 US\$'000	31 December 2021 US\$'000
Trade payables	42	28
Shareholder payables	126	–
Accruals	3	1
Income tax provision	6	–
	<b>177</b>	<b>29</b>

## 7. SHARE CAPITAL

	Number of Ordinary Shares	Share Capital US\$'000
As at 1 January 2021 and 2022	100	–
Shares issued	199,900	145
<b>Balance at 30 December 2022</b>	<b>200,000</b>	<b>145</b>

On incorporation, the Target issued one hundred ordinary shares of S\$1.00 at par. On 22 February 2022, the Target issued a further 199,900 shares at par for cash. There is only one class of share in issue, being ordinary shares with full voting rights.

## 8. EARNINGS PER ORDINARY SHARE

	2022	2021
Profit for the year (US\$'000)	83	90
Weighted average number of shares	170,973	100
Earnings per share (US\$)	0.49	900

Basic earnings per Ordinary Share is calculated by dividing the earnings attributable to Shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. As at 31 December 2022 and 2021 there were no potentially dilutive instruments in issue.

## 9. TAXATION

The analysis below is in reference to the total tax charge included in the Statement of Comprehensive Income:

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax	(16)	–
<b>Deferred tax</b>		
Total deferred tax	–	–
<b>Tax on profit/(loss) on ordinary activities</b>	<b>(16)</b>	<b>–</b>

## FACTORS AFFECTING TAX FOR THE YEAR

The tax assessed for the year is lower than the standard rate of corporation tax in the Singapore of 17 per cent. (2021 – 17 per cent.). The differences are explained below:

	2022 US\$'000	2021 US\$'000
Profit/(loss) on ordinary activities before tax	99	90
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in Singapore of 17% (2021 – 17%)	(17)	(15)
<b>Effects of:</b>		
Tax losses on which no deferred tax asset is recognised	1	15
<b>Total tax</b>	<b>(16)</b>	<b>–</b>

No deferred tax asset has been recognised as regards losses incurred in the prior year as there can be no assurance that these losses will be offset against future profit generation.

## 10. FINANCIAL RISK MANAGEMENT

The Target is exposed to a number of risks arising from the financial instruments it holds. The main risks to which the Target is exposed are market risk, credit risk and liquidity risk. The risk management policies employed by the Target to manage these risks are discussed below as follows:

### MARKET RISK

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

#### **Price risk**

The Target is not directly or indirectly exposed to any significant price risk.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognised in the Statement of Financial Position.

Cash and cash equivalents are interest bearing but not at significant levels.

#### **Currency risk**

The Target is exposed to currency risk arising from transactions in Japanese Yen, US Dollars and Singapore Dollars. Consequently, the Target is exposed to the risk that the exchange rate of its reporting currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Target's financial assets or liabilities denominated in currencies other than GBP.

The Target holds assets in Japanese Yen, Singapore Dollars, US Dollars and Euro and does not consider the risk associated with these balances to be material to the financial statements.

### **CREDIT RISK**

Credit risk is the risk of financial loss to the Target if a counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents as well as outstanding receivables.

The Target assesses all counterparties for credit risk before contracting with them. The credit risk on cash and cash equivalents is mitigated by entering into transactions with counterparties that are regulated entities

subject to prudential supervision, with high credit ratings assigned by international credit rating agencies. Cash and cash equivalents are held with banks with a credit rating of at least A.

### **LIQUIDITY RISK**

Liquidity risk is the risk that the Target will encounter difficulty in meeting obligations associated with financial liabilities. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The Target receives funding from the shareholders and consulting revenue does not have significant ad hoc expenses to settle. The only significant expenses that the Target is exposed to are general operating expenses.

### **11. RELATED PARTY TRANSACTIONS**

During the year ended 2022, Mr Namiki Hirohito, the sole Director and Key Management Personnel, was paid directors fees of US\$ 50,000 (2021: nil).

During the year ended 2022, the Target was paid US\$ 227,000 (2021: US\$ 108,000) by InvesCore Japan Co. Ltd, a company connected to Mr Namiki Hirohito, for provision of consulting services.

As at 31 December 2022, the Target was owed US\$ 149,000 for unpaid share subscriptions by Mr Namiki Hirohito (2021: nil).

As at 31 December 2022, the Target owed US\$ 126,000 to Mr Namiki Hirohito for the provision of working capital injections.

As at 31 December 2022, the Target owed US\$ 40,000 to InvesCore Japan Co. Ltd for the settlement of expenses on behalf of the Target (2021: US\$ 26,000).

All related party transactions in the year(s) have been undertaken on an arms length basis as regards pricing and commercial terms.

### **12. ULTIMATE CONTROLLING PARTY**

For the two years of report, the Target was controlled by Mr Namiki Hirohito, a shareholder of SIBJ Capital LLC in Mongolia. On 18 January 2023, the Target acquired the entire share capital of SIBJ Capital LLC ("SIBJ") by issuing shares in itself to the vendors of SIBJ commensurate with the pre-acquisition shareholding in SIBJ Capital LLC, following which no single party held a controlling interest in the Target.

### **13. POST BALANCE SHEET EVENTS**

Effective 18 January 2023, the Target Group was acquired by ICFG Pte Ltd, which became the legal parent of the Target Group. See Note 2 of the 2021 to 2023 consolidated and combined Historical Financial Information of the Target Group for more information.

**SECTION C – UNAUDITED INTERIM RESULTS ON THE TARGET GROUP  
FOR THE SIX MONTHS TO 30 JUNE 2024**

**Statement of profit and loss and other comprehensive income for the period ended 30 June 2024**

	Note	Consolidated 30 June 2024 US\$'000 Unaudited	Consolidated 30 June 2023 US\$'000 Unaudited
Interest income calculated using EIR	5	29,594	14,483
Interest and similar expense	5	(10,688)	(5,418)
<b>Net interest income</b>		<b>18,906</b>	<b>9,065</b>
Fee and commission income		3,676	2,478
Fee and commission expense		(87)	(175)
<b>Net fee and commission income</b>		<b>3,589</b>	<b>2,303</b>
Revenue from contracts with customers		2,180	2,014
Cost of sales		(811)	(1,094)
Rental income		382	281
<b>Total revenue from contracts with customers</b>		<b>1,751</b>	<b>1,201</b>
Net trading Income		5	129
Impairment losses on financial assets	6	(2,776)	(1,807)
Other operating income	7	466	597
<b>Net operating income</b>		<b>21,941</b>	<b>11,488</b>
Employee costs		(3,815)	(2,438)
Depreciation of property, plant and equipment		(289)	(261)
Amortisation of right-of-use assets		(245)	(273)
Amortisation of intangible assets		(90)	(59)
Other operating expenses		(2,697)	(1,928)
<b>Profit before tax</b>		<b>14,805</b>	<b>6,529</b>
Income tax expense	8	(3,679)	(1,219)
<b>Profit for the period</b>		<b>11,126</b>	<b>5,310</b>

The profit for each period arises from continuing activities.

The notes form an integral part of the Historical Information.

Note	Consolidated		Consolidated	
	30 June	30 June	30 June	30 June
	2024	2023	US\$'000	US\$'000
			Unaudited	Unaudited
<b>Profit for the period attributable to:</b>				
Owners of the parent company		9,077		4,354
Non-controlling interests		2,049		956
<b>Other comprehensive income:</b>				
<i>Items not to be classified in profit or loss (net of taxes):</i>				
– Net change in Fair value of equity investments at FVTOCI		55		(184)
<i>Items that will or may be classified in profit or loss (net of taxes):</i>				
– Exchange gain/(loss) arising from translation of foreign operations		481		164
<b>Other comprehensive income/(loss) for the period, net of taxes</b>		<b>536</b>		<b>(20)</b>
<b>Other comprehensive income/(loss) for the period attributable to:</b>				
Owners of the parent company		521		24
Non-controlling interests		<b>15</b>		(44)
<b>Total comprehensive income for the period</b>		<b>11,662</b>		<b>5,290</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company		9,598		4,378
Non-controlling interests		2,064		912
Earnings per share (US\$ per share)	<b>9</b>	<b>1.63</b>		0.78

The notes form an integral part of the Historical Information.

**Statement of financial position as at 30 June 2024**

Note	Consolidated		
	30 June		31 December
	2024	2023	US\$'000
	Unaudited		Unaudited
<b>Assets</b>			
Cash and bank balances	10	37,617	24,405
Loans and advances to customers	11	162,500	134,911
Financial assets at FVTPL	12	1,547	1,179
Financial assets at FVOCI	12	6,856	1,912
Derivative financial assets		—	—
Finance leases receivable	18	9,711	6,818
Other financial assets	13	2,561	2,290
Other non-financial assets		1,353	751
Inventories		3,183	4,199
Repossessed collateral		217	299
Property, plant and equipment		5,489	5,722
Intangible assets		1,456	1,472
Right-of-use assets		1,660	1,102
Deferred tax assets		29	28
Goodwill		86	85
<b>Total assets</b>		<b>234,265</b>	<b>185,173</b>
<b>Liabilities</b>			
Borrowed funds	15	79,846	59,413
Bonds payable	16	24,768	19,651
Private placement of deposits	17	48,462	41,113
Derivative financial liabilities		—	82
Financial liability at FVTPL		—	1,748
Other financial liabilities		9,235	7,158
Contract liability		240	180
Lease liabilities		1,447	1,154
Other non-financial liabilities		1,766	1,739
Current tax liabilities		2,872	2,426
Deferred tax liabilities		149	100
<b>Total liabilities</b>		<b>168,785</b>	<b>134,764</b>
<b>Equity</b>			
Share capital	19	5,071	5,071
Merger Reserve		780	780
Fair value reserve		(121)	(166)
Retained earnings		42,025	32,948
Translation reserve		(5,147)	(5,623)
<b>Total equity attributable to the owners of the parent</b>		<b>42,608</b>	<b>33,010</b>
Non-controlling interests	14	22,872	17,399
<b>Total equity</b>		<b>65,480</b>	<b>50,409</b>
<b>Total liabilities and equity</b>		<b>234,265</b>	<b>185,173</b>

The notes form an integral part of the Historical Information.

**Statement of changes in equity for the period ended 30 June 2024**

	Share capital US\$'000	Merger reserve US\$'000	Fair value reserve US\$'000	Translation reserve US\$'000	Retained earnings US\$'000	Total equity attributable to the owners US\$'000	Non- controlling interests US\$'000	Total Equity US\$'000
<b>Balance at</b>								
<b>31 December 2022</b>	<b>5,798</b>	–	(4)	(5,982)	<b>22,175</b>	<b>21,987</b>	<b>14,886</b>	<b>36,873</b>
Profit for the period	–	–	–	–	4,354	4,354	956	5,310
Other comprehensive income	–	–	(149)	173	–	24	(44)	(20)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(149)</b>	<b>173</b>	<b>4,354</b>	<b>4,378</b>	<b>912</b>	<b>5,290</b>
Merger	(826)	780	–	6	162	122	–	122
Shares issued	99	–	–	–	–	99	(76)	23
Dividends paid	–	–	–	–	–	–	(157)	(157)
<b>Total transactions with shareholders</b>	<b>(727)</b>	<b>780</b>	<b>–</b>	<b>6</b>	<b>162</b>	<b>221</b>	<b>(233)</b>	<b>(12)</b>
<b>Balance at</b>								
<b>30 June 2023 (Unaudited)</b>	<b>5,071</b>	<b>780</b>	<b>(153)</b>	<b>(5,803)</b>	<b>26,691</b>	<b>26,586</b>	<b>15,565</b>	<b>42,151</b>

	Share capital US\$'000	Merger reserve US\$'000	Fair value reserve US\$'000	Translation reserve US\$'000	Retained earnings US\$'000	Total equity attributable to the owners US\$'000	Non- controlling interests US\$'000	Total Equity US\$'000
<b>Balance at</b>								
<b>31 December 2023</b>	<b>5,071</b>	<b>780</b>	<b>(166)</b>	<b>(5,623)</b>	<b>32,948</b>	<b>33,010</b>	<b>17,399</b>	<b>50,409</b>
Profit for the period	–	–	–	–	9,077	9,077	2,049	11,126
Other comprehensive income	–	–	45	476	–	521	15	536
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>476</b>	<b>9,077</b>	<b>9,598</b>	<b>2,064</b>	<b>11,662</b>
Merger	–	–	–	–	–	–	–	–
Addition	–	–	–	–	–	–	3,636	3,636
Dividends paid	–	–	–	–	–	–	(227)	(227)
<b>Total transactions with shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,409</b>	<b>3,409</b>
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>5,071</b>	<b>780</b>	<b>(121)</b>	<b>(5,147)</b>	<b>42,025</b>	<b>42,608</b>	<b>22,872</b>	<b>65,480</b>

The notes form an integral part of the Historical Information.

**Statement of cash flows for the period ended 30 June 2024**

<b>Note</b>	<i>Consolidated</i>		<i>Consolidated</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>US\$'000</i>	<i>2023</i>	<i>US\$'000</i>
	<i>Unaudited</i>		<i>Unaudited</i>	
<b>Cash flows from operating activities</b>				
<b>Profit for the period</b>	<b>11,126</b>		<b>5,310</b>	
<i>Adjustments:</i>				
Depreciation of property, plant and equipment		289		261
Amortisation of right-of-use assets		245		273
Amortisation of intangibles		90		59
Impairment loss/(reversal) on repossessed collateral		248		266
Unrealised loss from foreign exchange rate differences		(61)		(142)
Interest income from non-customer loans	5	(294)		(260)
Interest Expense	5	10,688		5,399
Dividend income		(113)		–
Fair value change of financial instruments at FVTPL		26		(17)
Fair value change of financial instruments at FVTOCI		–		204
Gain on securities trading, net		(30)		–
Impairment losses on financial instruments	12	2,528		1,546
Income tax expense	8	3,679		1,219
Other non-cash items		52		247
		<b>28,473</b>		<b>14,365</b>
<i>Changes in operating assets and liabilities:</i>				
Increase in loans to customers	11	(28,778)		(19,578)
Derivatives		(83)		25
Finance lease receivables		(2,827)		(1,754)
Other financial assets	13	3,734		(68)
Other non-financial assets		(1,324)		210
Inventories		1,057		438
Repossessed collateral		(163)		93
Liability at FVTPL		(1,924)		(1,962)
Other financial liabilities		1,453		2,714
Contract liabilities		58		589
Other non-financial liabilities		384		(285)
		<b>60</b>		<b>(5,213)</b>
<b>Cash used in operations</b>				
Income taxes paid	8	<b>(3,211)</b>		(1,355)
Interest received on non-customer loans	5	<b>207</b>		302
Interest paid	5	<b>(7,572)</b>		(5,074)
<b>Net cash flows used in operating activities</b>				
		<b>(10,516)</b>		<b>(11,340)</b>

	Note	30 June 2024 US\$'000 Unaudited	30 June 2023 US\$'000 Unaudited
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(344)	(1,724)
Sales of property, plant and equipment		92	–
Purchases of intangibles		(60)	(61)
Purchases of investments	12	(7,305)	(3,131)
Proceeds from sale of investments	12	2,142	2,529
Proceeds from maturity of investments		362	431
Dividends received		113	–
<b>Net cash flows used in investing activities</b>		<b>(5,000)</b>	<b>(1,956)</b>
<b>Cash flows from financing activities</b>			
Issued share capital		–	99
Dividend paid to NCI		(227)	(157)
Proceeds from drawdown of borrowings	15/24	84,619	16,820
Repayment of principal of borrowings	15/24	(65,080)	(9,845)
Proceeds from private placement of deposit	17	41,702	35,715
Repayment of private placement of deposit	17	(36,424)	(33,641)
Proceeds from issued bonds	16/24	7,781	3,392
Repayment of issued bonds	16/24	(2,942)	(3,259)
Principal lease payment		(389)	(443)
<b>Net cash from financing activities</b>		<b>29,040</b>	<b>8,681</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,524</b>	<b>(4,615)</b>
<b>Cash and cash equivalents at beginning of period</b>			
Cash acquired on merger		–	83
Exchange movement on cash and cash equivalents		(312)	(493)
<b>Cash and cash equivalents at end of period</b>		<b>37,617</b>	<b>11,102</b>

Notes to the statement of cash flows are set out in Note 24.

The notes form an integral part of the Historical Information.

## **Unaudited Consolidated Interim Notes to the Historical Financial Information for the period ended 30 June 2024**

### **1. Reporting entity**

For the details on the reporting entity and group companies, please refer to the accompanying Historical Financial Information of the Target Group for the years ended 31 December 2021 to 2023 in Part 12 Section Bi of this document.

### **2. Basis of preparation**

This consolidated interim historical financial information has been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated Historical Financial Information for the year ended 31 December 2023 in Part 12 Section Bi of this document.

The Consolidated interim historic financial information contained in this report are not audited and do not constitute statutory accounts within the meaning of Singapore Companies Act 1967.

#### ***Changes in accounting policies***

##### ***(a) New standards, interpretations and amendments adopted from 1 January 2024:***

The following amendments are effective for the period beginning 1 January 2024:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. The adoption of the above amendments did not have a material impact on the Target Group.

##### ***(b) New standards, interpretations and amendments not yet effective***

There are a number of amendments to the standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Target Group has decided not to adopt earlier.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Target Group does not anticipate that any other standards issued by the IASB, which are yet to become effective, will have a material impact on the Target Group.

### **3. Critical accounting estimates and judgements**

The Target Group relies on certain critical accounting judgements, estimates and assumptions concerning the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions taken in production of these interim consolidated historical financial information have been applied consistently with the approach taken for the audited historical financial information of the Target Group, set out in Part 12 Section Bi.

#### 4. Accounting policies

Please see the audited historical financial information of the Target Group for details on the accounting policies applied in the preparation of this interim historical financial information. The interim financial statements have been prepared in accordance with the Target Group for details on the accounting policies set out in the Target Group's Historical Financial Information set out in Part 12 Section Bi.

#### 5. Net interest income

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Interest income calculated using the EIR:</b>		
Loans and advances to customers	29,299	14,223
Financial investments	119	98
Term deposit at bank	141	113
Current account at bank	35	49
<b>Total interest income</b>	<b>29,594</b>	<b>14,483</b>
<b>Interest and similar expense:</b>		
Private placement of trust deposits	(3,695)	(2,917)
Borrowed funds	(4,527)	(1,187)
Issued bonds	(1,938)	(1,133)
Interest expense on financial liabilities at FVTPL	(159)	(45)
Derivative financial instruments	(265)	(65)
Accretion of interest on lease liabilities	(103)	(66)
Other financing costs	(1)	(5)
<b>Total interest expense</b>	<b>(10,688)</b>	<b>(5,418)</b>
<b>Net interest income</b>	<b>18,906</b>	<b>9,065</b>

Interest income split by geographical markets is as follows:

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>By primary geographic markets:</b>		
Mongolia	27,900	13,579
Other Asian countries	1,694	904
<b>Total interest income</b>	<b>29,594</b>	<b>14,483</b>

#### 6. Impairment losses on financial assets

	30 June 2024 US\$'000	30 June 2023 US\$'000
Loans and advances to customers	(2,609)	(1,415)
Repayment of written-off loans	134	5
Other financial assets	(301)	(397)
<b>Total</b>	<b>(2,776)</b>	<b>(1,807)</b>

## 7. Other operating income

	30 June 2024 US\$'000	30 June 2023 US\$'000
Dividend income	113	259
Gain on sales of property, plant and equipment, net	–	15
Net foreign exchange gain	–	2
Property management income	144	110
Cleaning and maintenance services income	44	89
Other income	165	122
<b>Total other operating income</b>	<b>466</b>	<b>597</b>

## 8. Income tax

The income tax expense for the periods ended 30 June 2024 and 2023 is:

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Income tax expense</b>		
<b>Current tax expense</b>		
Current tax on profits for the period	3,639	1,179
<b>Deferred tax expense</b>		
Deferred tax charge	40	40
<b>Total income tax</b>	<b>3,679</b>	<b>1,219</b>

A reconciliation of income tax expense applicable to profit before tax for the periods ended 30 June 2024 and 2023 are as follows:

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Profit before tax</b>	<b>14,805</b>	<b>6,529</b>
Income tax expenses at statutory rate of 25% based on net profit before taxation	3,883	1,597
Effect of lower tax rate on profit below MNT 6 billion	(265)	(258)
Effect on expenses that are non-deductible	(63)	152
Different tax rate applied in overseas jurisdiction	(278)	6
Effect on income not taxable	431	(283)
Effect on income subject to flat 5% and 10%	(29)	5
<b>Tax expense</b>	<b>3,679</b>	<b>1,219</b>

Movements in the income tax payable for the reporting period is as follows:

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Balance at 1 January</b>	<u>2,904</u>	<u>994</u>
Balance acquired on merger	–	6
Current tax expense for the period	3,639	1,180
Income taxes paid	(3,211)	(1,315)
Foreign exchange on translation	(460)	(2)
<b>Balance at 31 December</b>	<u>2,872</u>	<u>863</u>

During the periods ended June 2024 and 2023, the Target Group was subject to incremental tax rates on certain bands of profit below the minimum 15% level mandated by the OECD's Pillar Two Model Rules. However, due to the application of higher income tax rates on certain bands of profit within the tax jurisdictions in which the Target Group operates, the effective rate of tax paid by the Target Group on its taxable profit exceeds this 15% threshold. As a consequence, the provisions of the OECD Pillar Two Model Rules are not considered to have any impact on the Target Group's tax exposures.

	As at 1 January 2024 US\$'000	As at 30 June 2024 US\$'000
<b>Deferred tax assets/(liabilities)</b>		
Revaluation of financial investments measured at FVOCI	24	18
Timing difference from loan interest	141	168
Timing difference in revenue recognition	3	3
Lease liabilities	22	22
Cash and cash equivalents	7	7
Other financial assets	–	–
Trade payable	–	–
Amortisation of intangible assets	(252)	(319)
Right of use assets	(17)	(17)
Property, plant and equipment	–	–
FCTR	–	–
<b>Gross deferred tax assets</b>	<u>28</u>	<u>28</u>
<b>Gross deferred tax liabilities</b>	<u>(101)</u>	<u>(148)</u>
<b>Net deferred tax liabilities</b>	<u>(72)</u>	<u>(118)</u>

	As at 1 January 2023 US\$'000	As at 30 June 2023 US\$'000
<b>Deferred tax assets/(liabilities)</b>		
Revaluation of financial investments measured at FVOCI	1	1
Timing difference from loan interest	10	10
Timing difference in revenue recognition	–	–
Lease liabilities	39	45
Cash and cash equivalents	–	–
Other financial assets	(7)	(7)
Trade payable	–	–
Amortisation of intangible assets	(102)	(91)
Right of use assets	(35)	(35)
Property, plant and equipment	(1)	(1)
FCTR	–	–
<b>Gross deferred tax assets</b>	<b>35</b>	<b>35</b>
<b>Gross deferred tax liabilities</b>	<b>(128)</b>	<b>(111)</b>
<b>Net deferred tax liabilities</b>	<b>(93)</b>	<b>(76)</b>

## 9. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Target Group by the weighted average number of ordinary shares in issue during the period.

	30 June 2024 US\$'000	30 June 2023 US\$'000
Profit from continuing operations attributable to equity holders of the Target Group	11,126	5,310
Weighted average number of ordinary shares in issue	6,814,384	6,814,384
Basic and fully diluted loss per share from continuing operations – US\$	1.63	0.78

As at 30 June 2024 and 2023 there were no potentially dilutive instruments in issue for consideration in arriving at the fully diluted loss per share.

## 10. Cash and bank balances

	30 June 2024 US\$'000	31 December 2023 US\$'000
Cash in hand	–	4
Current account at bank	36,170	21,389
Demand deposits	–	3
Term deposits	1,427	2,981
Accumulated interest receivable	24	33
<b>Total cash and bank balances</b>	<b>37,621</b>	<b>24,410</b>
Less: Allowance for impairment losses	(4)	(5)
<b>Net cash and bank balances</b>	<b>37,617</b>	<b>24,405</b>
Less: Deposit with original maturity more than three months	–	(358)
<b>Cash and cash equivalent</b>	<b>37,617</b>	<b>24,047</b>

Summary of the allowance for impairment losses on cash and cash equivalent balances with other banks is as follows:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Current account at bank	(4)	(5)
Deposits at bank	—	—
<b>Total allowance for impairment losses</b>	<b>(4)</b>	<b>(5)</b>

Movement of provision for impairment of other receivables is as follows:

	30 June 2024 US\$'000	31 December 2023 US\$'000
<b>Balance at 01 January</b>	<b>(5)</b>	<b>(23)</b>
Net charge/(reversal) for the year	1	18
<b>Balance at 31 December</b>	<b>(4)</b>	<b>(5)</b>

As of 30 June 2024 and 31 December 2023, the Target Group's cash and cash equivalent balances denominated in various currencies are as follows:

	30 June 2024 US\$'000	31 December 2023 US\$'000
MNT	28,796	18,642
JPY	787	4,415
US\$	6,878	644
KGS	399	289
KZT	440	244
UZK	177	176
EUR	140	—
<b>Total</b>	<b>37,617</b>	<b>24,410</b>

## 11. Loans and advances to customers

Balance of loans and advances – by product type:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Consumer loan	26,798	5,717
Digital loan	31,464	33,978
Business loan	71,265	82,926
Vehicle loan	40,984	17,830
Credit card loan	291	279
<b>Total loans and advances to customers</b>	<b>170,802</b>	<b>140,730</b>
Less: Deferred loan origination fees	(831)	(652)
Less: Allowances for loans and advances to customers	(7,471)	(5,167)
<b>Net loans and advances to customers</b>	<b>162,500</b>	<b>134,911</b>

The split of the expected credit loss allowance by the main product type is as follows:

	Consumer loans US\$'000	Digital US\$'000	Business loan US\$'000	Vehicle loan US\$'000	Credit card loan US\$'000	Total US\$'000
<b>Balance at 1 January 2024</b>	<b>795</b>	<b>1,618</b>	<b>2,316</b>	<b>436</b>	<b>2</b>	<b>5,167</b>
Increased during the period	310	404	1,636	375	(2)	<b>2,723</b>
Write-off	—	—	—	—	—	—
Foreign exchange movements	7	(429)	(7)	10	—	<b>(419)</b>
<b>Balance at 30 June 2024</b>	<b>1,112</b>	<b>1,593</b>	<b>3,945</b>	<b>821</b>	<b>—</b>	<b>7,741</b>
<b>Balance at 1 January 2023</b>	<b>465</b>	<b>1,659</b>	<b>1,336</b>	<b>555</b>	<b>—</b>	<b>4,015</b>
Increased during the period	679	881	989	(99)	2	2,452
Write-off	—	—	—	—	—	—
Foreign exchange movements	(349)	(922)	(9)	(20)	—	<b>(1,300)</b>
<b>Balance at 31 December 2023</b>	<b>795</b>	<b>1,618</b>	<b>2,316</b>	<b>436</b>	<b>2</b>	<b>5,167</b>

Balance of loans and advances – by stage:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Gross carrying amount		
Stage 1	149,704	130,220
Stage 2	10,727	4,790
Stage 3	9,540	5,068
	<b>169,971</b>	<b>140,078</b>
Less: Allowance for impairment losses		
Stage 1	(1,898)	(1,561)
Stage 2	(380)	(382)
Stage 3	(5,194)	(3,224)
	<b>(7,472)</b>	<b>(5,167)</b>

#### **Provision for impairment of loan receivables**

The Target Group applies the IFRS 9 general three-stage approach to measure expected credit losses.

To measure expected credit losses on a collective basis, loan receivables are grouped based on similar credit risk profile and aging.

Movement in the impairment allowance of loan receivables is as follows:

	30 June 2024 US\$'000	31 December 2023 US\$'000
<b>At 1 January</b>	(5,167)	(4,015)
Increased during the period	(2,731)	(2,444)
Written off	477	1,295
Foreign exchange movement	12	(3)
<b>At 31 December</b>	<b>(7,409)</b>	<b>(5,167)</b>

Movement between stages of loan receivables is as follows:

	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
<b>At 1 January 2024</b>	<b>128,744</b>	<b>4,461</b>	<b>4,180</b>	<b>137,385</b>
Issued during the period	112,750	–	–	<b>112,750</b>
Repaid during the period	(82,270)	(1,219)	(2,407)	<b>(85,896)</b>
Movement to Stage 1	(12,654)	8,662	3,992	–
Movement to Stage 2	(508)	(790)	1,298	–
Movement to Stage 3	(139)	141	(2)	–
Foreign exchange movement	(213)	(904)	860	<b>(257)</b>
	145,710	10,351	7,921	<b>163,982</b>
<b>Change in interest receivables</b>	<b>3,037</b>	<b>738</b>	<b>1,456</b>	<b>5,232</b>
Fee deferral	(765)	(35)	(23)	<b>(823)</b>
Impairment allowance	(1,880)	(376)	(5,145)	<b>(7,401)</b>
Foreign exchange movement	1,368	101	41	<b>1,510</b>
<b>At 30 June 2024</b>	<b>147,470</b>	<b>10,779</b>	<b>4,250</b>	<b>162,500</b>
<b>At 1 January 2023</b>	<b>74,176</b>	<b>2,281</b>	<b>3,634</b>	<b>80,091</b>
Issued during the period	180,123	–	–	<b>180,123</b>
Repaid during the period	(119,444)	(188)	(3,381)	<b>(123,013)</b>
Movement to Stage 1	(6,485)	3,316	3,169	–
Movement to Stage 2	176	(961)	784	<b>(1)</b>
Movement to Stage 3	20	5	(26)	<b>(1)</b>
Foreign exchange movement	178	8	–	<b>186</b>
	<b>128,744</b>	<b>4,461</b>	<b>4,180</b>	<b>137,385</b>
<b>Change in interest receivables</b>	<b>2,118</b>	<b>334</b>	<b>894</b>	<b>3,346</b>
Fee deferral	(627)	(19)	(6)	<b>(652)</b>
Impairment allowance	(1,562)	(382)	(3,224)	<b>(5,168)</b>
<b>At 31 December 2023</b>	<b>128,673</b>	<b>4,394</b>	<b>1,844</b>	<b>134,911</b>

The Target Group applies the IFRS 9 general three-stage approach to measure expected credit losses. To measure expected credit losses on a collective basis, loan receivables are grouped based on similar credit risk profile and aging. ECL is estimated by using seven periods of historical data and current period data. The historical probability of default is calculated by considering both actual and forward-looking macroeconomic factors. The Target Group incorporates factors such as GDP growth, fluctuations in coal and copper prices, and the policy rate of the Central Bank, which are deemed to primarily impact expected credit losses. The carrying value of the loans and advances approximates their fair value.

Movement of expected credit losses movement between stages is as follows:

	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Total US\$'000
<b>Balance at 1 January 2024</b>	<b>1,561</b>	<b>382</b>	<b>3,224</b>	<b>5,167</b>
Issued during the period	1,485	206	2,738	<b>4,429</b>
Repaid during the period	(919)	(185)	(602)	<b>(1,706)</b>
Movement to Stage 1	(387)	167	219	-
Movement to Stage 2	53	(223)	170	-
Movement to Stage 3	87	28	(115)	-
Write-off	-	-	-	-
Foreign exchange	18	5	(441)	<b>(418)</b>
<b>Balance at 30 June 2024</b>	<b>1,898</b>	<b>380</b>	<b>5,193</b>	<b>7,471</b>
<b>Balance at 1 January 2023</b>	<b>1,418</b>	<b>145</b>	<b>2,452</b>	<b>4,015</b>
Issued during the period	2,143	47	1,878	<b>4,068</b>
Repaid during the period	(1,085)	(69)	(462)	<b>(1,616)</b>
Movement to Stage 1	(868)	332	536	-
Movement to Stage 2	27	(70)	43	-
Movement to Stage 3	(73)	(4)	77	-
Write-off	-	-	(1,301)	<b>(1,301)</b>
Foreign exchange	(1)	1	1	1
<b>Balance at 31 December 2023</b>	<b>1,561</b>	<b>382</b>	<b>3,224</b>	<b>5,167</b>

## 12. Financial investments

	30 June 2024 US\$'000	31 December 2023 US\$'000
<b>Financial assets at FVOCI:</b>		
<b>Debt instruments</b>		
MIK Bond	994	1,113
Golomt Bond	4,994	
<b>Equity Securities</b>		
<b>Listed</b>		
Golomt Bank JSC	546	513
Khas Bank JSC	307	269
Khan Bank JSC	15	17
<b>Total</b>	<b>6,856</b>	<b>1,912</b>

FVTOCI debt instruments are held within the business model for the purposes of both collecting contractual cash flows and selling financial assets. Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

	30 June 2024	31 December 2023
	US\$'000	US\$'000
<b>Financial assets at FVTPL:</b>		
<b>Debt instruments</b>		
<b>Listed</b>		
InvesCore Global Q ETF LLC	3	105
Invesco QQQ Trust ETF	–	2
Mongolian Mortgage Corporation HFC LLC	284	–
Mongolian Mortgage Corporation HFC LLC	254	–
	<hr/>	<hr/>
<b>Unlisted</b>		
Active Garden LLC	–	103
Domog Impex LLC	–	33
IC Reit LLC	–	32
Tsoba House LLC	31	–
	<hr/>	<hr/>
<b>Equity Securities</b>		
<b>Listed stocks</b>		
Innovation Investment JSC	295	444
Bogd Bank JSC	11	23
Gazar Shim JSC	9	12
Geely Automobile Holdings Ltd.	–	4
Khas Bank JSC	–	4
MGL Aqua JSC	148	–
Aurora Cannabis Inc	1	–
Sunnova Energy International Inc	1	–
Nvidia Corporation	1	–
MGL Aqua JSC	87	–
	<hr/>	<hr/>
<b>Private fund units</b>		
InvesCore Ri Cycle Private Fund LLC	119	118
Ochun Private Fund LLC	303	299
	<hr/>	<hr/>
<b>Total</b>	<b>1,547</b>	<b>1,179</b>
	<hr/>	<hr/>

### 13. Other financial assets

	30 June 2024	31 December 2023
	US\$'000	US\$'000
<b>Due from borrowers*</b>		
Due from related parties	110	631
Due from employees	122	107
ABS receivables	–	–
Receivables related to underwriting services	96	30
Receivables related to brokerage services	–	–
Other receivables	1,860	1,116
	<hr/>	<hr/>
<b>Total other financial assets</b>	<b>2,945</b>	<b>2,495</b>
	<hr/>	<hr/>
Less: Allowance for impairment losses	(259)	(205)
	<hr/>	<hr/>
<b>Net other financial assets</b>	<b>2,686</b>	<b>2,290</b>
	<hr/>	<hr/>

Receivables from borrowers include direct expenses incurred during the transfer of collateral assets to the Target. Group according to the fiduciary contract, such as legal expenses and taxes related to collateral assets.

Movement in the impairment allowance for these receivables is as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>As at 1 January</b>	<b>(246)</b>	<b>(152)</b>
Impairment loss for the period	(57)	(111)
Write-off during the period	4	58
Foreign exchange translation	40	—
<b>As at 30 June (31 December)</b>	<b>(259)</b>	<b>(205)</b>

#### 14. Non-controlling interests

InvesCore NBFI JSC, a subsidiary 80.71% owned by the Target Group (2022: 81.26%, 2021: 85.21%), AI Lab LLC, a subsidiary 60% owned by the Target Group (2022: 60%, 2021: 60%), and InvesCore CA MFC, a subsidiary 59.39% owned by the Target Group (2022: 56.88%, 2021: 85.21%) have significant non-controlling interests (NCI). Summarised financial information for InvesCore NBFI JSC and AI Lab LLC, before intra-group eliminations, is presented below along with the amounts attributable to NCI:

<b>For the period ended 31 December</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Statement of Comprehensive income:</b>		
Interest income calculated using the EIR	29,502	36,437
Interest and similar expense	(10,551)	(13,537)
<b>Net interest income</b>	<b>18,951</b>	<b>22,900</b>
Fee and commission income	3,105	4,504
Fee and commission expense	(57)	(198)
<b>Net fee and commission income</b>	<b>3,048</b>	<b>4,306</b>
Revenue from contracts with customers	499	883
<b>Total revenue from contracts with customers</b>	<b>499</b>	<b>883</b>
Net trading income	—	(82)
Impairment losses on financial instruments	(2,780)	(2,191)
Other operating income	98	101
<b>Total operating income</b>	<b>19,816</b>	<b>25,917</b>
Employee costs	(2,818)	(4,586)
Depreciation of property, plant and equipment	(204)	(412)
Amortisation of right-of-use assets	(171)	(376)
Amortisation of intangible assets	(94)	(148)
Other operating expenses	(2,082)	(3,184)
<b>Profit before tax</b>	<b>14,447</b>	<b>17,211</b>
Tax expense	(3,542)	(4,380)
<b>Profit for the period</b>	<b>10,905</b>	<b>12,831</b>

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit attributable to NCI	2,049	2,544
Other comprehensive income allocated to NCI	15	(72)
Total comprehensive income attributable to NCI	2,064	2,467
Dividends paid to NCI	(227)	(334)
<b>Statement of cash flows:</b>		
Cash flows to operating activities	(11,785)	(42,355)
Cash flows to investing activities	(5,269)	(1,984)
Cash flows from financing activities	30,656	53,517
<b>Net cash flow</b>	<b>13,602</b>	<b>9,178</b>

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>

**Statement of financial position:**

Assets:			
Cash and bank balance	37,127	23,877	
Loans and advances to customers	161,921	134,342	
Other financial assets	1,659	1,655	
Other non-financial assets	985	593	
Repossessed collateral	217	299	
Property, plant and equipment	3,294	3,533	
Intangible assets	1,438	1,400	
Right-of-use assets	1,459	807	
Deferred tax assets	12	11	
Liabilities:			
Borrowed funds	77,944	59,085	
Bond payables	24,769	19,651	
Current tax liabilities	2,675	2,157	
Other financial liabilities	8,128	5,640	
Contract liabilities	169	23	
Other non-financial liabilities	1,164	1,096	
Lease liabilities	1,187	822	
Accumulated non-controlling interests	21,090	17,399	

**15. Borrowed funds**

	<b>30 June 2024</b>		<b>31 December 2023</b>	
	<b>Book value</b>	<b>Book value</b>	<b>Book value</b>	<b>Fair value</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
From banks				
– Secured	36,104	36,104	10,658	10,694
– Unsecured	20,734	20,734	9,956	9,971
From financial institutions				
– Secured	2,885	2,885	3,157	3,164
– Unsecured	16,483	16,483	30,170	30,526
From individuals - unsecured	271	271	4,053	4,062
From corporates- unsecured	2,020	2,020	664	665
Accrued interest payable	1,524	1,524	976	976
	<b>80,021</b>	<b>80,021</b>	<b>59,634</b>	<b>60,058</b>
Less: Deferred fee expense	<b>(175)</b>	<b>(175)</b>	<b>(221)</b>	<b>(221)</b>
<b>Total borrowed fund, net</b>	<b>79,846</b>	<b>79,846</b>	<b>59,413</b>	<b>59,837</b>

The currency profile of the Target Group's borrowed funds is as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
MNT	48,942	36,598
US\$	26,113	17,640
KGS	4,502	4,166
JPY	162	848
EUR	127	161
<b>Total</b>	<b>79,846</b>	<b>59,413</b>
	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Golomt Bank JSC	(i)	30,392
Capitron Bank JSC	(ii)	–
Bogd Bank JSC	(iii)	6,580
Trade and Development Bank JSC	(iv)	1,471
Khas Bank JSC	(v)	5,106
Tavanbogd Finance NBFI LLC	(vi)	–
Shiidel Finance NBFI LLC	(vii)	117
CEC Investment NBFI LLC	(viii)	204
Ochir Undraa OMZ NBFI LLC	(ix)	146
Khuvsgul Geology JSC	(x)	670
Individual Ts	(xi)	147
Individual E	(xii)	–
Individual A	(xiii)	3,059
Rio Tinto Mongolia LLC	(xiv)	124
MIK Holding JSC	(xv)	803
Bridge Japan LLC	(xvi)	5,232
European Bank for Reconstruction and Development (EBRD)	(xvii)	517
Asian Development Bank	(xviii)	1,690
EMF Microfinance Fund Agmvk	(xix)	8,334
Hands on B.V.	(xx)	4,376
Microfinance Enhancement Facility SA, SICAV-SIF	(xxi)	1,134
M Bank JSC	(xxii)	4,973
Enabling Qapital	(xxiii)	–
Frontiers Microcredit Company LLC	(xxiv)	994
Bank of Asia CJSC	(xxv)	1,649
FinanceCreditBank OJSC	(xxvi)	587
Ashid Capital NBFI LLC	(xxvii)	1,282
Turquoise finance NBFI	(xxviii)	588
Tengerlig auto finance NBFI	(xxix)	176
Devjikh delkhii NBFI	(xxx)	–
Cyprus Capital NBFI	(xxxii)	147
Neg invesco NBFI	(xxxiii)	88
Khugjiliin hурдасгуур khurjirt fund	(xxxiv)	–
Arig bank	(xxxv)	59
Blue orchard	(xxxvi)	176
Accrued interest payable	(xxxvii)	–
<b>Total borrowed fund</b>	<b>80,021</b>	<b>59,634</b>
Less: Deferred fee expense	(175)	(221)
<b>Total borrowed fund, net</b>	<b>79,846</b>	<b>59,413</b>

The Target Group did not default on principal or interest payments with regard to all liabilities as of 30 June 2024 and 31 December 2023. As of 30 June 2024, the Target Group is fully compliant with contractual covenants imposed by the lenders.

Fixed rates of interest ranges from 5% to 24% and floating rate of interest range from 10% to 10.3%.

	<b>Lenders</b>	<b>Currency</b>	<b>Principal amount disbursed US\$'000</b>	<b>Principal amount outstanding US\$'000</b>	<b>Interest type</b>	<b>Type of loan</b>	<b>Payment</b>
(i)	Golomt Bank JSC	MNT	30,887	25,004	Fixed	Secured	Interest and principal are payable on monthly basis.
	Golomt Bank JSC	MNT	1,177	284	Fixed	Unsecured	Interest and principal are payable at the end of the term.
	Golomt Bank JSC	USD	4,973	4,973	Fixed	Secured	Interest and principal are payable on semi-annual basis.
	Golomt Bank JSC	MNT	131	131	Fixed	Secured	Interest and principal are payable at the end of the term.
(ii)	Capitron Bank JSC	MNT	–	–	Fixed	Secured	Interest and principal are payable on monthly basis.
(iii)	Bogd Bank JSC	MNT	8,785	6,580	Fixed	Unsecured	Interest and principal are payable on monthly basis.
(iv)	Trade and Development Bank JSC	MNT	1,177	294	Fixed	Secured	Interest and principal are payable at the end of the term.
	Trade and Development Bank JSC	MNT	1,177	1,177	Fixed	Secured	Interest and principal are payable on monthly basis.
(v)	Khas Bank JSC	MNT	8,820	5,106	Fixed	Secured	Interest and principal are payable on monthly basis.
(vi)	Khuvgul Geology JSC	MNT	647	670	Fixed	Unsecured	The next payment is due on 28 Oct 2024.
(vii)	Individual Ts	MNT	147	147	Fixed	Unsecured	The next payment is due on 28 Dec 2024.
(viii)	Individual A	JPY	853	124	Fixed	Unsecured	The next payment is due on 27 Dec 2024.
(ix)	Rio Tinto Mongolia LLC	MNT	–	803	–	Secured	The next payment is due on 25 Nov 2024.
(x)	Bridge Japan LLC	USD	517	517	Fixed	Unsecured	Interest is due annually and principal amount is due at the end of the term.
(xi)	European Bank for Reconstruction and Development	MNT	2,535	1,690	Fixed	Unsecured	To be repaid in 6 equal installments.

	<b>Lenders</b>	<b>Currency</b>	<b>Principal amount disbursed US\$'000</b>	<b>Principal amount outstanding US\$'000</b>	<b>Interest type</b>	<b>Type of loan</b>	<b>Payment</b>
(xii)	Asian Development Bank	MNT, USD	–	8,334	Floating	Unsecured	To be repaid in 6 equal installments.
(xiii)	EMF Microfinance Fund Agmvk	USD	5,001	4,376	Fixed	Unsecured	To be repaid in 6 equal installments.
(xiv)	Hands on B.V	MNT, US\$, EUR	–	1,134	Fixed	Unsecured	The next payment is due on 1 Nov 2025.
(xv)	Microfinance Enhancement Facility SA, SICAV-SIF	US\$	5,031	4,973	Fixed	Unsecured	Interest amount is payable semiannually on 30 June and 31 December of each year, beginning on 30 June 2024.
(xvi)	EMF Microfinance Fund Agmvk	KGS	1,004	1,025	Fixed	Unsecured	Interest and principal are payable at the end of the term.
(xvii)	Frontiers Microcredit Company LLC	KGS	1,489	1,649	Fixed	Unsecured	Interest and principal are payable at the end of the term.
(xviii)	Bank of Asia CJSC	KGS	676	517	Fixed	Unsecured	Interest and principal are payable at the end of the term.
(xix)	FinanceCreditBank OJSC	KGS	1,342	1,279	Fixed	Unsecured	Interest and principal end of the term.
(xx)	Ashid Capital NBFI	MNT	588	588	Fixed	Secured	Interest and principal are payable on monthly basis and the last payment is due in November 2024.
(xxi)	Turquoise Finance NBFI LLC	MNT	176	176	Fixed	Secured	Principal amount is due at the end of the term.
(xxii)	Tengerlig Auto Finance NBFI LLC	MNT	147	147	Fixed	Secured	Principal amount is due at the end of the term.
(xxiii)	Devjikh Delkhii NBFI LLC	MNT	88	88	Fixed	Secured	Principal amount is due at the end of the term.
(xxiv)	Saiprius Capital NBFI LLC	MNT	59	59	Fixed	Secured	Principal amount is due at the end of the term.
(xxv)	Neg Invesco NBFI LLC	MNT	176	176	Fixed	Secured	Principal amount is due at the end of the term.
(xxvi)	Khugjilin Khurdasguur Khujirt NGO	MNT	29	29	Fixed	Unsecured	Interest is due quarterly and principal amount is due at the end of the term.
(xxvii)	Arig Bank LLC	MNT	1,471	1,471	Fixed	Secured	Interest is due monthly and principal amount is due at the end of the term.

<b>Lenders</b>	<b>Currency</b>	<b>Principal amount disbursed US\$'000</b>	<b>Principal amount outstanding US\$'000</b>	<b>Interest type</b>	<b>Type of loan</b>	<b>Payment</b>
(xxviii) Blue Orchard Microfinance Fund	US\$	4,973	4,973	Floating	Unsecured	Interest is due semiannually and principal amount is due per the repayment schedule.
(xxix) Khugilinn Khurdasguur Khujirt NGO	MNT	176	176	Fixed		Principal amount is due at the end of the term.

During the year to 31 December 2023, IC Capital LLC raised approx. US\$ 580,000 in borrowings from external parties, with security for such borrowings being 100% of the equity shares in IC Capital LLC held by SIBJ Capital LLC. During the year to 31 December 2023, approx. US\$ 290,000 of these borrowings were repaid, with the remaining amount repayable by 15 November 2024.

Please see Note 24 for a reconciliation in movements of borrowed funds in the periods.

Please see Note 23 for a maturity analysis of borrowed funds at the reporting dates.

## 16. Bonds payable

<b>Type of bond</b>	<b>30 June 2024</b>		<b>31 December 2023</b>	
	<b>Book value US\$'000</b>	<b>Fair value US\$'000</b>	<b>Book value US\$'000</b>	<b>Fair value US\$'000</b>
Listed bonds	5,882	5,882	8,741	8,727
Non-listed bonds	18,601	18,601	10,751	10,751
Accrued interest payable	537	537	463	463
	<b>25,020</b>	<b>25,020</b>	<b>19,955</b>	<b>19,941</b>
Less: Deferred fee expense	(252)	(252)	(304)	(304)
<b>Total bonds payable</b>	<b>24,768</b>	<b>24,768</b>	<b>19,651</b>	<b>19,637</b>

The currency profile of the Target Group's bonds payable is as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
MNT	23,877	19,472
KGS	891	179
<b>Total</b>	<b>24,768</b>	<b>19,651</b>

		<b>30 June 2024</b>	<b>31 December 2023</b>
		<b>US\$'000</b>	<b>US\$'000</b>
Listed bond issued by InvesCore NBFI JSC	(i)	5,883	8,741
Non-listed bond issued by InvesCore NBFI JSC	(ii)	18,600	10,577
Non-listed bond issued by InvesCore CA MFC	(iii)	—	—
Listed bond issued by InvesCore NBFI JSC	(iv)	—	174
Accrued interest payable		537	463
		<u>25,020</u>	<u>19,955</u>
Less: Deferred fee expense		(252)	(304)
<b>Total bonds payable</b>		<b><u>24,768</u></b>	<b><u>19,651</u></b>

<b><i>Bond issue name</i></b>		<b><i>Outstanding</i></b>
	<b><i>Currency</i></b>	<b><i>balance</i></b>
		<b><i>US\$'000</i></b>
(i) Bond 2.0		MNT 5,883
(ii) Bond 2.1		MNT 17,737
(iii) Non-listed bond issued by InvesCore CA MFC		KGS 863
(iv) Accumulated interest payable		537

All bonds carry a fixed interest rate of interest and range between 18% - 19% per annum and are unsecured.

Please see Note 24 for a reconciliation in movements of bonds payable in the period.

## 17. Private placement of trust deposits

	<b>30 June 2024</b>		<b>31 December 2023</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Individuals	34,892	34,892	30,597	30,616
Corporates	9,682	9,682	8,386	8,386
Accrued interest payables	3,888	3,888	2,130	2,130
<b>Total private placement of trust deposits</b>	<b><u>48,462</u></b>	<b><u>48,462</u></b>	<b><u>41,113</u></b>	<b><u>41,132</u></b>

The currency profile of the Target Group's private placement of trust deposits is as follows:

	Interest rate	<b>31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b>US\$'000</b>	<b>US\$'000</b>
MNT	13%-38.8%	47,578	40,120
US\$	3%-6.5%	747	838
JPY	5%	137	155
<b>Total</b>		<b><u>48,462</u></b>	<b><u>41,113</u></b>

## 18. Leases

### Lease receivables

Net investments in finance leases:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Gross investment in finance leases:		
Not later than one year	6,338	4,200
Later than one and not later than five years	7,585	5,824
Later than five years	—	—
	<b>13,923</b>	<b>10,024</b>
Unrealised finance income	4,422	3,362
	<b>18,345</b>	<b>13,386</b>
Total investment in finance leases		
Net investment in finance leases		
Not later than one year	3,757	2,249
Later than one and not later than five years	5,954	4,569
Later than five years	—	—
	<b>9,711</b>	<b>6,818</b>

Investments in finance leases consist predominantly of contracts with companies and individuals for the lease of vehicles.

The Target Group leases vehicles to customers under fixed-term contracts typically ranging from 10 to 36 months. The amounts under finance lease contracts vary between KGS 82,000 (US \$1,000) and KGS 3,000,000 (US \$35,000).

Lease terms are negotiated individually, depending on factors such as the advance payment made for the vehicle purchase, the borrower's credit rating, and other considerations. Ownership of the leased assets remains with the Target Group until all lease payments have been fully settled.

The Target Group's risk management strategy involves requiring mandatory insurance for the leased vehicles, with the cost borne by the lessee. As the Target Group retains ownership of the vehicles, in the event of default, it reserves the right to repossess the asset and recover contractual cash flows through resale.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Target Group, the lessee's incremental borrowing rate is used. This is the rate the lessee would need to pay to borrow funds to acquire an asset of similar value to the right-of-use asset in a comparable economic environment, with similar terms, security, and conditions. The average effective interest rate used in 2023 was 43% (2022: 43%).

The Target Group's rental contracts do not include variable lease payments.

## 19. Share capital

The Target Group's share capital as of 30 June 2024 and 31 December 2023 consists of 6,814,384 common shares with a par value of Singapore Dollar 1 (US\$ 1) each.

Details about the Target Group's shareholders are provided below:

	<b>30 June 2024</b>	<b>31 December 2023</b>		
	<b>Number of shares</b>	<b>Share capital US\$'000</b>	<b>Number of shares</b>	<b>Share capital US\$'000</b>
<b>At 31 January</b>	<b>6,814,384</b>	<b>5,071</b>	<b>16,524,596</b>	<b>5,798</b>
Capital increase	–	–	–	99
Merger	–	–	(9,710,212)	(826)
<b>At 31 December</b>	<b>6,814,384</b>	<b>5,071</b>	<b>6,814,384</b>	<b>5,071</b>

## 20. Related party transactions

### (i) Identifying related parties

A list of the Target Group's principal subsidiaries consolidated is provided in Note 28. Transactions and outstanding balances between fully consolidated entities are eliminated. Transactions between SIBJ Capital LLC and its subsidiaries meet the definition of related party transactions. Where these are eliminated on consolidation, they are not separately disclosed in the Target Group's Historical Financial Information. Transactions between SIBJ Capital LLC and its subsidiaries are fully disclosed in SIBJ Capital LLC's stand-alone financial statements.

The Target Group has an ultimate parent company, which does not have any other subsidiary and whose financial statements are not consolidated. Transactions between InvesCore Financial Group and the Target Group meet the definition of related party transactions. They are disclosed separately in the Target Group's Historical Financial Information.

<b>Related party</b>	<b>Country of incorporation</b>	<b>Relationship</b>	<b>Type of main transactions</b>
InvesCore Financial Group Pte. Ltd	Singapore	Parent company	Management advisory service

*Related parties of the Target Group that are not its subsidiaries as follows:*

- associates (entities that are under the significant influence of the Target Group; however, there were no associates in both 2024 and 2023);
- joint ventures (entities in which SIBJ Capital LLC shares control with another party; however, there were no joint ventures in both 2024 and 2023);
- key management personnel and directors; and
- entities over which key management personnel and directors or their close family members have solely or jointly a direct or indirect significant influence (collectively referred to as other related parties).

Key management personnel and directors are those people who have authority and responsibility for planning, directing, and controlling the activities of the Target Group, directly or indirectly. The Target Group considers the members of the Board of Directors (the BoD) and C-suites of the parent and its subsidiaries to be key management personnel and directors for the purposes of IAS 24.

Other related parties of the Target Group with which there have been transactions or outstanding balances in the period of report are identified as follows:

<b>Related party</b>	<b>Country of incorporation</b>	<b>Relationship</b>	<b>Transactions</b>
iCore Partners LLC	Mongolia	Key management personnel has joint control over	Loans and advances
Abico LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Bitum Naran LLC	Mongolia	Key management personnel has control over	Loans and advances
InvesCore Leasing LLC	Mongolia	Key management personnel has joint control over	Loans and advances
InvesCore Asset Management LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
Mongolia Talent Network LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
InvesCore Japan Co., Ltd	Japan	Key management personnel has joint control over	Sales and purchases of goods and services
IC REIT LLC	Mongolia	Key management personnel has joint control over	Sales and purchases of goods and services
Finberry LLC	Mongolia	Key management personnel has joint control over	Transfers of intangible assets
Colo Thinking Design LLC	Mongolia	Key management personnel has influence over	Sales and purchases of goods and services
Amar Daatgal LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Microcredit NBFI LLC	Mongolia	Key management personnel has control over	Partnerships
Business Media LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Datacom LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Mongolia Investment Rating Agency LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Corex LLC	Mongolia	Key management personnel is a member of key personnel	Sales and purchases of goods and services
Blockchain Solution LLC	Mongolia	Key management personnel is a member of key personnel	Sales and purchases of goods and services

The Target Group receives management advisory services from its parent, with the associated considerations paid, as disclosed below.

<b>Transactions with the shareholders</b>	<b>2024</b> US\$'000	<b>2023</b> US\$'000
Investment received in share capital	—	—

Additionally, the Target Group provides non-banking services to its subsidiaries, key management personnel and directors, and other related parties, including the provision of loans, accepting trust deposits and purchase of fixed-income securities. Allowances for impairment were recognised in respect of loans to other related parties.

Target Group companies also provide investment banking services, facility management services, property leasing services, and IT automation services on an intra-group basis and to other related parties. All these transactions are conducted under prevailing market terms, similar to third-party transactions.

(ii) **Transactions with related parties**

As the transactions are not individually material, the amounts included in the Target Group's Historical Financial Information, aggregated by category or nature of transactions, for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Transactions with other related parties:</b>		
Management & consulting fees	120	120
Other expenses	(40)	(11)
Sales income	27	5
Purchase of intangibles	—	—
Purchase of PPE	(88)	—
Sale of PPE	23	2
Proceeds from private placements	132	—
Repayment of private placements	—	(32)
Interest expense on private placements	(9)	—
Interest income on private placement of deposit	—	—
Payment of interest of private placements	—	(1)
Proceeds from borrowings	—	671
Interest expense on borrowings	—	(8)
Loans disbursed	(105)	—
Repayment of loan	(1)	(156)
Interest income of loan disbursed	99	—
Interest income on financial investments	—	—
Payment of loan interest	—	—
Other monetary payments received	—	12
Other monetary payments made	(640)	(16)
Bonds purchased	—	—
Sales of bonds	—	—
Interest income on bonds	98	—
Payment of bond interest	(1)	—
Prepayment received	—	1
Other income	19	76

Total remuneration awarded to key management personnel and directors, as shown below, represents salaries, bonuses, and employer contributions to social and health insurance received during the period, as well as awards made as part of the latest remuneration decisions related to the period. The Target Group did not award any other long-term benefits or share-based payments.

Figures are provided for the period that individuals met the definition of key management personnel and directors (2024H1: 42) and (2023H1: 38), as outlined below:

	30 June 2024 US\$'000	30 June 2023 US\$'000
	Key management personnel	Key management personnel
	Directors	Directors
<b>Short-term benefit:</b>		
Salary and bonuses	433	184
Employer contribution to social and health insurance	53	5
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>486</b>	<b>189</b>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
	<b>340</b>	<b>318</b>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

(iii) **Outstanding balances of transactions with other related parties**

At 31 December, the outstanding balances of transactions with other related parties are follows:

	Notes	30 June 2024 US\$'000	31 December 2023 US\$'000
<b>Amount due to related parties</b>			
Directors		—	124
Abico LLC		—	—
InvesCore Leasing LLC		—	2
IC REIT LLC		—	131
Mongolia Talent Network LLC		—	2
InvesCore Japan Co., Ltd		805	446
Corex LLC		—	—
Blockchain Solution LLC		—	4
Amar Daatgal LLC		33	—
<b>Total amount due to related parties</b>	<b>19</b>	<b>838</b>	<b>709</b>
 <b>Amount due from related parties</b>			
Directors		23	152
InvesCore Japan Co., Ltd		179	176
InvesCore Leasing LLC		2	5
Mongolia Talent Network LLC		62	60
Finberry LLC		10	9
Corex LLC		—	—
Colo Thinking LLC		1	1
InvesCore Asset Management LLC		3	3
IC REIT LLC		32	218
<b>Total receivables due from related parties</b>	<b>19</b>	<b>312</b>	<b>624</b>

## 21. Financial instruments – Risk management

The Target Group is exposed through its operations to the following financial risks:

- a) Credit risk
- b) Market risk
  - i) Interest rate risk
  - ii) Foreign exchange risk

Other market price risk

- c) Liquidity risk

In common with all other businesses, the Target Group is exposed to risks that arise from its use of financial instruments. This note describes the Target Group's objectives, policies and procedures for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Historical Financial Information.

There have been no substantive changes in the Target Group's exposure to financial instrument risks, its objectives, policies and procedures for managing those risks, or the methods used to measure them from previous periods unless otherwise stated in this note.

### **Principal financial instruments**

The principal financial instruments used by the Target Group, from which financial instrument risk arises, are as follows:

- Loans and advances to customers
- Cash and cash equivalents
- Other financial assets
- Private placement of trust deposit
- Other financial liabilities

### **Financial instruments by category**

	Fair value through profit or loss		Amortised cost		Fair value through other comprehensive income	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>						
Cash and bank balance	–	–	37,617	24,405	–	–
Loans and advances to customers	–	–	162,500	134,911	–	–
Financial assets at FVOCI	–	–	–	–	6,856	1,912
Financial assets at FVTPL	1,547	1,179	–	–	–	–
Derivative financial assets	–	–	–	–	–	–
Finance lease receivables	–	–	9,711	6,818	–	–
Other financial assets	–	–	2,686	2,290	–	–
<b>Total financial assets</b>	<b>1,547</b>	<b>1,179</b>	<b>212,514</b>	<b>168,424</b>	<b>6,856</b>	<b>1,912</b>
<b>Financial liabilities</b>						
Borrowed funds	–	–	(79,846)	(59,413)	–	–
Bond payables	–	–	(24,768)	(19,651)	–	–
Private placement of trust deposits	–	–	(48,462)	(41,113)	–	–
Derivative financial liabilities	–	(82)	–	–	–	–
Liability at FVTPL	–	(1,748)	–	–	–	–
Other financial liabilities	–	–	(9,235)	(7,158)	–	–
<b>Total financial Liabilities</b>	<b>–</b>	<b>(1,830)</b>	<b>(162,311)</b>	<b>(127,335)</b>	<b>–</b>	<b>–</b>
<b>Net financial assets/ (liabilities)</b>	<b>1,547</b>	<b>(651)</b>	<b>50,203</b>	<b>41,089</b>	<b>6,856</b>	<b>1,912</b>

### **Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, loans to customers, other financial assets, borrowings, bonds, convertible debt, trust deposit liabilities, and other financial liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, other financial assets, and other payables approximates their fair value.

### **General objectives, policies and procedures**

The Board has overall responsibility for the determination of the Target Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Target Group's credit committee.

The management receives monthly reports from the Target Group Chief Financial Officer through which it reviews the effectiveness of the procedures put in place and the appropriateness of the objectives and

policies it sets. The Target Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the management is to set policies that seek to reduce risk as much as possible without unduly affecting the Target Group's competitiveness and flexibility. Further details regarding these policies are set out below:

a) **Credit risk**

Credit risk is defined as the risk of financial loss to the Target Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Target Group is primarily exposed to credit risk due to customers potentially being unable to fulfill their obligations under loan agreements, impairment of collateral, and the inability to meet obligations with the collateral.

The Credit Committee manages the Target Group's credit risk in an integrated manner by regularly discussing and resolving issues. If necessary, these issues are escalated and discussed at Board meetings.

The Target Group follows the "Risk Management Policy" issued for the Credit Committee in its loan activities. According to the policy, the risk management process consists of five interrelated stages:

1. Risk identification
2. Risk analysis and measurement
3. Risk assessment – Quantitative and qualitative approaches appropriate to the nature of the risk
4. Risk treatment
5. Monitoring and review

The main purpose of credit risk management is to optimise the level of risks and expected returns of loan activities. The Target Group adheres to the following principles in their credit risk management activities:

1. Accountability
2. Independence
3. Operating within the framework of policies and procedures
4. Providing complete loan documentation
5. Consistency
6. Adherence to limits set and diversification of the loan portfolio

To manage the level of credit risk, the Target Group sets limits on the amount of risk it is willing to accept for individual borrowers or groups of borrowers. The level of exposure to credit risk is managed through ongoing analysis of borrowers' and potential borrowers' ability to meet interest and principal repayment obligations. Credit limits are adjusted as needed to mitigate risk. Furthermore, exposure to credit risk is managed by securing collateral and obtaining corporate or personal guarantees.

The maximum exposure to credit risk, excluding collateral and other credit enhancements, is as follows:

	30 June 2024	31 December 2023
	Gross maximum exposure	Gross maximum exposure
<i>(In thousands of US\$)</i>		
Cash and bank balance	37,617	24,405
Loans and advances to customers	162,500	134,911
Debt instruments at FVOCI	6,856	1,113
Other financial assets	2,686	2,290
<b>Total</b>	<b>209,659</b>	<b>162,719</b>

Other credit enhancements refers to strategies and tools to mitigate risks associated with loan such as collateral, guarantees and insurance. InvesCore collateralises real states with LTV ratios of up-to 80 per cent. and cars with LTV ratios of up-to 70 per cent. in keeping with loan procedure regulations. Furthermore, InvesCore collaborates with the 7 top Mongolian insurance companies (Practical insurance, Mandal insurance, Nomin insurance, Bodi insurance, Khaan insurance, Tenger insurance and Munkh insurance) to insure car purchase loans and investment loans.

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure, but they do not reflect the maximum risk exposure that could arise in the future due to changes in their values.

### **Credit quality analysis**

The following table sets out information about the credit quality of financial assets measured at amortised cost based on the Target Group's internal credit quality grading. Unless specifically indicated, the amounts in the table represent gross carrying amounts for financial assets.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4 (d).

(In thousands of US\$)	<b>PD range</b>	30 June 2024			<b>Total</b>
		<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
Performing	0.02%-4.8%	150,140	–	–	<b>150,140</b>
Past due	2.5%-71.3%	–	11,195	–	<b>11,195</b>
Substandard	100%	–	–	9,467	<b>9,467</b>
Doubtful	100%	–	–	–	–
Loss	100%	–	–	–	–
<b>Gross amount</b>		<b>150,140</b>	<b>11,195</b>	<b>9,467</b>	<b>170,802</b>
<b>Fee deferral</b>		(772)	(36)	(23)	(831)
<b>Loss allowance</b>		(1,898)	(380)	(5,194)	(7,472)
<b>Net carrying amount</b>		<b>147,470</b>	<b>10,779</b>	<b>4,250</b>	<b>162,499</b>

(In thousands of US\$)	<b>PD range</b>	31 December 2023			<b>Total</b>
		<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
Performing	0%-3.7%	131,087	–	–	131,087
Past due	3%-70.4%	–	3,718	–	3,718
Substandard	100%	–	–	1,461	1,461
Doubtful	100%	–	–	2,115	2,115
Loss	100%	–	–	2,350	2,350
<b>Gross amount</b>		<b>131,087</b>	<b>3,718</b>	<b>5,962</b>	<b>140,731</b>
<b>Fee deferral</b>		(627)	(19)	(6)	(652)
<b>Loss allowance</b>		(1,562)	(382)	(3,224)	(5,168)
<b>Net carrying amount</b>		<b>128,898</b>	<b>3,317</b>	<b>2,696</b>	<b>134,911</b>

### **Collateral and other credit enhancements**

The Target Group maintains collateral coverage in order to mitigate credit risk. The following table sets out the principal types of collateral held against different types of financial assets.

### **Amounts arising from ECL**

To mitigate the credit risk associated with financial assets, the Target Group requires collateral primarily for business and consumer loans. The type of collateral varies depending on the loan product. For business loans, collateral includes both movable and immovable assets. For consumer loans, the underlying assets financed by the loan proceeds are typically used as collateral. For digital loans disbursed through the Pocket platform, the Target Group relies on the borrower's credit scoring model and does not require collateral.

The details of the fair value of collateral for loans provided to customers by the Target Group are as follows:

	<b>Over-collateralised assets</b>		<b>Under-collateralised assets</b>	
	<b>Carrying value of the assets</b>	<b>Fair value of collateral</b>	<b>Carrying value of the assets</b>	<b>Fair value of collateral</b>
<b>At 30 June 2024</b>				
Business loan	13,255	29,441	7,963	2,745
Consumer loan	21,002	127,898	991	57
Auto loan	33,545	100,115	866	1,193
<b>Total</b>	<b>67,802</b>	<b>257,454</b>	<b>9,820</b>	<b>3,995</b>
<b>At 31 December 2023</b>				
Business loan	70,884	175,604	2,322	5,732
Consumer loan	8,013	23,061	47	292
Auto loan	17,366	33,815	18	48
<b>Total</b>	<b>96,263</b>	<b>232,480</b>	<b>2,387</b>	<b>6,072</b>

The loan collateral must be sufficient to cover the principal, accrued interest, and penalty interest on high-risk loans. The collateral is valued based on its market value and benchmark valuation standards. Management continuously monitors the valuation of the collateral.

### ***Inputs, assumptions and methodology used for estimating impairment***

#### *Significant increase in credit risk*

When assessing whether the risk of default on a financial instrument has increased significantly since initial recognition, the Target Group considers relevant and readily available information without undue cost or effort. This includes both quantitative and qualitative analysis, drawing on the Target Group's historical experience, expert credit assessments, and forward-looking information.

The Target Group uses three criteria to determine whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- a backstop indicator: If a financial asset is more than 30 days past due, or has been restructured, and if both internal and external ratings have decreased by two or more grades, it is assigned to Stage 2. If a financial asset is more than 90 days past due and therefore considered defaulted, it is allocated to Stage 3.

#### *Credit risk grades*

The Target Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data to determine the impairment of financial asset: the borrower's financial condition, credit usage, contract restructuring, repayment history, income stability, economic trends, and references from law enforcement agencies. Sources of data include:

- Internally collected data on customer behaviour, such as credit card usage;

- External data from credit reference agencies;
- Internally collected payment records, detailing overdue status and payment ratios;
- Internally collected data on utilisation of the approved credit limit;
- Internally collected record of instances of forbearance requests and approvals;
- Internal research on anticipated changes in economic, business, and financial conditions;
- External data from law enforcement agencies.

*Generating the term structure of PD*

*Determining whether credit risk has increased significantly*

The Target Group assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Target Group's credit risk management procedures, which may not be fully captured in the quantitative analysis in a timely manner.

Such qualitative factors are based on the Target Group's expert judgement and relevant historical experience and are applied to the exposures that meet certain heightened risk criteria, such as placement on a watch list.

As a backstop, the Target Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days from the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial instrument return to being measured as 12-month ECL.

Some qualitative indicators of increased credit risk, such as delinquency or forbearance, may suggest a heightened risk of default that continues even after the indicator itself has ceased to exist. For instance, when the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance in accordance with the modified contractual terms.

The Target Group monitors the effectiveness of the criteria used to identify significant increases in credit risk through regular reviews to ensure that:

- The criteria are capable of identifying significant increases in credit risk before exposure is in default.
- The criteria do not align solely with the point in time when an asset becomes 30 days past due.
- The average time between the identification of a significant increase in credit risk and default is reasonable.
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired status.
- There is no unwarranted volatility in loss allowance due to transfers between 12-month ECL (Stage 1) and lifetime ECL measurements (Stage 2).

*Definition of default*

The Target Group considers a financial asset to be in default when:

- Insolvency: The borrower is considered insolvent for the following reasons:
  - o Significant financial deterioration
  - o Having difficulty pay interest or principal payment
  - o Likelihood of bankruptcy or other financial restructuring

- The asset is past due by more than 90 days.

In assessing whether a borrower is in default, the Target Group considers indicators based on data developed internally and obtained from external sources:

- Qualitative: e.g., breaches of covenant
- Quantitative: e.g., overdue status and non-payment on another obligation to the Target Group

Inputs into the assessment of whether a financial instrument is in default, and their significance, may vary over time to reflect changes in circumstances.

*Incorporation of forward-looking information*

The Target Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The key drivers for credit risk include GDP growth, unemployment rates, and interest rates. Due to the short average life of the Target Group's loan portfolio, the sensitivity to these key drivers is insignificant.

*Modified financial assets*

The contractual terms of a loan may be modified for various reasons, such as changing market conditions, customer retention efforts, and other factors unrelated to the current or potential credit deterioration of the customer. Exposures with no past due amounts and no restructuring are classified as Stage 1 exposures. Exposures that are past due within 90 days or loans that have been restructured are classified as Stage 2 exposures. Exposures that are past due more than 90 days or that have defaulted are classified as Stage 3 exposures.

*Measurement of ECL*

The key inputs into the measurement of Expected Credit Losses (ECL) are based on the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

For exposures in Stage 1, the 12-month ECL is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated similarly but uses the lifetime PD instead of the 12-month PD.

LGD represents the expected loss magnitude in the event of default. LGD models take into consideration the structure of the financial asset, any collateral involved, the seniority of the claim, the industry of the counterparty, and the recovery cost associated with collateral integral to the asset. LGD estimates are adjusted for various economic scenarios and are calculated using a discounted cash flow approach, with the effective interest rate serving as the discount factor.

EAD represents the anticipated exposure in the event of a default. The Target Group determines EAD based on the current exposure to the counterparty, considering potential changes allowed under the contract and arising from amortisation. For a financial asset, EAD is the gross carrying amount at the time of default. For lending commitments, EAD encompasses potential future amounts that may be drawn under the contract, estimated using historical data and forward-looking forecasts. In the case of financial guarantees, EAD equals the exposure under the guarantee at the point when it becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Target Group measures ECL by considering the risk of default over the maximum contractual period, which includes any borrower's extension options, over which it is exposed to credit risk. This measurement applies even if, for credit risk management purposes, the Target Group considers a longer period. The maximum contractual period extends to the date at which the Target Group has the right to demand repayment of an advance or terminate a loan commitment or guarantee.

#### *Credit risk arising on cash at bank deposits*

The Target Group maintains cash at bank in a variety of banks across the portfolio of operations, giving rise to a level of credit risk associated with the credit worthiness of the banks with whom funds are held. As at the reporting date, a total of 97 per cent. (2023: 97 per cent.) of all funds held were lodged with banks with a credit rating of B2 or above.

#### b) **Market risk**

Market risk arises from the Target Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk) or other market factors (other market price risk).

##### i) **Interest rate risk**

The Target Group defines interest rate risk as potential loss due to a negative impact from adverse changes in interest rates and their implied volatility. The Target Group's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Target Group's net interest income, while a long-term impact is on the Target Group's net worth as the economic value of the Target Group's assets, liabilities and off-balance sheet exposures will be affected.

The Target Group's risk function periodically monitors the compliance against its risk appetite on the Target Group's interest rate position.

The following table presents the sensitivity analysis demonstrating the potential impact of a reasonable change in interest rates, while holding all other variables constant, on the Target Group's statement of comprehensive income. The sensitivity analysis measures the effect of assumed changes in interest rates on net interest income for one year, based on the floating rate of financial assets and financial liabilities held as of 30 June 2024 and 31 December 2023.

	<i>Change in interest rate in basis point</i>		<i>Sensitivity of net interest expense US\$'000</i>
		<i>Currency</i>	
Borrowed funds	+120 +120	MNT US\$	112 54

## ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value of financial instruments fluctuates as a result of changes in foreign currency rates. This risk arises from foreign currency transactions and recognised assets and liabilities denominated in the foreign currencies. As of 30 June 2024, and 31 December 2023, the Target Group's net exposure to foreign exchange risk is as follows:

	US\$		JPY		Other*		Total	
	30 June 2024	31 December 2023						
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>								
Cash and bank balance	6,882	644	787	4,415	140	–	7,809	5,059
Loans and advances to customers	1,651	4,506	90	–	–	–	1,741	4,506
Financial assets at FVOCI	5,988	1,113	–	–	–	–	5,988	1,113
Financial assets at FVTPL	–	–	–	–	–	8	–	8
Derivative financial assets	–	3,858	–	–	–	–	–	3,858
Other financial assets	35	5	–	–	–	–	35	5
<b>Total financial assets</b>	<b>14,556</b>	<b>10,126</b>	<b>877</b>	<b>4,415</b>	<b>140</b>	<b>8</b>	<b>15,573</b>	<b>14,549</b>
<b>Financial liability</b>								
Borrowed funds	(26,113)	(17,640)	(127)	(848)	(162)	(161)	(26,402)	(18,649)
Private placement of trust deposits	(747)	(838)	(137)	–	–	–	(884)	(838)
Other financial liabilities	(812)	(660)	(34)	(21)	–	–	(846)	(681)
<b>Total financial liabilities</b>	<b>(27,672)</b>	<b>(19,138)</b>	<b>(298)</b>	<b>(869)</b>	<b>(162)</b>	<b>(161)</b>	<b>(28,132)</b>	<b>(20,168)</b>
<b>Net exposure to foreign currency</b>	<b>(13,116)</b>	<b>(9,012)</b>	<b>579</b>	<b>3,546</b>	<b>(22)</b>	<b>(153)</b>	<b>(12,559)</b>	<b>(5,619)</b>

\* Other currencies include the Euro and the Hong Kong Dollar, with 14,996 Hong Kong Dollars classified as Financial Assets at FVTPL, and the rest in Euros.

## iii) **Foreign currency risk**

The following table presents sensitivities of profit or loss to reasonable possible changes in exchange rates applied as of 30 June 2024 against the functional currency of the Target Group, with all other variables held constant:

	Impact on profit or loss	
	2024	2023
	US\$'000	US\$'000
US\$ strengthening by 20% (2022: 20%)	(1,884)	(1,267)
US\$ weakening by 20% (2022: 20%)	1,884	1,267
JPY strengthening by 20% (2022: 20%)	87	532
JPY weakening by 20% (2022: 20%)	(87)	(532)
EUR strengthening by 20% (2022: 20%)	(3)	(24)
EUR weakening by 20% (2022: 20%)	3	24
HKD strengthening by 20% (2022: 20%)	–	1
HKD weakening by 20% (2022: 20%)	–	(1)

## c) **Liquidity risk**

Liquidity risk refers to the risk that the Target Group may be unable to fulfill its short-term financial obligations as they come due.

The Target Group's policy is designed to ensure it always has adequate cash on hand to meet its liabilities promptly. To achieve this objective, the Target Group maintains cash reserves and utilises agreed-upon facilities, such as overdraft facilities with multiple financial institutions, to cover anticipated needs.

The Target Group prepares its annual budget by assessing its cash flow requirements. Additionally, the Target Group conducts monthly liquidity risk assessments, which are presented to the Board of Directors for review and decision-making on further actions to maintain financial stability.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

<b>As at 30 June 2024</b>	<i>Up to 3 months</i>	<i>Between 3 and 12 months</i>	<i>Between 1 and 2 Years</i>	<i>Between 2 and 5 Years</i>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial liabilities</b>					
Borrowed funds	9,175	17,017	41,656	11,997	79,846
Bond payables	6,178	18,590	—	—	24,768
Private placement of trust deposits	19,181	28,473	808	—	48,462
Other financial liabilities	8,703	487	45	—	9,235
Liability at FVTPL	—	—	—	—	—
Lease liabilities	112	413	489	433	1,447
<b>Total financial liabilities</b>	<b>43,349</b>	<b>64,980</b>	<b>42,998</b>	<b>12,430</b>	<b>163,758</b>
 <i>As at 31 December 2023</i>					
<b>Financial liabilities</b>					
Borrowed funds	13,263	22,216	16,634	7,300	59,413
Bond payables	1,352	18,299	—	—	19,651
Private placement of trust deposits	6,736	33,214	1,163	—	41,113
Derivative financial liabilities	50	32	—	—	82
Other financial liabilities	6,602	556	—	—	7,158
Liability at FVTPL	1,748	—	—	—	1,748
Lease liabilities	118	302	368	366	1,154
<b>Total financial liabilities</b>	<b>29,869</b>	<b>74,619</b>	<b>18,165</b>	<b>7,666</b>	<b>130,319</b>

**d) Disclosure of capital**

The Target Group controls 'adjusted capital', which consists of all components of the equity other than cash flow hedge reserves (e.g. share capital, additional paid-in capital, non-controlling interest, retained earnings and revaluation surplus). The primary objectives of the Target Group's capital management are:

- Ensure the Target Group's ability to operate as a going concern, thereby sustaining returns for shareholders and providing benefits to other stakeholders;
- Provide shareholders with appropriate returns by setting prices for products and services based on the level of risk involved.

The Target Group determines the amount of capital it needs relative to its risk exposure. It actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk profile of its underlying assets. To maintain or modify its capital structure, the Target Group may adjust dividend payments, conduct share buybacks, issue new shares, or sell assets to reduce debt. These actions are taken to optimise the Target Group's financial position and align its capital with its risk tolerance and business strategy.

Consistent with the industry, the Target Group monitors its capital using the debt-to-adjusted capital ratio. This ratio is computed as net debt divided by adjusted capital, defined as follows: Net debt equals total debt (as reported in the statement of financial position) minus cash and cash equivalents.

Due to recent market uncertainty, the Target Group's strategy is focused on maintaining a robust cash position and achieving a favourable debt-to-adjusted-capital ratio. This strategy aims to ensure access to finance at reasonable costs by sustaining a high credit rating. The debt-to-adjusted-capital ratios as of 30 June 2024 and 31 December 2023 were as follows:

	2024 US\$'000	2023 US\$'000
Total liabilities	168,785	134,764
Less: Cash and bank balances	(37,617)	(24,405)
<b>Net liabilities</b>	<b>131,168</b>	<b>110,359</b>
Total equity	42,608	33,010
<b>Gearing ratio (%)</b>	<b>308%</b>	<b>219%</b>

e) ***Operational risk management***

In the operational risk management framework of the Target Group, operational risk is defined as the potential for loss arising from inadequate or failed internal processes, human errors, system failures, or external events.

All employees are accountable for preventing situations that could lead to operational risk incidents and for promptly reporting any significant operational risk incidents. Roles and responsibilities are allocated based on the Three Lines of Defence as outlined below:

The First Line of Defence, comprising Business Units and supporting units, is responsible for several key tasks within the operational risk management framework: ensuring the implementation and execution of robust, effective, and efficient controls; reporting on the effectiveness of operational risk controls; accepting operational risk based on the approved risk acceptance matrix; and implementing follow-up measures commensurate with the level of operational risk identified.

The Second Line of Defence, represented by the Risk Management Department, holds several responsibilities within the operational risk management framework: reviewing and challenging all process assessments and follow-up measures; monitoring the performance of operational risk metrics; and escalating operational risk matters to the Risk Management Committee for appropriate attention and action.

The Third Line of Defence, Internal Audit, is tasked with providing assurance on the effectiveness of governance, risk management, and internal controls. This includes assessing how the first and second lines of defence fulfill their risk management and control objectives. The risk appetite statement is reviewed and approved annually by the Board of Directors. Monitoring of risk appetite occurs on a monthly basis, with reports provided to the monthly Risk Management Committee and quarterly to the Board Risk Management Committee.

i) *Fraud Risk*

Fraud risk is managed through a comprehensive Anti-Fraud Policy and Whistleblowing Policy, forming the cornerstone of a robust framework where the intolerance for fraud is clearly outlined. These policies ensure that all employees grasp the significance of identifying and reporting any fraudulent incidents. By cultivating a culture of vigilance and accountability, every employee is empowered to actively engage in detecting and reporting potential fraud, thereby strengthening the Target Group's dedication to mitigating fraud risk and upholding the integrity of its operations.

ii) *Health and Safety*

The Target Group addresses Occupational Health and Safety (OHS) risks through a comprehensive framework, incorporating established OHS procedures and designating an OHS officer to oversee compliance and safety measures. Regular OHS annual training and awareness programs ensure that all employees are well-versed in safety protocols and best practices. To oversee and mitigate risks, the Target Group tracks OHS incident metrics monthly, presenting detailed reports to the Risk Management Committee for review and action. Furthermore, the presence of an OHS incident response team ensures prompt and effective responses to any safety incidents, thereby reducing potential risks and fostering a safe working environment.

iii) *Product or Service Malfunction and/or Deficiency*

The Target Group effectively manages product and service errors or deficiencies within an operational risk framework, employing a robust system that commences with thorough product development procedures. These procedures require risk assessments prior to product launch to proactively identify and mitigate potential risks. The Target Group upholds a stringent control environment to ensure continuous oversight

and compliance with regulatory standards. Regular risk reporting facilitates timely identification and documentation of any emerging issues, allowing for swift resolution. Moreover, a well-defined customer complaint resolution procedure ensures swift investigation and resolution of any reported deficiencies. Certified by ISO 9001, the Target Group adheres to international quality management standards, reinforcing its commitment to excellence and continuous improvement. This certification underscores the Target Group's dedication to maintaining high standards of quality and reliability, thereby safeguarding its reputation and ensuring customer satisfaction.

iv) *Business Disruption*

The management of business disruptions is facilitated through the implementation of a Business Continuity Plan (BCP), which assures resilience and prompt recovery in unforeseen circumstances. This plan incorporates well-defined risk tolerances related to business disruptions, such as core system uptime ratios and internet service availability, to sustain vital operations. It delineates comprehensive protocols for addressing diverse disruption scenarios, ensuring the uninterrupted continuity of essential functions with minimal disruptions. Routine testing and revisions of the BCP are conducted to ensure its ongoing effectiveness and applicability. Through imposing rigorous standards for system uptime and service reliability, the Target Group emphasises the significance of operational continuity.

v) *Legal and Compliance risk*

The Target Group effectively mitigates legal and compliance risks through the collaborative efforts of its Legal Unit and Risk and Compliance units, dedicated to proactively prevent such risks. The Target Group employs thorough legal assessments and compliance protocols, with the legal team meticulously scrutinising all operations to ensure conformity with pertinent legal standards. Additionally, the legal team offers timely recommendations to address any identified instances of non-compliance. The Target Group reinforces compliance with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regulations through robust policies and procedures, complemented by mandatory annual training for all staff. Through the integration of these strategies, the Target Group fortifies its defences against legal and compliance risks, thereby safeguarding its operations and reputation.

vi) *Information technology*

The Target Group manages IT risk through a multifaceted approach anchored by adherence to the ISO 27001 standard, renowned for its stringent framework in information security management. An integral part of this strategy involves a dedicated IT team responsible for implementing and upholding these standards, ensuring the establishment of robust security measures for safeguarding sensitive data and systems. This team conducts regular risk assessments, oversees IT infrastructure, and promptly addresses any identified vulnerabilities. Furthermore, the Target Group enforces stringent access controls, employs data encryption measures, and maintains continuous monitoring to counter cyber threats effectively. Through the utilisation of the IT team's expertise and compliance with internationally recognised standards, the Target Group effectively mitigates IT risks, thereby ensuring the security and integrity of its technological assets.

## 22. Fair value disclosures

### ***Financial instruments measured at fair value***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

The fair value hierarchy of financial instruments measured at fair value is provided below.

(In thousands of US\$)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 30 June 2024</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	868	5,988	–	6,856
Financial assets at FVTPL	557	990	–	1,547
<b>Financial liabilities</b>				
Derivative financial liabilities	–	–	–	–
Financial liability at FVTPL	–	–	–	–
	<b>1,425</b>	<b>6,978</b>	<b>–</b>	<b>8,403</b>

<i>(In thousands of US\$)</i> <b>At 31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at FVOCI	799	1,113	–	1,912
Financial assets at FVTPL	594	585	–	1,179
<b>Derivative financial assets</b>				
Financial liabilities	–	(82)	–	(82)
Financial liability at FVTPL	–	(1,748)	–	(1,748)
	<u>1,393</u>	<u>(132)</u>	<u>–</u>	<u>1,261</u>

Description of valuation techniques and inputs used in fair value measurement for Level 1, Level 2 and Level 3:

<b>Financial instruments</b>	<b>Fair value hierarchy</b>	<b>Valuation technique</b>	<b>Inputs</b>	<b>Sensitivity to changes in significant unobservable inputs</b>
Financial assets	Level 1	Market price	Share price, transaction price	Increase in the net assets value will increase the fair value and vice versa
Financial Liabilities	Level 2	Interest rate parity analysis	Policy rate, bond yield of similar credit	Increase in the JPY bond yield rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Embedded				
Derivative financial instruments	Level 2	Interest rate parity analysis	Policy rate, Government bond yield, Z-spread, SOFR rates, and SHIBOR rates	Increase in US\$ interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Debt instruments	Level 3	Market value approach	Rating migration rates of Moody's, historical data from external sources, and future cash flows	Increase in default rate and market rate of interest will decrease the fair value and vice versa
Equity instruments	Level 3	Net assets value	Share price and transaction price	Increase in the net assets value will increase the fair value and vice versa

There were no changes in the valuation approach used during the periods ended 30 June 2024 and 31 December 2023. Additionally, there were no transfers between Levels 1, 2, and 3 of the fair value hierarchy for assets recorded at fair value.

The Target Group discloses fair values for financial instruments at amortised cost based on the following methodologies and assumptions:

- Loans and advances to customers are valued by first categorising them into portfolios with similar characteristics. The fair value determination involves adjusting contractual cash flows for ECLs and expectations of customer behaviour, which are informed by observed historic data. These adjusted cash flows are then discounted at a weighted average lending rate that is appropriate for each portfolio, resulting in an estimate of their fair value.
- Trust deposits are valued using a replacement cost method, which assumes that if the deposits were to be replaced, it would be done in the most advantageous market available. The fair value calculation involves discounting contractual cash flows using a funding interest rate profile that incorporates credit spreads reflecting the maturity profile of each deposit.
- Debt securities in issue are valued based on quoted market prices where available. When quoted prices are not available, the fair value is determined using a discounted cash flow model. This model uses current market rates applicable to instruments with similar terms and maturity to estimate the present value of future cash flows.

### 23. Maturity analysis of assets and liabilities

At 30 June 2024	<i>Less than 12 months US\$'000</i>	<i>More than 12 months US\$'000</i>	<i>Total US\$'000</i>
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and bank balance	37,617	–	<b>37,617</b>
Loans and advances to customers	64,184	98,316	<b>162,500</b>
Financial assets at FVTPL	1,547	–	<b>1,547</b>
Financial assets at FVOCI	5,988	868	<b>6,856</b>
Finance lease receivables	3,885	5,826	<b>9,711</b>
Other financial assets	2,686	–	<b>2,686</b>
<b>Non-Financial Assets</b>			
Other non-financial assets	1,133	220	<b>1,353</b>
Inventories	3,183	–	<b>3,183</b>
Repossessed collateral	–	217	<b>217</b>
Property, plant and equipment	–	5,489	<b>5,489</b>
Intangible assets	–	1,456	<b>1,456</b>
Right-of-use assets	(23)	1,683	<b>1,660</b>
Deferred tax assets	–	29	<b>29</b>
Goodwill	–	86	<b>86</b>
<b>Total assets</b>	<b>120,200</b>	<b>114,190</b>	<b>234,390</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowed funds	(30,277)	(49,569)	<b>(79,846)</b>
Bond payables	(24,768)	–	<b>(24,768)</b>
Private placement of trust deposits	(47,654)	(808)	<b>(48,462)</b>
Derivative financial liabilities	–	–	–
Other financial liabilities	(9,235)	–	<b>(9,235)</b>
Contract liabilities	(240)	–	<b>(240)</b>
Financial liability at FVTPL	–	–	–
Lease liabilities	(784)	(663)	<b>(1,447)</b>
<b>Non-Financial Liabilities</b>			
Current tax liabilities	(2,872)	–	<b>(2,872)</b>
Deferred tax liabilities	–	(149)	<b>(149)</b>
Other non-financial liabilities	(1,766)	–	<b>(1,766)</b>
<b>Total liabilities</b>	<b>(117,596)</b>	<b>(51,189)</b>	<b>(168,785)</b>
<b>Net position</b>	<b>2,604</b>	<b>63,001</b>	<b>65,605</b>

At 31 December 2023

	<b>Less than 12 months</b> <b>US\$'000</b>	<b>More than 12 months</b> <b>US\$'000</b>	<b>Total</b> <b>US\$'000</b>
<b>Assets</b>			
Cash and cash equivalents	24,405	–	24,405
Loans and advances to customers	43,287	91,624	134,911
Financial assets at FVTPL	286	893	1,179
Financial assets at FVOCI	808	1,104	1,912
Financial assets at amortised cost	–	–	–
Derivative financial assets	–	–	–
Financial lease receivables	2,249	4,569	6,818
Other financial assets	1,971	319	2,290
<b>Non-Financial Assets</b>			
Other non-financial assets	464	287	751
Inventories	4,199	–	4,199
Repossessed collateral	–	299	299
Property, plant and equipment	–	5,722	5,722
Intangible assets	–	1,472	1,472
Right-of-use assets	–	1,102	1,102
Non current asset held for sale	–	–	–
Investments in subsidiaries	–	–	–
Investment in convertible loan	–	–	–
Deferred tax assets	–	28	28
Goodwill	–	85	85
<b>Total assets</b>	<b>77,669</b>	<b>107,504</b>	<b>185,173</b>
<b>Liabilities</b>			
Borrowed funds	(35,479)	(23,934)	(59,413)
Bond payables	(19,651)	–	(19,651)
Private placement of deposits	(39,950)	(1,163)	(41,113)
Convertible liability	–	–	–
Derivative financial liabilities	(82)	–	(82)
Other financial liabilities	(7,158)	–	(7,158)
Contract liabilities	(180)	–	(180)
Liability at FVTPL	(1,748)	–	(1,748)
Lease liabilities	(420)	(734)	(1,154)
<b>Non-Financial Liabilities</b>			
Current tax liabilities	(2,426)	–	(2,426)
Deferred tax liabilities	–	(100)	(100)
Other non-financial liabilities	(1,739)	–	(1,739)
<b>Total liabilities</b>	<b>(108,833)</b>	<b>(25,931)</b>	<b>(134,764)</b>
<b>Net position</b>	<b>(31,164)</b>	<b>81,573</b>	<b>50,409</b>

## 24. Notes supporting cash flow

Reconciliation of financing liabilities with financing activities.

	<b>Borrowed Funds US\$'000</b>	<b>Bonds Payable US\$'000</b>	<b>Private placement of deposit US\$'000</b>	<b>Lease liabilities US\$'000</b>	<b>Total US\$'000</b>
<b>As at 31 Dec 2023</b>	<b>59,413</b>	<b>19,651</b>	<b>41,113</b>	<b>1,154</b>	<b>121,331</b>
Proceeds	84,383	7,781	41,702	568	134,434
Repayment of principal	(65,080)	(2,942)	(36,424)	(389)	(104,835)
Interest accrued	3,949	1,940	4,502	–	10,391
Interest paid	(3,335)	(1,880)	(2,796)	103	(7,908)
Variable lease payment adjustment	(241)	–	(28)	(1)	(270)
Foreign exchange	757	218	393	12	1,380
<b>As at 30 June 2024</b>	<b>79,846</b>	<b>24,768</b>	<b>48,462</b>	<b>1,447</b>	<b>154,523</b>
<b>As at 31 Dec 2022</b>	<b>20,277</b>	<b>12,882</b>	<b>32,632</b>	<b>734</b>	<b>66,525</b>
Proceeds	16,820	3,392	35,715	623	56,550
Repayment of principal	(9,845)	(3,259)	(33,641)	(443)	(47,188)
Interest accrued	1,214	1,134	2,921	60	5,329
Interest paid	(1,519)	(1,078)	(2,413)	–	(5,010)
Foreign exchange	75	14	49	5	143
<b>As at 30 June 2023</b>	<b>27,022</b>	<b>13,085</b>	<b>35,263</b>	<b>992</b>	<b>76,362</b>

### **Significant non-cash transactions in the period**

See Note 45 of the 3 year HFI on page 206 of this prospectus for details of significant no cash transactions in the period.

## 25. Segment information

### A) Segment information by business line

The Target Group comprises multiple strategic business units which offer differing products and services, being Non-banking financial services, Investment banking services and Real estate trading and services. The Target Group therefore assesses the performance of all activities within these individual strategic business units.

30 June 2024	<b>Non-banking financial activities</b> US\$'000	<b>Investment banking activities</b> US\$'000	<b>Trading of real estates</b> US\$'000	<b>Other</b> US\$'000	<b>Total</b> US\$'000
<b>Segment results</b>					
Interest income calculated using the effective interest rate	29,464	27	102	1	29,594
Interest and similar expense	(10,384)	(75)	(218)	(11)	(10,688)
<b>Net interest income</b>	<b>19,080</b>	<b>(48)</b>	<b>(116)</b>	<b>(10)</b>	<b>18,906</b>
Fee and commission income	3,105	449	122	–	3,676
Fee and commission expense	(57)	(30)	–	–	(87)
<b>Net fee and commission expense</b>	<b>3,048</b>	<b>419</b>	<b>122</b>	<b>–</b>	<b>3,589</b>
Revenue from contracts with customers	–	–	1,964	216	2,180
Cost of sales	–	–	359	23	382
Rental income	–	–	(811)	–	(811)
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>1,512</b>	<b>239</b>	<b>1,751</b>
Net trading income	–	5	–	–	5
Impairment losses on financial instruments	(2,780)	4	–	–	(2,776)
Other operating income	98	52	196	120	466
<b>Total operating income</b>	<b>19,446</b>	<b>432</b>	<b>1,714</b>	<b>349</b>	<b>21,941</b>
Employee costs	(2,436)	(263)	(399)	(717)	(3,815)
Depreciation of property, plant and equipment	(183)	(28)	(18)	(60)	(289)
Amortisation of right of use	(147)	(18)	(56)	(24)	(245)
Amortisation of intangible assets	(84)	–	(1)	(5)	(90)
Other operating expenses	(1,600)	(130)	(572)	(393)	(2,695)
<b>Profit before tax</b>	<b>14,996</b>	<b>(7)</b>	<b>668</b>	<b>(850)</b>	<b>14,805</b>
Income tax expense	(3,542)	(3)	(75)	(59)	(3,679)
<b>Profit for the period</b>	<b>11,454</b>	<b>(10)</b>	<b>593</b>	<b>(909)</b>	<b>11,126</b>
<i>Profit for the year attributable to:</i>					
<b>Owners of the parent</b>	9,279	(10)	593	(782)	9,080
<b>Non-controlling interest</b>	2,175	–	–	(127)	2,048
<b>Segment assets</b>	223,412	2,069	5,555	2,881	233,917
<b>Segment liabilities</b>	163,196	1,385	2,930	460	167,971
<b>Non controlling interest</b>	398	–	–	20,692	21,090

30 June 2023	Non-banking financial activities US\$'000	Investment banking activities US\$'000	Trading of real estates US\$'000	Other US\$'000	Total US\$'000
<b>Segment results</b>					
Interest income calculated using the effective interest rate	14,470	6	1	6	14,483
Interest and similar expense	(5,372)	—	(27)	(19)	(5,418)
<b>Net interest income</b>	<b>9,098</b>	<b>6</b>	<b>(26)</b>	<b>13</b>	<b>9,065</b>
Fee and commission income	2,216	167	95	—	2,478
Fee and commission expense	(173)	(2)	—	—	(175)
<b>Net fee and commission expense</b>	<b>2,043</b>	<b>165</b>	<b>95</b>	<b>—</b>	<b>2,303</b>
Revenue from contracts with customers	—	—	1,844	170	2,014
Cost of sales	—	—	281	—	281
Rental income	—	—	(1,094)	—	(1,094)
<b>Total revenue from contracts with customers</b>	<b>—</b>	<b>—</b>	<b>1,031</b>	<b>170</b>	<b>1,201</b>
Net trading income	—	132	(15)	12	129
Impairment losses on financial instruments	(1,807)	—	—	—	(1,807)
Other operating income	281	11	182	123	597
<b>Total operating income</b>	<b>9,615</b>	<b>314</b>	<b>1,267</b>	<b>292</b>	<b>11,488</b>
Employee costs	(1,546)	(176)	(243)	(473)	(2,438)
Depreciation of property, plant and equipment	(215)	(15)	(11)	(20)	(261)
Amortisation of right of use	(225)	(18)	(7)	(23)	(273)
Amortisation of intangible assets	(57)	(2)	—	—	(59)
Other operating expenses	(1,224)	(81)	(348)	(275)	(1,928)
<b>Profit before tax</b>	<b>6,348</b>	<b>22</b>	<b>658</b>	<b>(499)</b>	<b>6,529</b>
Income tax expense	(1,110)	(6)	(51)	(52)	(1,219)
<b>Profit for the period</b>	<b>5,238</b>	<b>16</b>	<b>607</b>	<b>(551)</b>	<b>5,310</b>
<i>Profit for the period attributable to:</i>					
<b>Owners of the parent</b>	4,256	15	607	(522)	4,354
<b>Non-controlling interest</b>	985	—	—	(29)	956
<b>Segment assets</b>	118,349	1,351	7,168	3,467	130,342
<b>Segment liabilities</b>	81,244	511	5,383	1,053	88,191
<b>Non controlling interest</b>	—	—	—	15,565	5,565

**B) Segment information by geography – Non-banking financial activities**

Non-banking financial services within the Target Group is made up of the core Mongolian market operations and operations in other Central Asian jurisdictions, most notably the Kyrgyz Republic. The below segmental information shows the performance and assets of the non-banking financial services strategic business unit within these two key geographical jurisdictions.

	Non-banking financial activities – Mongolia US\$'000	Non-banking financial activities – Other Asian Countries US\$'000	Non-banking financial activities – Total US\$'000
<i>30 June 2024</i>			
<b>Segment results</b>			
Interest income calculated using the effective interest rate	27,771	1,693	29,464
Interest and similar expense	(9,484)	(900)	(10,384)
<b>Net interest income</b>	<b>18,287</b>	<b>793</b>	<b>19,080</b>
Fee and commission income	3,068	37	3,105
Fee and commission expense	(44)	(13)	(57)
<b>Net fee and commission expense</b>	<b>3,024</b>	<b>24</b>	<b>3,048</b>
Revenue from contracts with customers	–	–	–
Cost of sales	–	–	–
Rental income	–	–	–
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net trading income	–	–	–
Impairment losses on financial instruments	(2,704)	(76)	(2,780)
Other operating income	(152)	250	98
<b>Total operating income</b>	<b>18,455</b>	<b>991</b>	<b>19,446</b>
Employee costs	(2,131)	(305)	(2,436)
Depreciation of property, plant and equipment	(168)	(15)	(183)
Amortisation of right of use	(136)	(11)	(147)
Amortisation of intangible assets	(80)	(4)	(84)
Other operating expenses	(1,323)	(277)	(1,600)
<b>Profit before tax</b>	<b>14,617</b>	<b>379</b>	<b>14,996</b>
Income tax expense	(3,514)	(28)	(3,542)
<b>Profit for the period</b>	<b>11,103</b>	<b>351</b>	<b>11,454</b>
<i>Profit for the period attributable to:</i>			
<b>Owners of the parent</b>	8,996	283	9,279
<b>Non-controlling interest</b>	2,108	67	2,175
<b>Segment assets</b>	209,504	13,908	223,412
<b>Segment liabilities</b>	157,760	5,436	163,196
<b>Non controlling interest</b>	–	398	398

30 June 2023

**Segment results**

	<i>Non-banking financial activities – Mongolia US\$'000</i>	<i>Other Asian Countries US\$'000</i>	<i>Non-banking financial activities – Total US\$'000</i>
Interest income calculated using the effective interest rate	13,566	904	4,470
Interest and similar expense	(5,137)	(235)	(5,372)
<b>Net interest income</b>	<b>8,429</b>	<b>669</b>	<b>9,098</b>
Fee and commission income	2,214	2	2,216
Fee and commission expense	(173)	–	(173)
<b>Net fee and commission expense</b>	<b>2,041</b>	<b>2</b>	<b>2,043</b>
Revenue from contracts with customers	–	–	–
Cost of sales	–	–	–
Rental income	–	–	–
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net trading income	–	–	–
Impairment losses on financial instruments	(1,759)	(48)	(1,807)
Other operating income	271	10	281
<b>Total operating income</b>	<b>8,982</b>	<b>633</b>	<b>9,615</b>
Employee costs	(1,470)	(76)	(1,546)
Depreciation of property, plant and equipment	(177)	(38)	(215)
Amortisation of right of use	(225)	–	(225)
Amortisation of intangible assets	(56)	(1)	(57)
Other operating expenses	(1,173)	(51)	(1,224)
<b>Profit before tax</b>	<b>5,881</b>	<b>467</b>	<b>6,348</b>
Income tax expense	(1,104)	(6)	(1,110)
<b>Profit for the period</b>	<b>4,777</b>	<b>461</b>	<b>5,238</b>
<i>Profit for the period attributable to:</i>			
<b>Owners of the parent</b>	<b>3,795</b>	<b>461</b>	<b>4,256</b>
<b>Non-controlling interest</b>	<b>985</b>	<b>–</b>	<b>985</b>
<b>Segment assets</b>	<b>110,746</b>	<b>7,603</b>	<b>118,349</b>
<b>Segment liabilities</b>	<b>78,600</b>	<b>2,644</b>	<b>81,244</b>
<b>Non controlling interest</b>	<b>–</b>	<b>–</b>	<b>–</b>

**26. Subsequent events**

Management is not aware of any other events that occurred after the end of the reporting period until the date the Historical Financial Information were approved for release, which would have any impact on these Historical Financial Information.

## **SECTION D – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP (“THE PRO FORMA FINANCIAL INFORMATION”)**

### **SECTION Di – ACCOUNTANTS’ REPORT ON THE PRO FORMA FINANCIAL INFORMATION**

The Directors and Proposed Directors

Les Echelons Court

Les Echelons

Admiral Park

St Peter Port

Guernsey GY1 1AR



Strand Hanson Limited

26 Mount Row

Mayfair

London

W1K 3SQ

22 January 2025

Dear Directors and Proposed Directors,

**Acquisition of ICFG Pte. Ltd., SIBJ Capital LLC, SIBJ, ICFLLP, ICNJ, ICCL, ICPL, AILL, ICWN, CDE, ICAL, PKG, ICCM, ICCK and ICUL (the “Target Group”) by Fintech Asia Limited (to be renamed as ICFG Limited) (the “Company”) (together, the “Enlarged Group”) and the admission of the Enlarged Share Capital to the equity shares (transition) category of the Official List pursuant to UKLR and to trading on the Main Market of the London Stock Exchange (“Admission”) (the “Proposed Transaction”)**

We report on the unaudited pro forma statement of net assets and the unaudited pro forma income statement (“the Pro Forma Financial Information”) set out in Part 12 Section Dii of the prospectus dated on or about 22 January 2025 (the “Prospectus”).

#### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

#### **Responsibilities**

It is the responsibility of the current directors and proposed directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information in accordance with Sections 1 & 2 of Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, Item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of preparation**

The Pro Forma Financial Information has been prepared on the basis described in the notes in Section Dii of Part 12, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2023 and the six month period ended 30 June 2024. This report is required by Section 3 of Annex 20 of the PR Regulation and is given for the purpose of complying with that section and for no other purpose.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent of the Enlarged Group, in accordance with the FRC's ethical standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we have performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company and Enlarged Group.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

**PKF Littlejohn LLP  
Reporting Accountant**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

## **Dii – UNAUDITED PRO FORMA STATEMENT OF NET ASSET STATEMENT AND INCOME STATEMENT FOR THE ENLARGED GROUP**

Set out below is an unaudited pro forma statement of net assets and pro forma income statement ("the Pro Forma Financial Information") of Fintech Asia Limited (the "Company") and the Target Group (together the "Enlarged Group") as at and for the period ended 30 June 2024.

The unaudited Pro Forma Financial Information of the Enlarged Group has been prepared on the basis set out in the notes below and in accordance with the requirements of Annex 20 of the PR Regulation to illustrate the impact of the Acquisition as if it had taken place on 1 January 2024. The unaudited Pro Forma Financial Information has been presented on the basis of the accounting policies adopted by the Company to be presented in its next financial statements.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited Pro Forma Financial Information is based on the unaudited net assets of the Company and the Target Group as at 30 June 2024 as shown in Part 12 Section A and Section C, respectively. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2024, being the date of the last published balance sheet of the Company and Target Group.

The unaudited pro forma information does not constitute financial statements. Investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part.

## Unaudited pro forma statement of net assets as at 30 June 2024

	Company Unaudited net assets as at 30 June 2024 Note 1 \$'000	Target Group Unaudited Net assets as at 30 June 2024 Note 2 \$'000	Conversion of CLN Note 3(a) \$'000	Transaction costs Note 3(b) \$'000	Acquisition of Target Group Note 3(c) \$'000	Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission \$'000
<b>Assets</b>						
Cash and cash equivalents	653	37,617	–	(5,040)	–	33,230
Loans and advances to customers	–	162,500	–	–	–	162,500
Financial assets at FVTPL	–	1,547	–	–	–	1,547
Financial assets at FVOCI	–	6,856	–	–	–	6,856
Finance lease receivables	–	9,711	–	–	–	9,711
Other financial assets	12	2,561	–	–	–	2,573
Other non-financial assets	–	1,353	–	–	–	1,353
Inventories	–	3,183	–	–	–	3,183
Repossessed collateral	–	217	–	–	–	217
Property, plant and equipment	–	5,489	–	–	–	5,489
Intangible assets	–	1,456	–	–	–	1,456
Right-of-use assets	–	1,660	–	–	–	1,660
Deferred tax assets	–	29	–	–	–	29
Goodwill	–	86	–	–	43,349	43,435
<b>Total Assets</b>	<b>665</b>	<b>234,265</b>	<b>–</b>	<b>(5,040)</b>	<b>43,349</b>	<b>273,239</b>
<b>Liabilities</b>						
Borrowed funds	–	79,846	–	–	–	79,846
Bond payables	–	24,768	–	–	–	24,768
Private placement of deposits	–	48,462	–	–	–	48,462
Convertible liability	3,874	–	(3,874)	–	–	–
Other financial liabilities	998	9,235	–	–	–	10,233
Contract liabilities	–	240	–	–	–	240
Other non-financial liabilities	–	1,766	–	–	–	1,766
Lease liabilities	–	1,447	–	–	–	1,447
Current tax liabilities	–	2,872	–	–	–	2,872
Deferred tax liabilities	–	149	–	–	–	149
<b>Total liabilities</b>	<b>4,872</b>	<b>168,785</b>	<b>(3,874)</b>	<b>–</b>	<b>–</b>	<b>169,783</b>
<b>Total assets less total liabilities</b>	<b>(4,207)</b>	<b>65,480</b>	<b>3,874</b>	<b>(5,040)</b>	<b>43,349</b>	<b>103,456</b>

## Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The unaudited net assets of the Company as at 30 June 2024 have been extracted without adjustment from the Company's unaudited interim financial statements as incorporated by reference in Part 12 Section A of this document and converted to United States Dollars at the closing rate on 30 June 2024 of US\$ 1.265 to £1.
2. The unaudited net assets of the Target Group as at 30 June 2024 have been extracted without adjustment from the unaudited Interim Financial Information included in Part 12 Section C of this document.
3. Adjustments have been made to reflect:
  - a) The conversion of the Convertible Loan Notes issued by the Company, which convert on completion of the Acquisition as outlined in Part 9 Section A;
  - b) Payment in cash of transaction costs to be incurred by the Company to effect completion of the transaction beyond those already incurred in the unaudited interim financial statements to 30 June 2024 and;
  - c) Consideration for the Acquisition being 177,840,000 Ordinary Shares of the Company at an issue price of £0.5 per Ordinary Share and converted to United States Dollars at the closing rate on 16 January 2025 of US\$ 1.22 to £1, giving rise to consideration fair value of US\$ 108.8 million and, after deduction of the net assets acquired of US\$65.5 million, goodwill on acquisition of US\$ 43.3 million.

As per Note 3c, a pro forma adjustment has been made to reflect the initial accounting for the acquisition of the Target Group by the Company. The Company will account for the Acquisition as an acquisition under IFRS by applying the purchase method. Under this method the cost of the Acquisition is the aggregate of the fair values, at the Acquisition date, of the assets given, liabilities incurred or assumed and equity instruments issued. The identifiable assets, liabilities and contingent liabilities of the Acquisition will be measured initially at fair value at the Acquisition date. The excess of the cost of the Acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Upon Completion of the Acquisition, the Company will have no information available to it to enable it to apply fair values to the Target Group's net assets acquired. Accordingly, the excess of the purchase price over the Target Group's net assets has been provisionally allocated to goodwill. The adjustment to goodwill arising on this basis has been calculated as follows:

	US\$ '000
Fair value of consideration	108,829
Less: the net assets of the Target Group	(65,480)
Goodwill	<b>43,349</b>

The Company will need to determine the fair value of the net assets acquired pursuant to the Acquisition within 12 months of the acquisition date in accordance with IFRS 3. This process, known as a Purchase Price Allocation exercise, may result in a reduction of goodwill, which may be material. The Purchase Price Allocation process will require a valuation of identifiable intangible assets acquired.

4. No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - i. the Company since 30 June 2024;
  - ii. the Target Group since 30 June 2024;
5. As at 16 January 2025 (the latest practical date prior to the publication of this Prospectus) the exchange rate between the US\$ and £ was 1.22.
6. The pro forma statement of net assets does not constitute financial statements. The adjustments described are one-off in nature and are not expected to be recurring.

**Pro Forma income statement for the unaudited period ended 30 June 2024**

	Company Unaudited income statement for the 6 month period ended	Target Group Unaudited income statement for the 6 month period ended	Conversion of CLN Note 3(a) \$'000	Transaction costs Note 3(b) \$'000	Unaudited pro forma adjusted aggregated income statement of the Enlarged Group on Admission \$'000
	30 June 2024 Note 1 \$'000	30 June 2024 Note 2 \$'000			
Interest income calculated using the effective interest rate	3	29,594	–	–	29,597
Interest and similar expense	(64)	(10,688)	64	–	(10,688)
<b>Net interest income</b>	<b>(61)</b>	<b>18,906</b>	<b>64</b>	<b>–</b>	<b>18,909</b>
Fee and commission income	–	3,676	–	–	3,676
Fee and commission expense	–	(87)	–	–	(87)
<b>Net fee and commission expense</b>	<b>–</b>	<b>3,589</b>	<b>–</b>	<b>–</b>	<b>3,589</b>
Revenue from contracts with customers	–	2,180	–	–	2,180
Rental income	–	382	–	–	382
Cost of sales	–	(811)	–	–	(811)
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>1,751</b>	<b>–</b>	<b>–</b>	<b>1,751</b>
Net trading income	–	5	–	–	5
Impairment losses on financial instruments	–	(2,776)	–	–	(2,776)
Other operating income	–	466	–	–	466
<b>Total operating income</b>	<b>(61)</b>	<b>21,941</b>	<b>64</b>	<b>–</b>	<b>21,944</b>
Employee costs	(222)	(3,815)	–	–	(4,037)
Depreciation of property, plant and equipment	–	(289)	–	–	(289)
Amortisation of right of use	–	(245)	–	–	(245)
Amortisation of intangible assets	–	(90)	–	–	(90)
Other operating expenses	(1,769)	(2,697)	–	(5,040)	(9,506)
<b>Profit before tax</b>	<b>(2,052)</b>	<b>14,805</b>	<b>64</b>	<b>(5,040)</b>	<b>7,777</b>
Income tax expense	–	(3,679)	–	–	(3,679)
<b>Profit/(Loss) for the year</b>	<b>(2,052)</b>	<b>11,126</b>	<b>64</b>	<b>(5,040)</b>	<b>4,098</b>
Profit for the year attributable to:					
Owners of the parent	(2,052)	9,077	64	(5,040)	2,049
Non-controlling interest	–	2,049	–	–	2,049

*Notes*

The pro forma income statement has been prepared on the following basis:

1. The unaudited income statement of the Company for the 6 months ended 30 June 2024 has been extracted without adjustment from the Company's unaudited interim financial statements as incorporated by reference in Part 12 Section A of this document and converted to United States Dollars at the average rate for the 6 months to 30 June 2024 of US\$ 1.265 to £1.
2. The unaudited income statement of the Target Group for the 6 months ended 30 June 2024 has been extracted without adjustment from the unaudited Interim Financial Information which is set out in Part 12 Section C of this document.
3. Adjustments have been made to reflect:
  - a) Interest accrued on the Convertible Loan Notes as if these notes had converted as at 1 January 2024 and;
  - b) Transaction costs to be incurred by the Company to effect completion of the transaction beyond those already incurred in the unaudited interim financial statements to 30 June 2024.
4. All adjustments are considered to be non-recurring.
5. No adjustments have been made to reflect the trading or other transactions, other than described of:
  - i. the Company since 30 June 2024;
  - ii. the Target Group since 30 June 2024.
6. The pro forma income statement does not constitute financial statements.

## SECTION E – CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

### Statement of capitalisation

The following table shows the Company's unaudited statement of capitalisation as at 31 October 2024, which have been extracted from its unaudited underlying accounting records:

	31 October 2024 (Unaudited) US\$'000
<b>Total Current Debt (including current portion of non-current debt)</b>	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	4,405
<b>Total Non-Current Debt (excluding current portion of non-current debt)</b>	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–
<b>Shareholder Equity</b>	
Share capital	–
Share premium	2,697
Other reserves	30
<b>Total Equity</b>	<u><u>2,727</u></u>

In December 2024 the Company drew a further £1,500,000 in convertible loan notes (US\$ 1,882,025), increasing the unsecured debt and cash position respectively. Other than as detailed in this document, there has been no material change in the Company's capitalisation since 31 October 2024 to 17 January 2025 (being the last practicable date prior to the date of this prospectus).

### Statement of indebtedness

The following table shows the Company's unaudited indebtedness as at 31 October 2024, which has been extracted from its underlying accounting records:

	31 October 2024 (Unaudited) US\$'000
A. Cash	210
B. Cash equivalent	–
C. Other current financial assets	<u>18</u>
<b>D. Liquidity (A) + (B) + (C)</b>	<u>228</u>
E. Current financial debt (including debt instruments but excluding current portion of non-current financial debt)	4,405
F. Current portion of non-current financial debt	<u>–</u>
<b>G. Current financial indebtedness (E) + (F)</b>	<u>4,405</u>
<b>H. Net current financial indebtedness (G) – (D)</b>	<u>4,177</u>
I. Non-current financial debt (excluding current portion and debt instruments)	–
J. Debt instruments	–
K. Non-current trade and other payables	–
L. Non-current financial indebtedness	<u>–</u>
<b>M. Total financial indebtedness (H) + (L)</b>	<u>4,177</u>

As at 31 October 2024, the Company had no material indirect or contingent indebtedness.

In December 2024 the Company drew a further £1,500,000 in convertible loan notes (US\$ 1,882,025), increasing the unsecured debt and cash position respectively.

Other than as disclosed in this document there has been no material change in the Company's capitalisation since 31 October 2024 to 17 January 2025 (being the last practicable date prior to the date of this Prospectus.

## SECTION F – CAPITALISATION AND INDEBTEDNESS OF THE TARGET GROUP

### Statement of capitalisation

The following table shows the Target Group's unaudited statement of capitalisation as at 31 October 2024, which have been extracted from its unaudited underlying accounting records:

	31 October 2024 (Unaudited) US\$'000
<b>Total Current Debt (including current portion of non-current debt)</b>	
Guaranteed	–
Secured	34,053
Unguaranteed/Unsecured	48,567
<b>Total Non-Current Debt (excluding current portion of non-current debt)</b>	
Guaranteed	–
Secured	22,581
Unguaranteed/Unsecured	25,159
<b>Shareholder Equity</b>	
Share capital	5,071
Other capital reserves	–
Other reserves	<u>(4,818)</u>
<b>Total Equity</b>	<u>253</u>

There has been no material change in the Target Group's capitalisation since 31 October 2024 to 17 January 2025 (being the last practicable date prior to the date of this prospectus).

### Statement of indebtedness

The following table shows the Target Group's unaudited indebtedness as at 31 October 2024, which has been extracted from its underlying accounting records:

	31 October 2024 (Unaudited) US\$'000
A. Cash	33,167
B. Cash equivalent	–
C. Other current financial assets	<u>8,871</u>
<b>D. Liquidity (A) + (B) + (C)</b>	<u>42,039</u>
E. Current financial debt (including debt instruments but excluding current portion of non-current financial debt)	82,620
F. Current portion of non-current financial debt	<u>296</u>
<b>G. Current financial indebtedness (E) + (F)</b>	<u>82,916</u>
<b>H. Net current financial indebtedness (G) - (D)</b>	<u>40,877</u>
I. Non-current financial debt (excluding current portion and debt instruments)	654
J. Debt instruments	47,740
K. Non-current trade and other payables	–
<b>L. Non-current financial indebtedness</b>	<u>48,394</u>
<b>M. Total financial indebtedness (H) + (L)</b>	<u>89,272</u>

As at 31 October 2024, the Target Group held private placement of deposits from customers amounted to US\$ 57.3 million. The Directors consider that this liability is of working capital nature and therefore is excluded from the indebtedness statement. For the same reason, loans and advances to customers amounted to US\$ 201.3 million as at 31 October 2024 and was not included as a cash equivalent item above.

In December 2024 the Target Group entered into 3 new finance agreements and drew down a total amount of US\$ 7,000,000. The loan has a 1 per cent. upfront fee and has an annual interest rate of 16.5 per cent. The repayment period is three years. Other than as disclosed in this document and as described above, there has been no material change in The Target Group's indebtedness since 31 October 2024 to 17 January 2025 (being the last practicable date prior to the date of this prospectus).

## PART 13

### TAXATION

The following information is based on Guernsey tax law, UK tax law as applied in England and Wales and HMRC practice currently in force in the UK and Guernsey. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional adviser immediately.

#### **UK Taxation**

##### ***Tax treatment of the Company***

The following information is based on the UK tax law and practice (which may not be binding on HMRC) as applied in England and Wales, in each case as at the last practicable date prior to the issue of this document, and both of which are subject to change, possibly with retrospective effect. These comments are intended as a general guide and not a substitute for detailed tax advice.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

##### ***Tax treatment of UK investors***

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who acquire their Ordinary Shares in connection with an employment or office, who are connected with the Company, who are dealers in securities, financial institutions, pension schemes, insurance companies, charities, tax exempt organisations or collective investment schemes; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisors without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on (whether solely or in partnership) a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares (unless they cease to be resident in the UK for a temporary period of five years or less). Such Shareholders should consult their own tax advisors concerning their tax liabilities.

Shareholders who are UK tax resident but not domiciled in the UK for tax purposes should consult their own tax advisers to take into account their specific circumstances. The following information does not reflect the future enacted or proposed changes to the UK's 'non-domiciled' tax regime.

## **Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £500 annum dividend tax allowance for the tax year 2024-25.

The current rates of income tax on dividends received above the dividend allowance for the tax year 2024-25 are: (a) 8.75 per cent. to the extent that the excess amount falls within the basic rate band; (b) 33.75 per cent. to the extent that the excess amount falls within the higher rate band; and (c) 39.35 per cent. to the extent that the excess amount falls within the additional rate band.

Corporate shareholders should not be subject to corporation tax on any dividend received from the Company so long as the dividends qualify for exemption, which should generally be the case, although certain conditions must be met. If the conditions for exemption are not met or certain anti-avoidance rules apply, corporate UK shareholders will be subject to corporation tax on dividends received from the Company at the rate of 25 per cent. Companies with profits of £50,000 or less will continue to be taxed at 19 per cent., with companies with profits over £50,000 but £250,000 or less being subject to a marginal rate.

## **Disposals of Ordinary Shares**

For shareholders who are resident in the UK, any gain arising on the sale, redemption or other disposal of Ordinary Shares may be subject to UK tax at the time of such sale, redemption or disposal as a capital gain. This is dependent on a shareholder's particular circumstances (including the availability of exemptions or reliefs).

A disposal of Ordinary Shares by a shareholder within the charge to capital gains tax may give rise to a chargeable gain for the purposes of capital gains tax. Capital gains within the annual exempt amount (currently £3,000 for the 2024-25 tax year) are exempt from UK capital gains tax. After the annual exempt amount has been exhausted, the rate for UK capital gains tax depends on the shareholder's other income and gains. Subject to this other income, the capital gains would be chargeable at the rate of *18 per cent.* (for basic rate taxpayers) or *24 per cent.* (for higher and additional rate taxpayers) for gains made from 30 October 2024, subject, however, to the availability of any exemptions, reliefs and/or allowable losses.

Chargeable gains in respect of disposals by persons within the charge to UK corporation tax will, subject to any exemptions, reliefs and/or allowable losses, be taxed at the rate 25 per cent. Companies with profits of £50,000 or less will continue to be taxed at 19 per cent., with companies with profits over £50,000 but £250,000 or less being subject to a marginal rate.

## ***Further information for Shareholders subject to UK income tax and capital gains tax “Transactions in securities”***

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

## ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares.

It is understood that the Ordinary Shares will not be registered in any register of the Company kept in the UK. On that basis SDRT will not be payable on the consideration paid for the Ordinary Shares acquired using CREST, except in the unlikely event they are paired with shares issued by a company incorporated in the UK.

Investors holding paper Ordinary Shares will not be able to use the CREST clearance system. Provided the purchase of paper Ordinary Shares is executed using documents kept outside the UK and no matters or actions relating to the transfer of the Ordinary Shares are performed or will be performed in the UK, stamp duty will not be payable. The purchase of paper shares involving documents in the UK may in some circumstances be subject to Stamp Duty at 0.5 per cent. on the consideration paid for Ordinary Shares, if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISOR.**

## **Guernsey Taxation**

### **Guernsey taxation**

#### *The Company*

The Company is resident for tax purposes in Guernsey and is subject to the company standard rate of income tax in Guernsey, currently charged at the rate of 0 per cent. The Company will be taxed at the company standard rate of income tax provided the income of the Company does not include income arising from:

- certain types of banking business;
- the provision of custody services when carried on by an institution or business that carries on certain types of banking business;
- the carrying on of regulated activities within the meaning of the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020, by a licensed fiduciary within the meaning of that law;
- the provision to an unconnected third party of any administrative, secretarial or clerical services in relation to a controlled investment within the meaning of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the “**POI Law**”);
- the provision of investment management services to persons other than collective investment schemes or entities associated with collective investment schemes, by a person who is licensed to provide such services under the POI Law;
- the carrying on of insurance business which is domestic business within the meaning of the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, by a licensed insurer within the meaning of that law;
- the carrying on of business as an insurance manager or as an insurance intermediary within the meaning of the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, by a licensed insurance manager or intermediary within the meaning of that law;
- the operation of an investment exchange within the meaning of the POI Law by a person who is licensed to operate such an exchange under that law;
- the provision of compliance and other related services to a person or body of persons who holds or is deemed to hold a licence, registration or authorisation from the Guernsey Financial Services Commission under certain Guernsey regulatory laws;
- the operation of an aviation registry in accordance with the Aviation Registry (Guernsey) Law, 2013, as amended;
- trading activities regulated by the Guernsey Competition and Regulatory Authority;

- the importation and/or supply of gas or hydrocarbon oil in Guernsey;
- large retail business carried on in Guernsey where the company has taxable profits arising or accruing from which in any year of charge exceed £500,000;
- the business of the cultivation of the cannabis plant or its use for the production of industrial hemp, supplements and certain other products or any processing of it or any other activity or use, in each case under the authority of a licence issued by the Committee for Health & Social Care under the Misuse of Drugs (Bailiwick of Guernsey) Law, 1974, as amended or, as the case may be, Misuse of Drugs (Bailiwick of Guernsey) Ordinance, 1997, as amended (together “**MD Legislation**”);
- the business of the prescribed production of controlled drugs or their prescribed use in any production, processing, activity or other use, in each case under the authority of a licence issued by the Committee for Health & Social Care under MD Legislation; or
- the ownership of land and buildings situate in Guernsey.

It is not intended that the income of the Company will be derived from any of those sources.

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover. No stamp duty or similar is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company.

#### *The Shareholders*

The Company's dividends can be paid to a Shareholder who is not resident in Guernsey (which includes Alderney and Herm) for tax purposes without deduction of Guernsey income tax, provided such dividends by the Company are not to be taken into account in computing the profits of any permanent establishment in Guernsey through which such Shareholder, being an individual, carries on business in Guernsey.

A Shareholder who is resident in Guernsey (which includes Alderney and Herm) for Guernsey tax purposes, or who is not so resident but carries on business in Guernsey through a permanent establishment to which the holding of Shares is attributable, will incur Guernsey income tax at the applicable rate on dividends paid to that Shareholder by the Company. Where such a Shareholder is an individual, the Company is responsible for the deduction of tax from dividends and the accounting of that tax to the Director of the Revenue Service in Guernsey in respect of dividends paid by the Company to such Shareholder.

As already referred to above, Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty or similar tax is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company.

#### *FATCA and the CRS*

Guernsey has enacted legislation that implements both FATCA and the CRS. This legislation obliges certain entities that are classified as “foreign financial institutions” (“**FFIs**”) for FATCA purposes and/or “financial institutions” (“**Fis**”) for CRS purposes, to carry out diligence and reporting in relation to certain Shareholders.

Whilst the Company is not expected to be a FFI for FATCA purposes or a FI for CRS purposes, there can be no guarantee in this regard and so the Company may be obliged to report certain information in respect of certain Shareholders and/or natural persons that control certain Shareholders. Further, the Company may be required to disclose to other FFIs or Fis certain information in respect of certain Shareholders and/or natural persons that control certain Shareholders.

If the Company is or becomes a FFI for FATCA purposes, then if the Company does not comply with the due diligence and reporting requirements under FATCA, it could become subject to a 30 per cent. withholding tax on certain payments of US source income (including dividends and interest) and (from no earlier than two years after the date of publication of certain final regulations defining “foreign passthrough payments”) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments.

All prospective investors should consult with their respective tax advisors regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investments in the Company. If a Shareholder fails to provide the Company with information that is required by any of them to allow them to comply with any of the above reporting requirements, or any similar reporting requirements, adverse consequences may apply.

## PART 14

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, and the Proposed Directors, whose names appear in Part 4 (*Directors, Secretary, Registered Office and Advisers*) of this Document, and the Company accept responsibility for the information contained in this Document (including any expressions of opinion). To the best of the knowledge of the Directors, the Proposed Directors and the Company, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

Each of the members of the Concert Party whose names appear in Part 7 (*Strategy and Business Overview*) of this Document, accepts responsibility for the information contained in this Document (including any expressions of opinion) relating to themself. To the best of the knowledge of each member of the Concert Party the information contained in this Document for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

#### 2. THE COMPANY

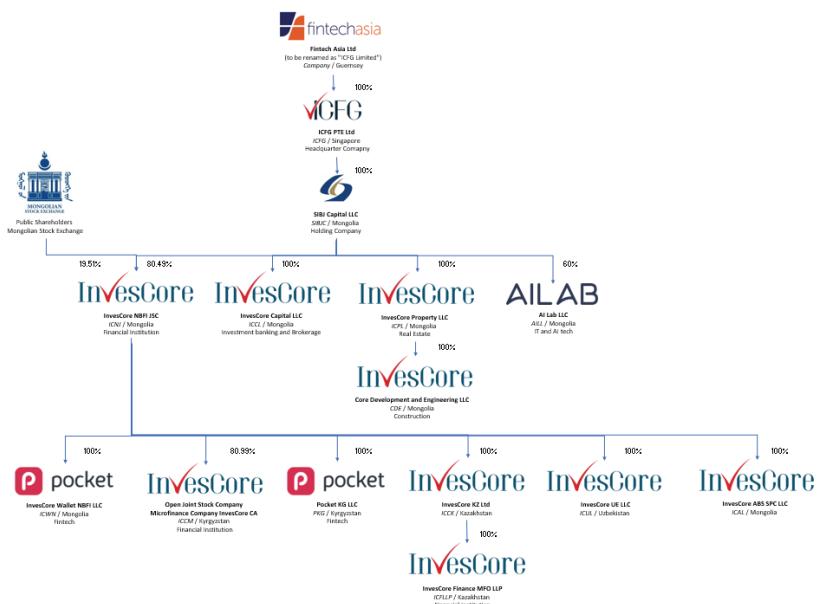
The issuer is Fintech Asia Limited, a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 69264.

The Company's registered office and head office is at Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 1AR. The telephone number of the Company's registered office is +44 1481 743030 and its website is at [www.fintechasialtd.com](http://www.fintechasialtd.com). Information that is on the Company's website does not form part of this Document unless that information is incorporated by reference to this Document.

The Company has an indefinite life and is domiciled in Guernsey and is tax resident in Guernsey.

#### 3. ORGANISATIONAL STRUCTURE

The structure of the Enlarged Group will be as follows:



In addition to the 80.49 per cent. in InvesCore NBFJ JSC ("ICNJ") held by SIBJ Capital LLC as shown above, InvesCore Capital LLC ("ICCL") currently holds shares in ICNJ representing 0.32 per cent. of the shares in issue and therefore the Target Group has an aggregate shareholding in ICNJ representing 80.81 per cent. As such the public shareholding in ICNJ is currently 19.19 per cent.

Note that at the end of 2023, ICCL held 0.22 per cent. of ICNJ to make the aggregate holding at that time 80.71 per cent. (as set out in the Section B of Part 12 of this Document).

#### 4. SHARE CAPITAL OF THE COMPANY

As at the date of this Document, the Controlling Shareholder of the Company is Andrew Roberto Mankiewicz OBE who holds 50.61 per cent. of the Existing Share Capital.

As at the date of this Document, the Company's issued share capital is and will be as set out below.

Ordinary Shares	Number of shares
	19,760,000

During the period commencing on incorporation and ending on the Latest Practicable Date, the following changes to the Company's issued share capital have taken place:

Date	Change to issued share capital	Issue price per Ordinary Share
28 May 2021	1 Ordinary share issued	£1
29 July 2021	1 ordinary Share re-designated to redeemable share	
29 July 2021	10,000,000.00 ordinary shares of no-par value	£10,000
13 August 2021	1,000,000.00 ordinary shares of no par value	£1,000
20 August 2021	500,000.00 ordinary shares of no par value	£0.10
23 August 2021	3,000,000 ordinary shares of no par value	£0.10
19 November 2021	750,000 ordinary shares of no par value	£0.10
19 November 2021	750,000 ordinary shares of no par value	£0.10
13 December 2021	750,000 ordinary shares of no par value	£0.10

Balance as at the Latest Practicable Date: 19,760,000 Ordinary Shares

Assuming completion of the Acquisition and conversion in full of the Series A, Series B and Series C Convertible Loan Notes, the issued and fully paid share capital of the Company immediately following Admission is expected to be as shown in the following table:

	Number of shares issued and credited as fully paid
Existing Ordinary Shares	19,760,000
Consideration Shares	177,840,000
Conversion Shares*	6,357,116

\* Assuming Admission occurs on 12 February 2025.

Upon Admission, Ankhbold Bayanmunkh, will be the Controlling Shareholder, holding 35.75 of the issued Ordinary Shares in the Company.

The currency of the securities is Pounds Sterling, and the Ordinary Shares were created under the Companies Law.

The major shareholders, including from Admission the Controlling Shareholder, have and will have the same voting rights as the holders of Ordinary Shares in the Company. As the Directors expect Ordinary Shares to be held by UK investors in the future and for the purposes of maintaining good corporate governance practices, reference has been made in the Articles to enshrine pre-emption rights. The Controlling Shareholder has entered into a Relationship Agreement with the Company, details of which are set out in paragraph 2.1 of Part 1 (Summary), paragraph 28 of Part 2 (Risk Factors), paragraph 7 of Part 7 (Strategy and Business Overview) of this Document.

Immediately following Admission, the issue of Consideration Shares and the issue of the Conversion Shares, the Controlling Shareholder will hold 35.75 per cent. of the Ordinary Shares. For further details of the Controlling Shareholder's interest in the Company's issued share capital immediately following Admission

see paragraph 13.3 of this Part 14 (*Additional Information*) of this Document. In so far as it is known to the Company as at the date of this Document, the following persons are (as at the date of this Document) or will be (immediately following Admission) directly or indirectly interested in 5 per cent. or more of the Company's issued share capital (being the threshold for notification of interests that will apply to Shareholders as of Admission, assuming Admission occurs on 12 February 2025, pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

	Number of Ordinary Shares held immediately prior to Admission		Number of Ordinary Shares held immediately following Admission	
	No.	%	No.	%
Andrew Roberto Mankiewicz OBE <sup>(a)</sup>	10,000,000	50.61	10,000,000	4.90
Xangbo Global Markets Pte. Ltd. <sup>(b)</sup>	3,000,000	15.18	3,000,000	1.47
Oliver Stuart Fox	1,000,000	5.06	1,000,000	0.49
Ankhbold Bayanmunkh	0	0	72,914,415	35.75
Hirohito Namiki <sup>(c)</sup>	0	0	30,543,350	14.98
Takaaki Kawazoe <sup>(d)</sup>	0	0	32,372,494	15.87
Munkh-Ochir Batbayar	0	0	19,851,687	9.73

- (a) This includes shares held by Forest Nominees Limited and Tanglin Capital Limited, both of which are controlled and beneficially owned by Andrew Roberto Mankiewicz OBE, a Controlling Shareholder of the Company immediately prior to Admission.
- (b) Xangbo Global Markets Pte. Ltd. is managed by Yarlun Capital (Pte.) Limited, a Singapore based fund manager, holding a Capital Markets Services License and regulated by the Monetary Authority of Singapore.
- (c) This includes shares held by IC Japan LLC and IVC Estonia OU, both of which are controlled and beneficially owned by Hirohito Namiki.
- (d) This includes shares held by IC Japan LLC and Socap Incubation Inc, both of which is controlled and beneficially owned by Takaaki Kawazoe.

## 5. INTERESTS AND DEALINGS

5.1 As at the close of business on the Latest Practicable Date, the total issued share capital of the Company was 19,760,000 Existing Ordinary Shares.

5.2 As at the Latest Practicable Date and immediately following Admission, assuming Admission occurs on 12 February 2025, the interests of the Directors and their families, related trusts and connected persons (all of which are beneficial unless otherwise stated) in the Ordinary Shares were as follows:

Director	Number of Existing Ordinary Shares held at the latest Practicable Date	Percentage of issued ordinary share capital held at the latest Practicable Date	Number of Ordinary Shares immediately following Admission	Percentage of issued Ordinary Shares immediately following Admission
Oliver Stuart Fox	1,000,000	5.06	1,000,000	0.49
Robert George Shepherd	–	–	–	–
Nicola Jane Walker	–	–	–	–
Ankhbold Bayanmunkh	–	–	72,914,415	35.75
Hirohito Namiki	–	–	30,543,350	14.98
Amar Lkhagvasuren	–	–	–	–

No dealings in the Existing Ordinary Shares have taken place by the Directors during the 12 months prior to the Latest Practicable Date.

5.3 As at the Latest Practicable Date, no member of the Concert Party had any interest in the Ordinary Shares.

5.4 No dealings in Existing Ordinary Shares by any member of the Concert Party have taken place during the 12 months prior to the Latest Practicable Date.

## 5.5 General

Save as disclosed in this Document, as at the Latest Practicable Date and during the 12 months prior to the Latest Practicable Date:

- 5.5.1 none of the members of the Concert Party (including any members of their respective immediate families, related trusts or connected persons) had any interest in or a right to subscribe for, or had any short positions in relation to any relevant securities of the Company, nor had any such persons dealt in any relevant securities of the Company; and
- 5.5.2 none of the members of the Concert Party (including any members of their respective immediate families, related trusts or connected persons) had borrowed or lent any relevant securities of the Company (save for any borrowed shares which have either been on-lent or sold).

## 6. CURRENT TRADING AND RATINGS OF THE TARGET GROUP

- 6.1 The Target Group continues to trade in-line with its directors' expectations.
- 6.2 Microfinanza Rating SRL has assigned InvesCore NBFI JSC with a credit rating of "A". The "A" rating is the highest rating among financial institutions in Mongolia. Globally, only 28 of the more than 681 banks and financial institutions have received an "A" rating since 2010, 10 of which have received an "A" institutional rating as same category as InvesCore NBFI JSC.
- 6.3 Other than as set out above, there are no current ratings or outlooks publicly accorded to the Target Group by ratings agencies.

## 7. CURRENT TRADING AND RATINGS OF THE COMPANY

- 7.1 The Company's most recent audited annual results for the 18 month period ended 31 December 2023 were announced on 20 February 2024, and the unaudited interim results for the 6 months ended 30 June 2024 were announced on 5 September 2024. The Company continues to trade-in line with the Board's expectations.
- 7.2 There are no current ratings or outlooks publicly accorded to the Company by ratings agencies.

## 8. ADDITIONAL DISCLOSURES REQUIRED BY THE TAKEOVER CODE

- 8.1 Save as disclosed in this Document, none of the members of the Concert Party have any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company.
- 8.2 Save as disclosed in paragraphs 10 and 12 of Part 7 (*Strategy and Business Overview*), paragraph 4 of Part 8 (*Directors, Secretary, Registered Office and Advisers*) and paragraphs 5.3 and 5.4 of Part 14 (*Additional Information*) of this Document, no arrangement or understanding (including any compensation arrangement) exists between any member of the Concert Party and any of the Directors, recent former directors, Shareholders or recent shareholders of the Company, or any person interested or recently interested in the Existing Ordinary Shares, having any connection with or dependence upon the Rule 9 Waiver or the Acquisition set out in this Document or which is conditional on the outcome of the consideration of the Rule 9 Waiver or the Acquisition set out in this Document.
- 8.3 Save as disclosed in this Document, as at the Latest Practicable Date and during the 12 months prior to the Latest Practicable Date:
  - 8.3.1 the Company had undertaken no dealings in its own relevant securities;
  - 8.3.2 the Company had not redeemed or purchased any of its own relevant securities;
  - 8.3.3 neither the Company, nor any of the Directors nor any member of their immediate families or related trusts or connected persons, nor any person acting in concert with the Company or the Directors had an interest in or a right to subscribe for, or had any short position in any relevant securities of the Company or has dealt in any relevant securities of the Company; and

8.3.4 neither the Company or the Directors nor any person acting in concert with the Company or the Directors had borrowed or lent any relevant securities of the Company (save for any borrowed shares which have either been on-lent or sold).

## 9. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES

### Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

Under the Takeover Code, a 'concert party' arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "**Control**" means holding or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the Company, irrespective of whether the holding or holdings give *de facto* control. A person and each of its affiliated person will be deemed to be acting in concert with each other.

Immediately following Admission, the Concert Party will hold approximately 80.90 per cent. of the issued capital of the Company. Further information on the Concert Party is set out in paragraph 10 "*Information on the Concert Party*" of Part 7 of this Document.

### Disclosures

Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in Chapter 5 of the Disclosure Guidance and Transparency Rules. A Shareholder is required pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules, to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below 5 per cent. of the nominal value of the Company's share capital or the threshold of 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent., or 75 per cent.

Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make a required disclosure to the Company may result in disenfranchisement.

### Compulsory Acquisition

The Companies Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within four months after the date of such offer, the offer is approved or accepted by shareholders comprising not less than 90 per cent. in value of the shares affected, then the offeror may, within a period of two months immediately after the threshold is reached, give notice to any dissenting shareholders informing them that it wishes to acquire their shares (an "**Acquisition Notice**"). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire the dissenting shareholders' shares on the terms of the offer approved by the shareholders comprising not less than 90 per cent. in value of the shares affected; and where the terms of the offer provided a choice of consideration, the Acquisition Notice must give particulars of the choice and state (i) the period within which, and the manner in which, the dissenting shareholder must notify the offeror of his choice and (ii) which consideration specified in the offer will apply if he does not so notify the offeror.

## **10. SUMMARY OF THE ARTICLES**

The memorandum of incorporation of the Company does not restrict the objects of the Company; accordingly, for Guernsey legal purposes, the objects of the Company are unlimited. The following is a summary of certain provisions of the Articles.

The Articles, which were adopted on 30 July 2021, contain provisions, among others, to the following effect:

### **10.1 Dividends and other distributions**

- 10.1.1 The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the requirements set out in the Companies Law and subject to any Shareholder's rights attaching to their shares.
- 10.1.2 The Ordinary Shares carry the right to receive all amounts available for distribution and from time to time to be distributed by way of dividend or otherwise in accordance with the Articles and such amounts shall be divided *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.
- 10.1.3 All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends and distributions unclaimed for a period of twelve (12) years after having been declared or having become due for payment shall be forfeited and shall revert to the Company.

### **10.2 Voting**

- 10.2.1 Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any shares, holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company. As of the date of Admission, there are no such special terms to note.
- 10.2.2 Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share held.

### **10.3 Capital**

On a winding-up of the Company, the Ordinary Shares carry the right to receive a distribution of the surplus assets of the Company and such amounts shall be divided *pari passu* amongst the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them, subject to the rights of any shares which may be issued with special rights or privileges.

### **10.4 Pre-emption rights**

- 10.4.1 There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment and issue of shares.
- 10.4.2 However, the Articles provide that the Company is not permitted to allot and issue equity securities to a person on any terms unless it has made an offer to each person who holds Ordinary Shares in the Company to allot and issue to him or her on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion of Ordinary Shares held by such holder; and the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.

10.4.3 The pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders. Further, the pre-emption rights shall not apply to:

- (a) the allotment and issue of equity securities prior to the Company's first acquisition (i.e. the acquisition or establishment by the Company, whether through a single transaction or a series of related or connected transactions, and whether through majority or controlling interests, of a company or business) or in connection with the completion thereof (and including any such allotment and issue for the purposes of a fundraising contemporaneously with such acquisition);
- (b) the allotment and issue of equity securities under an employees' share scheme; or
- (c) to a particular allotment and issue of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash.

#### 10.5 Variation of rights

10.5.1 Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:

- (a) in such manner (if any) as may be provided by such rights;
- (b) with the consent in writing of the holders of more than 75 per cent. in value of the issued shares of that class (excluding any shares held as treasury shares); or
- (c) with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

10.5.2 The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third of the voting rights of the issued shares of that class (excluding any shares held as treasury shares) (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.

10.5.3 The rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:

- (a) the creation or issue of further shares ranking *pari passu* therewith; or
- (b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).

#### 10.6 Disclosure of interests in Shares

10.6.1 The Directors shall have power by notice in writing (a "**Disclosure Notice**") to require a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an interested party) who has any interest (whether direct or indirect) in the Ordinary Shares held by the Shareholder and the nature of such interest or has been so interested at any time during the three years immediately preceding the date on which the Disclosure Notice is issued. Any such Disclosure Notice shall require any information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the shares concerned represent 0.25 per cent. or more of the number of Ordinary Shares in issue).

10.6.2 Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTR5**"), which has been incorporated into the Articles as if the Company were a "UK issuer" as such term is defined by DTR5, requires Shareholders to notify the Company if the voting rights attached to shares in the Company held by them (subject to certain exceptions as set out in DTR5) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Pursuant to the Articles, the Company may also send a notice (a "**DTR Notice**") to any person whom it knows or believes to be interested in its shares, requiring such person to confirm whether he has such an interest and, if so, details of that interest.

10.6.3 Any Disclosure Notice, Information Notice (as defined below) or DTR Notice issued or served by the Company shall require any information in response to such notice to be given within the prescribed period (which is 28 days after service of the notice or 14 days if the Ordinary shares concerned represent 0.25 per cent. or more in number of the issued Ordinary Shares) or such other reasonable period as the Directors may determine.

10.6.4 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period the Directors in their absolute discretion may serve a direction notice on the Shareholder (a "**Direction Notice**"). The Direction Notice may direct that in respect of the Ordinary Shares in respect of which the default has occurred (the "**Default Shares**") and any other shares held by the Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the class of shares concerned, the Direction Notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

10.6.5 The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than  $1/10$  of the total voting rights attaching to the Ordinary Shares in issue at the relevant time.

10.6.6 In addition to the rights referred to above, the Board may serve notice (an "**Information Notice**") on any Shareholder requiring that Shareholder to promptly provide the Company with any information, representations, documents, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to:

- (a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under or relevant to AML legislation or any Tax Reporting Regime that apply to the Company or any other entity in which the Company has an interest;
- (b) avoid or reduce any tax otherwise imposed by Tax Reporting Regime (including any withholding upon any payments to such Shareholder by the Company); or
- (c) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the U.S. Tax Code or any equivalent under any Tax Reporting Regime

10.6.7 Each Shareholder must also promptly notify the Company upon any change in circumstances that could affect the accuracy or correctness of the information, representations, documents, certificates or forms referred to above that have been provided by the Shareholder.

10.6.8 If any Shareholder (a "**Defaulting Shareholder**") is in default of supplying to the Company the information referred to in paragraph 10.6.6 above within the prescribed period (which shall not be less than 28 days after the service of the notice), or fails to comply with the obligation to keep information up-to-date that is referred to above, the Defaulting Shareholder shall be deemed to be a Non-Qualified Holder.

## 10.7 Transfer of Shares

10.7.1 Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

10.7.2 An instrument of transfer of a certificated share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated share shall be signed by or on behalf of the transferor, and, unless the share is fully paid, by or on behalf of the transferee.

10.7.3 The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of shares to be admitted to settlement

by means of an uncertificated system. If the Board implements any such arrangements, any provision of the Articles will not apply or have effect to the extent that it is in any respect inconsistent with:

- 10.7.3.1 the holding of shares of the relevant class in uncertificated form;
- 10.7.3.2 the transfer of title to shares of the relevant class by means of the relevant uncertificated system; or
- 10.7.3.3 the CREST Regulations.

10.7.4 Where any class of shares is, for the time being, admitted to settlement by means of an uncertificated system such securities may be issued in uncertificated form in accordance with and subject to the CREST Regulations. Unless the Board otherwise determines, shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST Regulations. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the relevant uncertificated system.

10.7.5 The Board may, in its absolute discretion and without giving a reason, refuse to transfer, convert, or register a transfer of any share in certificated form or (to the extent permitted by the CREST Regulations) uncertificated form which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the shares from taking place on an open and proper basis on the London Stock Exchange.

10.7.6 In addition, the Board may decline to transfer, convert or register a transfer of any share in certificated form or (to the extent permitted by the CREST Regulations) uncertificated form:  
(a) if it is in respect of more than one class of shares; (b) if it is in favour of more than four joint transferees; (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require.

If any shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either:

- (a) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or
- (b) to sell or transfer his Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares.

Where condition (a) or (b) is not satisfied within 30 days after the serving of the notice, such person shall be deemed to have forfeited their shares in accordance with the Articles or, if the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

## 10.8 General meetings

10.8.1 The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Companies Law and thereafter general meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place as may be determined by the Board from time to time.

- 10.8.2 Notice of a general meeting must specify the date, time and place of any general meeting and the text of any proposed special, Extraordinary (as defined in the Articles) and ordinary resolution. Any general meeting shall be called by at least 14 clear days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the Shareholders entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.
- 10.8.3 The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.
- 10.8.4 Subject to the requirements of the Companies Law, the Directors may make such arrangements as they may decide in connection with the facilities for participation by electronic means in a hybrid meeting, meaning a general meeting held and conducted by both physical attendance by Shareholders and/or proxies at a particular place and by Shareholders and/or proxies also being able to attend and participate by electronic means without needing to be in physical attendance at that place.

#### **10.9 Restrictions on voting**

No Shareholder shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid. No Shareholder of the Company shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a Disclosure Notice within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

#### **10.10 Appointment, retirement and disqualification of Directors**

- 10.10.1 Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be less than two and there shall be no maximum number.
- 10.10.2 A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.
- 10.10.3 Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.
- 10.10.4 No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years, or any other age.
- 10.10.5 At each annual general meeting of the Company after the Company's first acquisition, one-third ( $\frac{1}{3}$ ) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), the number nearest to one-third ( $\frac{1}{3}$ ), but not less than one-third ( $\frac{1}{3}$ ), shall retire

from office, provided that if a Director is an employee of the Company or of any subsidiary of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot. Subject to the passing of the special resolution and amendment of the articles as contemplated in the notice of general meeting attached hereto, at each annual general meeting of the Company held after the Company's first acquisition all Directors shall retire from office and be eligible for re-appointment by the Shareholders by Ordinary Resolution.

10.10.6 A Director who retires at an annual general meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

The office of a Director shall be vacated:

- (a) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by giving written notice signed by him sent to or deposited at the Company's registered office;
- (b) if he dies;
- (c) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;
- (d) if he becomes bankrupt or makes any arrangements or composition with his creditors generally;
- (e) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- (f) if he is requested to resign by written notice of all his co-Directors (being not less than two in number);
- (g) if the Company by ordinary resolution shall declare that he shall cease to be a Director; or
- (h) if he becomes ineligible to be a Director in accordance with the Companies Law provided that until an entry of his office having been so vacated be made in the minutes of the Directors his acts as a Director shall be as effectual as if his office were not vacated.

10.10.8 Any Director may, by notice in writing, appoint any other person who is willing to act as his alternate and may remove his alternate from that office.

10.10.9 Each alternate Director shall be eligible to be a Director under the Companies Law and shall sign a written consent to act. Every removal of an alternate Director shall be by notice in writing signed by the appointor, and every appointment in any form as the Directors may determine, and served upon the Company.

## 10.11 Proceedings of the Board

10.11.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.

10.11.2 The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding

the meeting, the Directors present may choose one of their number to be chairman of the meeting.

10.11.3 Questions arising at any meeting shall be determined by a majority of votes.

10.11.4 The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

#### **10.12 Remuneration of Directors**

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate £750,000 in any financial year (or such sum as the Company shall from time to time determine by ordinary resolution). The Directors may be paid all reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

#### **10.13 Interests of Directors**

10.13.1 Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors (including the nature and extent of that interest).

10.13.2 Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:

- (a) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- (b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (d) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;
- (e) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and
- (f) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest (and he may vote thereon).

#### **10.14 Winding-up**

If the Company shall be wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members entitled to the same in specie and the liquidator may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole

or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is a liability.

Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an ordinary resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

#### 10.15 **Borrowing powers**

The Directors may exercise all of the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

### 11. MAJOR SHAREHOLDERS

The following table sets out the interests of the major Shareholders immediately prior to, and on, Admission, assuming Admission occurs on 12 February 2025, if the Acquisition completes:

	Number of Ordinary Shares held immediately prior to Admission		Number of Ordinary Shares held immediately following Admission	
	No.	%	No.	%
Andrew Roberto Mankiewicz OBE <sup>(a)</sup>	10,000,000	50.61	10,000,000	4.90
Xangbo Global Markets Pte. Ltd. <sup>(b)</sup>	3,000,000	15.18	3,000,000	1.47
Oliver Stuart Fox	1,000,000	5.06	1,000,000	0.49
Ankhbold Bayanmunkh	0	0	72,914,415	35.75
Hirohito Namiki <sup>(c)</sup>	0	0	30,543,350	14.98
Takaaki Kawazoe <sup>(d)</sup>	0	0	32,372,494	15.87
Munkh-Ochir Batbayar	0	0	19,851,687	9.73

(a) This includes shares held by Forest Nominees Limited and Tanglin Capital Limited, both of which are controlled and beneficially owned by Andrew Roberto Mankiewicz OBE, a Controlling Shareholder of the Company immediately prior to Admission.

(b) Xangbo Global Markets Pte. Ltd. is managed by Yarlun Capital (Pte.) Limited, a Singapore based fund manager, holding a Capital Markets Services License and regulated by the Monetary Authority of Singapore.

(c) This includes shares held by IC Japan LLC and IVC Estonia OÜ, both of which are controlled and beneficially owned by Hirohito Namiki.

(d) This includes shares held by IC Japan LLC and Socap Incubation INC, both of which is controlled and beneficially owned by Takaaki Kawazoe.

### 12. INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

As of the date of this Document, the Company does not have any investment interests.

## **13. MATERIAL CONTRACTS**

The following are all the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document.

### **13.1 Acquisition Agreement**

The principal terms of the Acquisition Agreement are as set out below:

#### ***Parties***

The Acquisition Agreement was entered into on 20 January 2025 between the Company and the Vendors to acquire the entire issued share capital of the Target.

An amendment agreement in respect of the Acquisition Agreement was entered into on 22 January 2025 to amend and update certain date references in the Acquisition Agreement.

The shares held by the Vendors in the Target will be transferred to the Company on or around 22 January 2025, and completion is expected to occur on the Admission date.

#### ***Consideration***

The consideration for the Acquisition will be settled entirely by the issue of 177,840,000 new Ordinary Shares in the Company to the Vendors.

#### ***Conditions Precedent***

The key condition precedents are:

- the Prospectus being approved by the FCA and filed with the FCA by 22 January 2025;
- the Articles to be amended to allow the yearly re-election of directors at each annual general meeting of the Company held after the first anniversary of the Acquisition;
- Strand Hanson and/or Novum not having terminated the Introduction Agreement;
- the vendor's warranties and purchaser's warranties still being true and accurate and not misleading as at the completion date;
- the passing of the necessary shareholder resolutions; and
- the Company having been registered by the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") in the electronic register of members of the Target as being the sole shareholder of the Target.

If any condition is not satisfied (or where applicable, waived in writing by any of the parties, as the case may be) in all respects by close of business (London time) of the 28 February 2025 (the "**Long Stop Date**"), or becomes incapable of being satisfied (and is not so waived) by the required time, or if either party exercises its right of termination under the Acquisition Agreement, the Acquisition Agreement shall automatically and immediately terminate save for any accrued rights or obligations under the Acquisition Agreement,. The Company shall instruct Strand Hanson to withdraw any application to the FCA and/or the London Stock Exchange for Admission and issue regulatory announcement as required in respect of the foregoing termination and announcement.

#### ***Closing***

Provided that the conditions to the Acquisition Agreement have been satisfied and that the Acquisition Agreement has not been terminated, closing shall take place on a date prior to Admission, or such other date as may be agreed by parties in writing.

In the event that the Closing does not occur for any reason or the Long Stop Date passes and the Acquisition Agreement terminates, the shares in the Target will be immediately transferred back to the relevant Vendors or such other persons as the relevant Vendors may nominate.

If Admission does not occur on or before 3.00 p.m. on the Long Stop Date, the Acquisition Agreement shall be terminated.

### ***Warranties and Indemnities***

#### *Warranties*

Under the Acquisition Agreement, the Company has given warranties to the Vendors that are customary for a transaction of this nature relating to, among other things: (i) that the Company is validly incorporated, in existence and duly registered under the laws of its jurisdiction of incorporation, the Company has full capacity, power and authority, and has obtained all necessary consents and authorisations (including corporate authorisations and all other governmental, statutory and regulatory licences and consents) to: (a) empower it to enter into, deliver and perform its obligations under the Acquisition Agreement and any other transaction document to which it is a party, including without limitation the issue of the Consideration Shares; and (b) to carry on its business in the places and the manner in which it is carried on at the date of the Acquisition Agreement.

#### *Indemnities*

The Vendors have agreed to indemnify the Company and the Target Group against and a sum equal to all liabilities, costs, expenses, damages and losses suffered or incurred by the Company and the Target Group arising out of or in connection with any breach of the Fundamental Warranties by the Vendors.

Additionally, the Company also undertakes to the Vendors that to the extent that it may become the registered holder of the Vendor Shares before Closing, it shall hold such Vendor Shares on trust as bare trustee for the Vendors on and from the date on which a filing is made with ACRA to register the Company as the sole shareholder of the Vendor Shares in the electronic register of members of the Target, up to the Admission date.

#### *Limitations*

The Acquisition Agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to the Vendors' liabilities under the warranties and indemnities and in respect of claims under certain other transaction documents, including (a) a maximum cap on all claims under the Acquisition Agreement shall not exceed an amount equal to the consideration based on the agreed valuation of £113,817,600 and an agreed price per share of £0.64, (b) a minimum claim amount of US\$ 200,000 in aggregate if the amount of such claim exceeds the minimum claim amount, then such claim shall accrue against and be recoverable from the Vendors and the Vendors shall be liable for the full amount of such claim as agreed and determined (and not just the excess), but subject always to the maximum claim amount.

### ***Costs***

Except as otherwise provided in the Acquisition Agreement, or the non-binding heads of terms dated 10 March 2023, each party shall be responsible for its own costs, charges and other expenses (including those of its affiliates) incurred in connection with negotiating, preparing, entering into and completing the Acquisition Agreement and the other transaction documents (including any notarisation and/or registration fees).

### ***Governing Law***

The Acquisition Agreement is governed by English law and any disputes arising out of the Acquisition Agreement will be resolved by arbitration with the seat in Singapore conducted in English pursuant to the Rules of the Singapore International Arbitration Centre.

### ***Filings***

ACRA is the national regulator of business entities in Singapore. ACRA's website is currently facing certain technical issues and users have reported difficulties with extracting searches and filing general lodgments, including registering share transfers. In this regard, it should be noted that under Singapore law, a share transfer is only effective once the electronic register of members of the relevant

Singapore company is updated by ACRA. As the Target is a Singapore company, the Acquisition is directly affected by this ongoing ACRA system issue.

Due to this ongoing issue, it has been agreed by the Vendors and the Company that the transfer of shares in the Target will be lodged with ACRA shortly after the execution of the Acquisition Agreement and ahead of the Closing Date, instead of the lodgment of the share transfers being effected only on the Closing Date as originally contemplated. Additionally, successful entry of the Company as the sole shareholder of the Target in the electronic register of members of the Target by ACRA has accordingly now been made a condition precedent to the Closing of the Acquisition.

### 13.2 **Unsecured Convertible Loan Notes**

The Company issued an aggregate of:

- 13.2.1 £1.0 million of unsecured convertible loan notes (£350,000 on 8 September 2023, £350,000 on 2 October 2023, £300,000 on 31 October 2023) (the “**Series A Convertible Loan Notes**”);
- 13.2.2 £1.0 million of unsecured convertible loan notes (£250,000 on 13 December 2023, £250,000 on 16 January 2024 and £300,000 on 16 February 2024) (the “**Series B Convertible Loan Notes**”);
- 13.2.3 £2.0 million of unsecured convertible loan notes (£500,000 on 2 May 2024, £500,000 on 26 June 2024 and £300,000 on 23 October 2024 and £200,000 expected on or around 25 January 2025) (the “**Series C Convertible Loan Notes**”); and
- 13.2.4 £2.0 million of unsecured convertible loan notes (£1.5 million on 17 December 2024, £500,000 expected on or around 25 January 2025 (the “**Series D Convertible Loan Notes**”).

(The Series A Convertible Loan Notes, the Series B Convertible Loan Notes, the Series C Convertible Loan Notes and the Series D Convertible Loan Notes are together the “**Convertible Loan Notes**”)

to IVC Estonia OÜ, a company wholly owned by Hirohito Namiki, a member of the Concert Party. The Series A Convertible Loan Notes, Series B Convertible Loan Notes, and Series C Convertible Loan Notes shall automatically convert (at a 10 per cent. discount to the Issue Price) on Admission or at the option of the unsecured Convertible Loan Notes holder anytime after 7 November 2024 (at a 10 per cent. discount to the volume weighted average closing price of the Ordinary Shares quoted by Bloomberg for five Business Days prior to the date of conversion). To the extent not previously converted, the unsecured Convertible Loan Notes are fully repayable on 7 November 2024 and accrue interest at five per cent. per annum. The Series D Convertible Loan Notes will be repayable on or before 31 December 2025. At the time of repayment the Convertible Loan Notes holder has the option to convert the Series D Convertible Loan Notes into new Ordinary Shares at 64 pence per share or determine that repayment shall be made in cash.

The Company shall have the right at any time and without penalty to repay all or any part of the principal amount and unpaid interest of the Convertible Loan Notes.

### 13.3 **Relationship Agreement**

The Company has entered into a relationship agreement dated 20 January 2025 with Ankhbold Bayanmunkh.

The Relationship Agreement governs the relationship between Ankhbold Bayanmunkh and the Company to ensure that the Enlarged Group is capable at all times of carrying on its business independently of the Controlling Shareholder and his associates. In particular, the Relationship Agreement contains undertakings from the Controlling Shareholder to, among other things: (i) conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms; (ii) not take any action which would have the effect of preventing the Enlarged Group from complying with its obligations under the UKLR; and (iii) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to

circumvent the proper application of the UKLR. The Relationship Agreement is not subject to any additional penalty or indemnity clauses.

There may be instances when the Controlling Shareholder has interests that diverge from those of the other Shareholders and the Company cannot assure investors that the interests of the Controlling Shareholder will be the same as or align with the interests of purchasers of shares in a future placement or in the market following Admission.

#### 13.4 **Service Agreements**

The Directors service agreements and letter of appointment as outlined in paragraph 4 of Part 8 (*Directors, Secretary, Registered Office and Adviser*).

#### 13.5 **Broker Agreement**

An engagement letter dated 28 July 2021 between the Company and Novum Securities was entered into whereby the Company appointed Novum Securities as its sole broker with effect from Admission (“**Broker Agreement**”). Pursuant to the engagement letter, the Company has agreed to pay to Novum Securities a sales commission calculated at a rate of 5 per cent. of gross aggregate value of the funds raised from investors introduced by Novum Securities in respect of a fundraising exercise.

#### 13.6 **Registrar Agreement**

The Company and the Registrar have entered into an agreement in August 2022 pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs.

The Registrar is entitled to receive an annual fee for creation and maintenance of the share register at a fee of £1.20 per shareholder of Ordinary Shares appearing on the register during the fee year, subject to a minimum charge per year of £3,500.

In addition to the annual fee, the Registrar is entitled to reimbursement of all out-of-pocket expenses incurred by it in the performance of its services.

Subject to the initial period of the agreement being three (3) years, the Registrar Agreement shall continue on the basis of successive periods of 12 months, unless and until terminated upon written notice by either party, by giving not less than six months’ written notice prior to the end of the 12 month period. In addition, the agreement may be terminated as soon as reasonably practicable if either party (i) commits a material breach of the agreement which has not been remedied within 45 days of a written notice requesting the same; (ii) resolves to wind-up; or (iii) an administrator or receiver is appointed over it or its assets or undertakings. The agreement is governed by Guernsey law.

#### 13.7 **Introduction Agreement**

On 20 January 2025, the Company, Strand Hanson, Novum Securities and each of the Directors entered into the introduction agreement (the “**Introduction Agreement**”) pursuant to which the Company has appointed Strand Hanson as its financial adviser to assist the Company to achieve Admission. The Introduction Agreement does not include any obligations on either Strand Hanson or Novum Securities to assist with any fundraising for the Company and there are no underwriting obligations in the agreement.

In consideration for their services under the Introduction Agreement, the Company has agreed to pay to Strand Hanson a corporate finance fee (part of which is conditional upon Admission occurring). The Company will also pay the fees, costs and expenses of, or in connection with the Admission.

The Company and the Directors have each given certain customary representations and warranties to Strand Hanson and Novum Securities as to the accuracy of the information contained in this Document and other relevant documents relating to the Admission, and other matters in relation to the Enlarged Group. In addition, the Company has given customary indemnities to Strand Hanson

and Novum Securities. The liability of the Directors under the Introduction Agreement is limited as to time and quantum. The obligations of Strand Hanson and Novum Securities under the Introduction Agreement are subject to certain conditions, including primarily Admission occurring at or before 8.00 a.m. on 12 February 2025 (or such later time and/or date as the Company, Strand Hanson and Novum Securities may agree, being not later than 28 February 2025). If any of the conditions are not satisfied (or where possible waived by Strand Hanson and Novum Securities) or shall have become incapable of being satisfied by the required time and date, the Introduction Agreement will be capable of termination by Strand Hanson and Novum Securities.

Under the terms of the Introduction Agreement, Strand Hanson and Novum Securities are entitled, at any time before Admission, to terminate the Introduction Agreement by giving notice to the Company and the Directors if, among other things: (a) any statement contained in this Document has become untrue, incorrect or misleading in any material respect or that statements have been omitted from this Document which, in the reasonable opinion of Strand Hanson or Novum Securities, is material; (b) any of the warranties in the Introduction Agreement is not, or has ceased to be, true and accurate in any material respect; or (c) a matter has arisen which has or might give rise to a claim under the indemnities given by the Company in the Introduction Agreement.

#### **13.8 Strand Hanson Engagement Letter 2021**

On 16 June 2021, the Company entered into an engagement letter with Strand Hanson pursuant to which Strand Hanson agreed to act as financial advisor to the Company in respect of the IPO and initial placing. The Company agreed to pay Strand Hanson the following in respect of the services provided:

- (a) the issue of 500,000 Ordinary Shares at the issue price per share applicable to the round at which seed investors participate, in lieu of cash fees in connection with the Admission;
- (b) a cash fee in connection with the Admission; and
- (c) the issue of 100,000 Ordinary Share at 50 pence, in lieu of cash fees in connection with the Admission; and
- (d) the issue of 197,600 Ordinary Shares 50 pence (please see paragraph 13.10 and 13.11 of Part 14 for further description of the Warrant Agreement).

#### **13.9 Strand Hanson Engagement Letter 2023**

On 22 March 2023, the Company entered into an engagement letter with Strand Hanson pursuant to which Strand Hanson agreed to act as financial advisor to the Company in respect of the Acquisition and Admission. The Company agreed to pay Strand Hanson the following in respect of the services provided:

- (a) a cash fee in connection with the Admission; and
- (b) the issue of 197,600 Warrants as described in paragraph 13.10 and 13.11 of Part 14 for further description of the Warrant Agreement.

#### **13.10 Strand Hanson Warrant Agreement 2022**

The warrant instrument entered into by the Company on 8 September 2022 pursuant to which the Company will grant 197,600 warrants to Strand Hanson upon Admission. Strand Hanson shall be entitled to subscribe for 197,600 new Ordinary Shares at the £0.50 for a period of three years from grant. The SH 2022 Warrants represent one per cent. of the enlarged share capital of the Company on Admission. The SH 2022 Warrants are unlisted, fully transferable and are exercisable in whole or in part.

#### **13.11 Strand Hanson Warrant Agreement 2025**

The warrant instrument entered into by the Company on 20 January 2025 pursuant to which the Company will grant warrants to subscribe to 1 per cent. of the issued share capital of the Company at Admission to Strand Hanson. Strand Hanson shall be entitled to subscribe for the SH 2025 Warrants at the Price for a period of three years from grant. The SH 2025 Warrants are unlisted, fully transferable and are exercisable in whole or in part.

Save as disclosed in this paragraph and 13.10, no authorised shares of the Company are proposed to be issued or are under option or warrant, or are agreed to be put under option.

#### 13.12 **Engagement letter with PKF**

On 29 September 2023 and as updated on 14 June 2024, the Company and Strand Hanson entered into an engagement letter with PKF pursuant to which PKF agreed to act as reporting accountant to the Company and Strand Hanson in respect of the proposed Acquisition, the proposed offer of new Ordinary Shares by the Company, and the proposed Admission. PKF Littlejohn LLP has agreed to prepare:

- (a) an accountant's report on the historical financial information in respect of the Target Group;
- (b) an accountant's report on the pro forma financial information in respect of the Enlarged Group;
- (c) a comfort letter on the extraction of financial information in relation to the Company and Target Group;
- (d) a comfort letter in respect of any significant change in the Company and/or SIBJ Group's financial position or financial performance; and
- (e) a comfort letter over the pathfinder document, if applicable.

#### 13.13 **Engagement letter with BDO**

On 21 August 2023 (as amended at various dates), the Company and Strand Hanson entered into an engagement letter with BDO pursuant to BDO advising on financial due diligence in relation to the proposed Acquisition. The primary outputs of the engagement have been due diligence reports to support a statement on the sufficiency of working capital in respect of the Enlarged Group and long form report in respect of the Target Group.

#### 13.14 **Engagement letter with Pinsent Masons MPillay LLP**

The Company and Pinsent Masons MPillay LLP have entered into an engagement letter dated 1 December 2022 and three addendums to the engagement letter dated 14 March 2023, 5 March 2024 and 14 August 2024, pursuant to which Pinsent Masons MPillay LLP agreed to act as legal adviser to the Company in respect of the proposed Acquisition and Admission. Pinsent Masons MPillay LLP's scope of work includes leading the legal due diligence exercise conducted in relation to the Target Group which includes coordinating due diligence conducted by local counsel on the Target Group entities; preparing the Acquisition Agreement; assisting with matters relating to the finalising and submission of the prospectus by the Company for its Admission; advising on the applicable requirements under the UK Listing Rules published by the Financial Conduct Authority and preparing other ancillary documents.

#### 13.15 **Lock-in Agreement**

Ankhbold Bayanmunkh, Namiki Hirohito, Kawazoe Takaaki, Munkh-Ochir Batbayar and Oliver Fox have entered into a lock-in agreement with the Company, Strand Hanson and Novum Securities. Pursuant to the lock-in agreement, the parties agree that, conditional upon Admission occurring, they will not dispose of and will use reasonable endeavours to procure that his associates will not dispose of any interests in the shareholder's Ordinary Shares, except in accordance with terms of the lock-in agreement.

The restriction on disposal will apply from the date of Admission to the first anniversary of the date of Admission. Following this, for a period of 12 months, any disposal of the shareholder's Ordinary Shares is subject to the Company's consent. The restrictions on the disposal of the Ordinary Shares will not apply to any disposal made:

- (a) with the prior written consent of the Company;
- (b) in acceptance of a recommended offer for the whole of the issued equity share capital of the Company, or all the shares of any class or classes in the Company;
- (c) by means of giving an irrevocable commitment to accept a recommended offer set out in (b);

- (d) pursuant to a plan, compromise or other arrangement between the Company and its creditors under any applicable bankruptcy, insolvency, or other similar law;
- (e) pursuant to any scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company;
- (f) to a wholly owned company of (i) the shareholder; and/or (ii) a member of the shareholder's family;
- (g) to a trustee of any trust, the beneficiaries of which are restricted to any of the shareholder and/or member(s) of the shareholder's family;
- (h) to his personal representatives in the event of his death;
- (i) to his trustee in bankruptcy in the event of his bankruptcy;
- (j) in the event of an intervening court order; or
- (k) in the event that the Ordinary Shares cease to be traded on the Official List of the FCA other than where it is intended that the Company be readmitted to trading on another market or where the Ordinary Shares cease to be traded in connection with a reverse takeover by the Company,

provided always in the case of (f) and (g) that the transferee shall first undertake to the Company to comply with the obligations set out in lock-in agreement.

#### 13.16 **Introducer Agreement with Yarlun Capital (Pte.) Limited**

The Company has entered into an introducer agreement with Yarlun Capital (Pte.) Limited dated 3 January 2022. Pursuant to this agreement, the introducer is retained on a non-exclusive basis to consult on and introduce potential investors to the Company in respect of its pre-IPO funding.

The term of this agreement has now expired and was valid from 3 January 2022 until the earlier of: (i) the expiry of a period of 12 months; or (ii) as terminated with 90 days' notice in writing.

In consideration of the provision of services, the Company shall pay a £30,000 retainer fee, plus 5 per cent. of the total amount committed to the Company's business by persons who have been introduced by Yarlun Capital (Pte.) Limited.

#### 13.17 **Heads of Terms**

13.17.1 On 10 March 2023, ICFG Pte. Ltd., the Vendors and the Company entered into a heads of terms in relation to the proposed acquisition of the Target by the Company, which was subsequently amended on 13 June 2023 by an amendment agreement between the parties.

13.17.2 Under the heads of terms, it was noted that:

- (a) **Conditions for a break fee event**
  - (i) Failure to issue the Consideration Shares equivalent to not less than 80 per cent. and not more than 90 per cent. of the total share capital of the Company (on an enlarged basis).
  - (ii) Failure to, among other things, achieve a minimum valuation agreed between the Company and the Vendors and satisfactory due diligence.
  - (iii) Inadequate facilitation of due diligence by the Vendors and the Target.
  - (iv) Failure to disclose a material factor detrimental to the proposed acquisition.
  - (v) Notification from the Target and/or Vendors before the expiry date expressing their unwillingness to proceed with the acquisition.

(b) **Break fee amount**

- (i) In the event of a break fee event, the Target and the Vendors are jointly and severally liable to pay the Company the actual costs incurred, up to a maximum of £2.0 million in cash.
- (ii) If the break fee event is due to a failure to obtain necessary approvals and consents for the purpose of the Acquisition and the Reverse Takeover, the maximum break fee shall be no more than £1.0 million in cash.

(c) **Guarantee**

- (i) ICNJ and the ultimate holding company of the Target Group (after completion of the restructuring) are required to provide a corporate guarantee for the break fee.
- (ii) The corporate guarantee must be provided no later than two weeks after the signing of the heads of terms.

(d) **Break fee notice and payment**

- (i) The Company shall issue a break fee notice to the Target and/or the Vendors upon the occurrence of a break fee event.
- (ii) The Target and/or the Vendors must make full payment of the break Fee within four weeks from the date of the break fee notice through telegraphic transfer to the Company's designated bank account.

(e) **Company break fee event**

- (i) If the proposed acquisition and RTO cannot proceed due to legal or regulatory reasons arising from the misconduct or illegal/improper acts of the Company, it constitutes a purchaser break fee event.
- (ii) Discussions between the Target, Vendors, and the Company will determine whether the Break Fee is payable or if there should be a waiver (in part or in full).

The following are all the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Target Group in the two years prior to the date of this Document, or are subsisting agreements which are included within, or which relate to, the assets and liabilities of the Target Group (notwithstanding whether such agreements are within the ordinary course or were entered into outside of the two years immediately preceding the publication of this Document) and are, or may be, material:

### 13.18 Employee share schemes

- 13.18.1 ICPL entered into a special employment agreement with its executive director on 2 January 2023, where up to 30 per cent. of ICPL's shares will be granted to the Chief Executive Officer and the management team in the form of shares, and the number of shares will be agreed upon by the parties in accordance with ICPL's medium term plan and its implementation plan.
- 13.18.2 ICCL entered into a special employment agreement with its executive director on 24 October 2022, where up to 30 per cent. of ICCL's shares will be granted to the Chief Executive Officer and the management team in the form of shares, and the number of shares will be agreed upon by the parties in accordance with ICCL's medium term plan and its implementation plan.

### 13.19 Purchase of IC Tower

13.19.1 ICPL entered into an Unfinished Building Sale and Purchase Agreement dated 31 December 2021 with UB Building LLC (whose Executive Director being Narmandakh N., the former 20 per cent. shareholder of ICPL) for the entire IC Tower, which was under construction.

13.19.2 Under the agreement, ICPL purchased immovable properties for a total of JPY 650 million US\$ 4.1 million to be paid in instalments for 27 months through 31 March 2024.

13.19.3 As a condition to the sale, the seller (UB Building LLC) will retain the land rights under the immovable properties, and such land rights are held by UB Building LLC's subsidiary called Achit Merged LLC.

13.19.4 ICPL further indicated that the land rights are held by Achit Merged LLC and will be transferred upon the full payment, which has been made.

### 13.20 Debt instruments

13.20.1 ICNJ issued a public bond programme of MNT 50.0 billion (US\$ 14.6 million) through MSE from 2022 to 2023 in five tranches of equal MNT 10.0 billion (US\$ 2.9 million) with interest rate of 18 per cent. per annum and 1 year term to maturity. The first two tranches were issued on 19 and 22 December 2022 and have been fully paid off in December 2023. The following three were paid as follows:

- (a) Tranche-3 with total amount of MNT 10.0 billion (US\$ 2.9 million) was issued and sold on 11 April 2023 with maturity date of 11 April 2024. Total interest of US\$ 526,000 is paid in four equal quarterly amounts.
- (b) Tranche-4 with total amount of MNT 10.0 billion (US\$ 2.9 million) was issued and sold on 5 July 2023 with maturity date of 5 July 2024. Total interest of US\$ 526,000 is paid in four equal quarterly amounts.
- (c) Tranche-5 with total amount of MNT 10.0 billion (US\$ 2.9 million) was issued and sold on 21 August 2023 with maturity date of 21 August 2024. Total interest of US\$ 526,000 is paid in four equal quarterly amounts.

13.20.2 ICNJ issued a private placement bond program MNT 50.0 billion (US\$ 14.6 million) on the OTC market in 2023. Term to maturity is one year and interest rate of 18 per cent. per annum is paid quarterly. Bonds with total of MNT 36.3 billion (US\$ 10.6 million) is issued in following tranches as of 31 December 2023 and total interest payment of MNT 6.534 billion (US\$ 1.9 million) will be made until maturity:

- (a) Tranche-1 of MNT 5.0 billion (US\$ 1.46 million) was issued and sold on 24 November 2023. Maturity date is 24 November 2024.
- (b) Tranche-2 of MNT 5.0 billion (US\$ 1.46 million) was issued and sold on 28 November 2023. Maturity date is 28 November 2024.
- (c) Tranche-3 of MNT 10.0 billion (US\$ 2.9 million) was issued and sold on 29 November 2023. Maturity date is 29 November 2024.
- (d) Tranche-4 of MNT 5.0 billion (US\$ 1.46 million) was issued and sold on 1 December 2023. Maturity date is 1 December 2024.
- (e) Tranche-5 of MNT 5.0 billion (US\$ 1.46 million) was issued and sold on 5 December 2023. Maturity date is 5 December 2024.
- (f) Tranche-6 of MNT 1.5 billion (US\$ 0.44 million) was issued and sold on 8 December 2023. Maturity date is 8 December 2024.
- (g) Tranche-7 of MNT 4.8 billion (US\$ 1.4 million) was issued and sold on 12 December 2023. Maturity date is 12 December 2024.

13.20.3 ICNJ established a wholly owned subsidiary, ICAL, which is a special purpose vehicle for issuing asset backed securities. ICAL issued asset backed securities of MNT 50.0 billion

(US\$ 14.6 million) on MSE on 26 August 2024. The asset backed securities is secured by the car loan portfolio of ICNJ, which is sold to the ICAL and MNT 50.0 billion (US\$ 14.6 million) is paid in consideration for the loan portfolio. The securities' term to maturity is 1.5 years, interest rate of 17 per cent. per annum paid quarterly and the principal in 50 per cent. is paid in month 12 and 18 from the date of trading on the secondary market.

13.20.4 On 14 April 2023, ICNJ shareholders resolved to issue 6,000,000 preferred shares equal to MNT 30.0 billion (US\$ 8.8 million) through a private placement. The conditions include the payment of interest equal to MongolBank policy rate plus 5 per cent. and repurchase in five years after the placement at its nominal value. ICNJ signed a share subscription agreement and issued 2,400,000 preferred shares totalling MNT 12.0 billion (US\$ 3.5 million) on 30 November 2023. FRC approved and issued the decree on 29 April 2024. ICNJ will pay the interest annually and repurchase the shares at nominal value at the request of the buyer in 2029.

The first share subscription agreement, amounting to MNT 12.0 billion (US\$ 3.5 million) was signed with an individual investor in November 2023. InvesCore NBFI JSC received approval from the FRC to increase the share capital by MNT 12.0 billion (US\$ 3.5 million) on 29 April 2024.

### 13.21 **External Funding Agreements**

13.21.1 ICNJ has obtained funding from EMF Microfinance Fund AGmvK, a Lichtenstein based private debt fund which invests in microfinance institutions in emerging and frontier markets through the following lending arrangements in 2023.

- (a) ICNJ entered into a Loan agreement with EMF Microfinance Fund AGmvK on 27 June 2023 to obtain a loan of US\$ 2.0 million with interest rate of 8.75 per cent. per annum. The loan disbursement date is 30 June 2023 and maturity date is 30 June 2025. Interest and principal payments will be paid bi-annually and first payment shall be made on 30 June, 2024.
- (b) ICNJ entered into a Loan agreement with EMF Microfinance Fund AGmvK on 26 October 2023 to obtain a loan of US\$ 3.0 million with interest rate of 8.90 per cent. per annum. The loan disbursement date is 31 October 2023 and maturity date is 31 October 2025. Interest and principal payments will be paid biannually and first payment shall be made on 31 October, 2024.
- (c) ICNJ signed a term sheet with Enabling Qapital, which advises EMF Microfinance Fund AGmvK on 2 May 2024, for a senior unsecured term loan of up to US\$ 5 million. The maturity term is three years from disbursement, interest is payable biannually, and principal amortisation will be in 20 per cent. in months 12, 18, 24, 30 and 36. Under the term sheet, ICNJ signed a loan agreement EMF Microfinance Fund AGmvK on 25 June 2024 to obtain US\$ 2 million, which was disbursed on 28 June 2024 with 17.7 per cent. per annum interest. Parties signed a loan agreement for US\$ 3 million on 7 August 2024, which will be disbursed on 12 August 2027 with interest of 17.5 per cent. per annum. payable biannually.

13.21.2 ICNJ has obtained funding from Golomt Bank of Mongolia via the loan line since 2021 in the following arrangements:

- (a) ICNJ entered into a loan agreement with Golomt Bank on 31 May 2021 to receive a loan of MNT 1.5 billion (US\$ 0.44 million) with interest rate of 15.6 per cent. per annum. with a one-year term. Parties also signed a pledge agreement on the same day to pledge loan portfolio with car and immovable property collateral with value of MNT 4.0 billion (US\$ 1.17 million).
- (b) The loan agreement was extended twice from 13 May 2022 until 31 May 2023, and from 17 May 2023 until 20 May 2024. On 17 May 2023 parties signed amendment to increase the interest rate to 18 per cent. per annum and on 4 October 2023 parties

signed amendment to increase the loan line to MNT 15.0 billion (US\$ 4.38 million). Amendment to the pledge agreement was made on 17 May 2022 and 4 October 2023 and changed the pledge to loan portfolio with immovable property collateral with total value of MNT 40.0 billion (US\$ 11.7 million) and to remove the loan portfolio with vehicle collateral.

- (c) The parties amended the loan agreement on 4 October 2023, and increased the loan line limit to MNT 15.0 billion (US\$ 4.4 million). Subsequently, parties concluded a loan line agreement on 12 June 2024, to increase the line amount to MNT 75.0 billion (US\$ 21.92 million) and increase the interest to 18.5 per cent. per annum. In connection with this loan line agreement, ICNJ has also agreed to pledge items in seven current accounts as security for the loan. Pursuant to the loan line agreement, ICNJ agrees to deposit more than 50 per cent. of its sales income into its Golomt Bank account quarterly, make 90 per cent. of deposits for all its employees salaries through Golomt Bank quarterly, make 60 per cent. of its foreign transactions through Golomt Bank quarterly and renew the pledge agreement on a quarterly basis. As of 30 June 2024, ICNJ has an outstanding loan of MNT 55.0 billion (US\$ 16.08 million), pledged items within 7 current accounts as security for the loan. Under the loan line agreement, ICNJ is required to renew the pledge agreement on a quarterly basis. ICNJ entered into three pledge agreements with Golomt Bank on 12 June 2024 and pledged its current accounts at Golomt Bank, loan portfolio with valuation of MNT 150.0 billion (US\$ 43.8 million) and Suite 1401 of IC Tower with valuation of MNT 2.2 billion (US\$ 0.64 million).
- (d) ICNJ entered into a further loan line agreement with Golomt Bank on 12 June 2024 to obtain a loan of MNT 30.0 billion (US\$ 8.8 million). The term of the loan line agreement is 13 months and the interest rate is 18 per cent. per annum. In connection with the loan line agreement, the parties have also signed a pledge agreement on 12 June 2024 where ICNJ has pledged items within seven current accounts as security for the loan. Under the loan line agreement, ICNJ is required to renew the pledge agreement on a quarterly basis. ICNJ entered into a pledge agreement with Golomt Bank on 12 June 2024 and pledged its current accounts at Golomt Bank.
- (e) ICNJ and Golomt Bank entered into a loan line agreement on 13 May 2024 for obtaining funding up to US\$ 5.0 million with interest of 8.32 per cent. ICNJ concluded a pledge agreement on the same day to collateralise its loan portfolio with immovable property pledge. Loan interest shall be payable monthly and ICNJ has obtained the total of US\$ 5.0 million on 13 May 2024, which shall be fully repayable by 13 May 2027.

- 13.21.3 ICNJ has obtained funding from Microfinance Enhancement Facility SA, SICAV-SIF, a Luxembourg based specialised investment fund in 2023. ICNJ concluded loan agreement with the fund on 1 December 2023, under which ICNJ obtained a loan of US\$ 5.0 million with interest rate of 0.9 per cent. per annum net of withholding taxes. The loan disbursement date is 15 December 2023 and maturity date is 15 December 2026. Interest and principal payments will be paid biannually and first payment shall be made on 1 July 2024.
- 13.21.4 ICNJ has obtained funding through Lendahand, an international crowdfunding platform from the Netherlands in 2022 and 2023. ICNJ concluded a website access agreement with Hands-on B.V., operating under the name Lendahand on 3 March, 2022 and obtained funding through the platform by selling financial notes in tranches with two years term. From 1 May 2022 until 31 December 2023, ICNJ sold 11 financial notes and raised total of US\$ 1,965,626. Interest and principal payments will be paid biannually at 5.0-5.5 per cent per annum.
  - a. ICNJ signed a synthetic local currency loan agreement with Stichting Lendahand FX and investors on 7 February 2024. Under the agreement, ICNJ has obtained funding of € 150,000 (US\$ 160,383) with disbursement date of 1 February 2024 for a 24 months term and 5.5 per cent. per annum interest. Principal payments will be paid biannually and the first payment was made 1 August 2024.

13.21.5 ICNJ entered into a loan agreement on 28 February 2023 to obtain a loan amount up to US\$ 5.0 million from EBRD. Under the agreement, ICNJ can obtain up to US\$ 2.5 million in two tranches. ICNJ obtained the initial tranche of 2.5 million on 21 June 2023 and maturity date is 22 June 2026. ICNJ obtained the second tranche of 2.5 million on 26 September 2024 and maturity date is 30 March 2027. The interest rate is fixed interest rate plus margin of 5 per cent. per annum. Fixed interest is a fixed rate for each disbursement, available to EBRD from whatever source EBRD may select, taking into account the principal repayment and interest payment schedules for such disbursement. Repayments will be paid biannually and the first payment is made on 21 December 2023. Under the loan agreement, ICNJ must get prior permission from the EBRD in event of change of control and potential change of control. Change of control means any change of control of the borrower or any change in the direct or indirect legal or beneficial ownership of the borrower. In the event of change of control without prior permission, the EBRD has a right to demand prepayment of full aggregate principal amount of the loan then outstanding, together with all accrued interest and other 22 amounts payable thereon and all other amounts payable under this agreement but without prepayment fee. ICNJ has obtained permission in respect of the Acquisition from EBRD dated 13 November 2023.

13.21.6 ICNJ entered into a facility agreement on 15 June 2023 to obtain a loan amount of up to US\$ 10.0 million from ADB. Under the agreement, ICNJ obtained total of US\$ 10.0 million with two tranches, including tranche-A of US\$ 2.0 million (disbursed on 28 July 2023) and tranche-B of US\$ 8.0 million (disbursed on 16 August 2023) with three years term. Interest rate is base rate plus margin of 5 per cent. per annum. The base rate is the secured overnight financing rate ("SOFR") administered and published by the Federal Reserve Bank of New York. Repayments will be paid bi-annually and the first payment will be made on 17 July 2024.

13.21.7 ICNJ entered into a sales and purchase agreement with a re-purchase condition with Mongolian Mortgage Corporation on 28 December 2021. As for the year-end of 2023, ICNJ has sold around MNT 67.2 billion loan portfolio (US\$ 19.6 million) through the following nine tranches.

- (a) Tranche 1, amount MNT 10.0 billion (US\$ 2.92 million), interest rate for re-purchase condition is averaged 16.5 per cent. per annum and dated on 28 December 2021 until 27 December 2023. Re-purchase completed and not in force.
- (b) Tranche 2, amount MNT 9.89 billion (US\$ 2.89 million), interest rate for re-purchase condition is averaged 16.5 per cent. per annum and dated on 8 February 2022 until 29 January 2024.
- (c) Tranche 3, amount MNT 5.0 billion (US\$ 1.46 million), interest rate for re-purchase condition is averaged 16.5 per cent. per annum and dated on 10 March 2022 until 29 January 2024.
- (d) Tranche 4, amount MNT 4.0 billion (US\$ 1.17 million) interest rate for re-purchase condition is averaged 16.5 per cent. per annum and dated on 5 April 2022 until 29 January 2024.
- (e) Tranche 5, amount MNT 9.28 billion (US\$ 2.71 million) interest rate for re-purchase condition is averaged 17.5 per cent. per annum and dated on 2 May 2022 until 29 January 2024.
- (f) Tranche 6, amount MNT 6.0 billion (US\$ 1.75 million) interest rate for re-purchase condition is averaged 17.5 per cent. per annum and dated on 2 June 2022 until 29 January 2024.
- (g) Tranche 7, amount MNT 8.0 billion (US\$ 2.34 million) interest rate for re-purchase condition is averaged 20.5 per cent. per annum and dated on 3 October 2022 until 31 December 2023. Re-purchase completed and not in force.

- (h) Tranche 8, amount MNT 6.75 billion (US\$ 1.97 million) interest rate for re-purchase condition is averaged 20.5 per cent. per annum and dated on 6 October 2022 until 31 December 2023. Re-purchase completed and not in force.
- (i) Tranche 9, amount MNT 8.27 billion (US\$ 2.42 million) interest rate for re-purchase condition is averaged 19.5 per cent. per annum and dated on 3 August 2023 until 10 January 2024. Re-purchase completed and not in force.
- (j) Outstanding payable balance for at the year-end 2023 was MNT 17.96 billion (US\$ 5.25 million) and 19 January 2024, the outstanding balance was MNT 9.69 billion (US\$ 2.83 million).

13.21.8 ICNJ entered into a sales and purchase agreement with re-purchase condition with XacBank on 27 March 2023, for three years. As for year-end of 2023, ICNJ has sold around MNT 30.0 billion loan portfolio (US\$ 8.8 million) through following six tranches.

- (a) Tranche 1, MNT 5.0 billion (US\$ 1.46 million), interest rate for re-purchase condition is 18.5 per cent. per annum on 27 March 2023 until 20 March 2025.
- (b) Tranche 2, MNT 4.99 billion (US\$ 1.46 million), interest rate for re-purchase condition is 18.5 per cent. per annum on 27 April 2023 until 20 April 2025.
- (c) Tranche 3, MNT 5.0 billion (US\$ 1.46 million), interest rate for re-purchase condition is 18.0 per cent. per annum 14 June 2023 until 20 June 2025.
- (d) Tranche 4, MNT 5.0 billion (US\$ 1.46 million), interest rate for re-purchase condition is 18.0 per cent. per annum on 3 August 2023 until 20 July 2025.
- (e) Tranche 5, MNT 4.99 billion (US\$ 1.46 million), interest rate for re-purchase condition is 17.0 per cent. per annum on 15 August 2023 until 20 July 2025.
- (f) Tranche 6, MNT 5.0 billion (US\$ 1.46 million), interest rate for re-purchase condition is 17.5 per cent. per annum on 27 December 2023 until 31 December 2025

13.21.9 ICNJ entered into a loan line agreement with Bogd Bank on 27 December 2023 to obtain financing of MNT 15.0 billion (US\$ 4.38 million) for 12 months with interest of 18 per cent. per annum. The total interest of US\$ 776,042 will be paid monthly in equal parts and the principal will be paid off in 20 December 2024. ICNJ also entered into a general agreement on sale and purchase of loan portfolio with Bogd Bank on 6 March 2024. To implement the sale and purchase agreement, the parties executed following agreements:

- (a) Parties executed an addendum agreement on 6 March 2024 for sale and purchase of loan portfolio equal to MNT 29.86 billion (US\$ 8.7 million). Bogd Bank will receive the interest of 21.5 per cent. per annum from end borrowers of the loan portfolio.
- (b) Parties executed a service providing agreement on 6 March 2024, under which ICNJ will provide service of debt collection to Bogd Bank.
- (c) To enforce the addendum agreement, parties concluded a pledge agreement on 6 March 2024 and ICNJ pledged the movable properties (automobiles) of the loan portfolio to Bogd Bank.
- (d) To enforce the addendum agreement, SIBJ Capital executed a guarantee agreement with Bogd Bank on 6 March 2024. The guarantee amount is MNT 8.8 million (US\$ 2,572) and the SIBJ Capital guarantees in case ICNJ is unable fulfil its obligations under the addendum agreement.

13.21.10 ICNJ entered into a financing agreement with Blue Orchard Microfinance Fund. Under the loan agreement, ICNJ obtained an unsecure loan in the total amount of US\$ 10 million to InvesCore NBFI JSC in two separate instalments: (i) US\$ 5 million in June 2024 under a loan agreement signed on 8 June 2024; and (ii) US\$ 5 million in July 2024 under a loan agreement signed on 18 July 2024. Maturity of the loan is 36 months

for each facility and the interest rate is 9.6 per cent. (or 470 basis points plus term SOFR) per annum net of withholding tax. Interest payments are paid biannually and the principal amount will be amortised by 25 per cent. in the months 18, 24, 30 from the disbursement date.

- (a) ICNJ concluded another loan agreement with Blue Orchard Microfinance Fund 1 August 2024 to obtain funding from Covid-19 Emerging and Frontier Markets MSME Support Fund SCSp SICAV-RAIF, managed and represented by Blue Orchard Microfinance Fund. The loan amount is US\$ 3 million with 36 months term, interest rate of 9.5 per cent. (or 470 basis points plus Term SOFR) per annum and the principal will be amortised by 25 per cent. in the months of 18, 24, 30 from the disbursement date. The loan disbursement date is 7 August 2024 and first interest payment will be made on 8 February 2025. Under the loan agreement, ICNJ must obtain prior permission of Blue Orchard Microfinance Fund in the event of a change of control to issue any additional shares or equity interests or transfer, sell, pledge or otherwise encumber existing shares if such actions results in the owners or holders of such existing shares and equity interests having less than 80 per cent. of total voting power and economic interests in ICNJ.

13.21.11 ICPL entered into a financing agreements with Trade Development Bank of Mongolia and obtained total of MNT 5.0 billion (US\$ 1.46 million) funds under following terms:

- (a) ICPL signed a loan agreement for Supporting Female Business Leaders with the Trade Development Bank of Mongolia on 26 March 2024 and obtained a MNT 1.0 billion (US\$ 0.29 million) loan with interest of 18 per cent. per annum, which shall be payable monthly. The loan was disbursed on 26 March 2024 and the maturity date is 25 March 2027. ICPL has entered into two pledge agreements with Trade Development Bank on 26 and 27 March 2024 to pledge future income cash worth MNT 460.0 million (US\$ 0.13 million), and two spaces on the 1<sup>st</sup> floor of IC Tower with total valuation of MNT 1.08 million (US\$ 315).
- (b) On 26 March 2024, ICPL signed a loan agreement with the Trade Development Bank of Mongolia, under which a secured loan of MNT 4.0 billion (US\$ 1.17 million) is disbursed on 26 March 2024 with maturity date of 25 March 2027. The interest rate for the loan is 18 per cent. per annum payable monthly. The collateral of the loan is partial space of IC Tower in Mongolia. SIBJ and ICPL has entered into a pledge agreement with Trade Development Bank on 26 March 2024 to pledge suite 1101 of IC Tower, owned by SIBJ with valuation of MNT 3.98 billion (US\$ 1.16 million). ICPL further concluded and two pledge agreements on 27 March 2024 with Trade Development Bank to pledge future income cash worth MNT 1.9 billion (US\$ 0.56 million), and two spaces on the 1<sup>st</sup> floor of IC Tower with total valuation of MNT 1.08 million (US\$ 315). Suite 1101 was later replaced with Suite 1503 of IC Tower, owned by SIBJ, with valuation of MNT 2.97 billion (US\$ 0.87 million) under pledge agreement concluded between SIBJ, ICPL and Trade Development Bank on 8 August 2024.

13.21.12 ICNJ, as lender, entered into a credit line agreement with InvesCore Leasing LLC, as borrower on 30 May 2024. The value of the loan is MNT 3.0 billion (US\$ 0.88 million) for a term of 24 months. The interest rate is 1 per cent. per month.

13.21.13 SIBJ, as lender, entered into a loan line agreement with ICore Partners LLC, as borrower, on 1 May 2023. SIBJ will be providing a loan of MNT 2.0 billion (US\$ 0.58 million) for 12 months with interest of 17 per cent. per annum. The loan was entered into for the purpose of financing ICore Partners LLC's business activities.

13.21.14 ICCL, as a borrower, entered into a loan line agreement with Ashid Capital NBFI on 17 November 2023. ICCL obtained funding of MNT 2.0 billion (US\$ 0.58 million) for 12 months term with interest of 2 per cent. per month. Loan interest will be paid monthly and principal will be paid at the end of the term on 15 November 2024. As collateral of the loan line agreements, parties concluded two pledge agreements to collateralise ICCL's issued shares worth MNT 2.73 billion (US\$ 0.80 million) and financial assets worth

MNT 4.27 billion (US\$ 1.25 million). Furthermore, ICNJ entered into a guarantee agreement with Ashid Capital NBFI to provide guarantee for the loan repayment.

13.21.15 ICWN has issued a private placement bond of MNT 23.0 billion (US\$ 6.72 million) on the OTC market between October and November 2024. It was issued in 6 tranches on following dates with the following terms:

- (a) Tranche 1 – This was issued on 9 October 2024, for a sum of MNT 6.2 billion (US\$ 1.81 million). The bond has a 12 month term to maturity, with an interest rate of 19 per cent. per annum.
- (b) Tranche 2 – This was issued on 18 October 2024, for a sum of MNT 1.63 billion (US\$ 0.48 million). The bond has a 12 month term to maturity, with an interest rate of 18 per cent. per annum.
- (c) Tranche 3 – This was issued on 24 October 2024, for a sum of MNT 1.5 billion (US\$ 0.44 million). The bond has a 12 month term to maturity, with an interest rate of 18 per cent. per annum.
- (d) Tranche 4 – This was issued on 25 October 2024, for a sum of MNT 7.0 billion (US\$ 0.20 million). The bond has a 12 month term to maturity, with an interest rate of 18.5 per cent. per annum.
- (e) Tranche 5 – This was issued on 1 Nov 2024, for a sum of MNT 1.5 billion (US\$ 0.44 million). The bond has a 12 month term to maturity, with an interest rate of 18 per cent. per annum.
- (f) Tranche 6 – This was issued on 4 Nov 2024, for a sum of MNT 5.17 billion (US\$ 1.51 million). The bond has a 12 month term to maturity, with an interest rate of 18 per cent. per annum.

In each case, the interest is payable to the bondholder on a quarterly basis, with the principal repayable at the end of the term.

## 13.22 Investments

- 13.22.1 ICNJ owns 1,946,412 shares of Golomt Bank of Mongolia purchased during Golomt Bank's IPO on 8 June 2023 with initial investment of MNT 2.50 billion (US\$ 0.73 million). As of the closing rate of 28 December 2023, the value of investment is MNT 1.76 billion (US\$ 0.52 million).
- 13.22.2 ICNJ purchased private placement bond of Mongolian Mortgage Corporation with initial investment of US\$ 999,927.76 on 5 October 2022. The maturity date is 28 December 2024 and the interest rate is 6.8 per cent. per annum.
- 13.22.3 ICNJ signed a bond purchase agreement with a condition to repurchase with Golomt Bank and Golomt Capital SC LLC on 14 May 2024, to purchase the bonds issued by Golomt Bank, equal to US\$ 5.0 million with 11 per cent. per annum interest. Golomt Bank will repurchase the bond in 36 months on 20 May 2027 with interest payable to ICNJ at 12 per cent. per annum

## 13.23 Guarantee Agreements and Underwriting Agreements

- 13.23.1 ICNJ has provided a guarantee for InvesCore Leasing LLC's loan obligations with M Bank JSC on 31 May 2024. The guarantee will be effective for a term of 36 months from 31 May 2024, where the maximum amount of the guarantee is US\$ 2.2 million, covering the principal amount, interests, default interests and expenses incurred in connection with the repayment of the loan, including the expenses of court proceedings and other payment obligations.
- 13.23.2 ICNJ has concluded an Underwriting Service Agreement with ICCL and ICAL on 18 June 2024. Under the agreement, ICCL agrees to provide underwriting services in relation to the issuance of asset-backed securities by ICAL. The value of the agreement is 2 per cent. of the funds successfully withdrawn by ICAL.

### 13.24 **Professional Intermediary Agreement**

ICCL has concluded a Professional Intermediary Agreement with InvesCore Asset Management LLC on 9 September 2023, for a period of 10 years with a value of US\$ 100,000. This agreement outlines the responsibilities of ICCL as a market maker for InvesCore Global Q Exchange Trading Funds (“ETF”), such that ICCL will be required to purchase ETFs worth US\$ 100,000 and actively participate in the secondary market as an authorised participant.

### 14. **SIGNIFICANT CHANGE**

Other than as disclosed in this document and as described below, there has been no significant change in the financial position or the financial performance of the Company and the Target Group since 30 June 2024, being the end of the last financial period for which financial information has been published, as set out in Part 12 of this Document.

In December 2024 the Company drew a further £1,500,000 in convertible loan notes (US\$ 1,882,025), increasing the unsecured debt and cash position respectively.

In December 2024 the Target Group entered into 3 new finance arrangements and drew down a total amount of US\$ 7,000,000. The loan has a 1 per cent. upfront fee and has an annual interest rate of 16.5 per cent. The repayment period is three years.

### 15. **WORKING CAPITAL**

The Company is of the opinion that the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least 12 months from the date of this Document.

### 16. **SIGNIFICANT SUBSIDIARY UNDERTAKINGS**

The Company currently has no subsidiaries. On Admission, the Enlarged Group Structure will be as shown at Part 14 (Additional Information), paragraph 3 above.

### 17. **TRADEMARKS AND INTELLECTUAL PROPERTY**

The Target group owns the trademark rights to following trademarks in Mongolia, Kyrgyzstan, and Kazakhstan, where it actively operates and holds legal protection for its intellectual property. As of the date of this Prospectus, the Target Group does not have any trademarks registered in UK, Singapore, and Guernsey. InvesCore Japan Co., Ltd., which is controlled by iCore Partners LLC which is in turn is jointly owned by Ankhbold Bayanmunkh, Munkh-Ochir Batbayar and Takaaki Kawazoe hold the trademark for the InvesCore logo in Japan.

Registered Country	Trademark	Application Number	Target Company
Mongolia	InvesCore (word)	40-2019-0024498	ICNJ
	Инвесткор (word)	40-2019-0024497	ICNJ
	 (logo)	40-2018-0022165	SIBJ
	 (logo)	40-2018-0022166	SIBJ
	POCKET APP (word)	40-2021-0028501	ICNJ
	POCKET MN (word)	40-2021-0028502	ICNJ
	 (logo)	40-2021-0028503	ICNJ
	 (logo)	40-2021-0028504	ICNJ
	MINJI (word)	40-2022-0030536	ICNJ
	PONJI (word)	40-2022-0030535	ICNJ
	 (logo)	40-2021-0028505	ICNJ
	 (logo)	40-2019-0025320	ICNJ
Kyrgyzstan	 (industrial design)	30-2022-0004349	ICNJ
	 (logo)	40-2022-0031687	ICPL
	 (logo)	20210300.3	SIBJ
	 (logo)	20210301.3	SIBJ
Kazakhstan	 (logo)	77418	SIBJ
Singapore	ICFG (word)	40202324612X	ICFG PTE Ltd

## 18. LEGAL AND ARBITRATION PROCEEDINGS

The Target Group is routinely involved in legal proceedings in the ordinary course of operating its business, in particular in relation to customer loans where repayment has not been fully made within the agreed time period.

On 1 May 2024, the FRC imposed a fine of MNT 20.0 million (US\$ 5,800) on ICCL for its act of repurchasing ICNJ's shares. The repurchase was carried out under an agreement which ICCL had entered into with investors, and the transactions were mostly carried out via block trading. The FRC noted this action as a form of potential market manipulation and upon review, imposed a fine for a breach of applicable regulations. The FRC however did not consider the trades to be unlawful and accordingly it did not require ICCL to nullify the share purchases.

The State Committee for National Security of the Kyrgyz Republic has been conducting, during the second half of 2024, a compliance inspection of microfinance organisations in the Kyrgyz Republic, including ICCM. Letters were issued on 28 November 2024 and 16 December 2024 to confirm that it has concluded its inspection of ICCM with no adverse findings that would result in action being taken or limitations placed upon its business operations.

The Target had filed for registration of the "invescore" trademark with the UK Intellectual Property Office ("UK IPO"), as well as the Intellectual Property Office of Singapore ("IPOS"). There were three objections to

the registration of the said trademark with the UK IPO. There was also one objection to the registration of the said trademark with IPOS. The Target has subsequently withdrawn both trademark registrations applications.

Notwithstanding this, other than as disclosed under this section, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering a least the previous 12 months immediately preceding the date of this Document, which may have, or have had in the recent past significant effect on the Company and / or the Target Group's financial position or profitability.

## **19. RELATED THIRD PARTY TRANSACTIONS**

Other than as described below in this paragraph 19, there are no material related party transactions by any Target Group company.

### **19.1 IP Licence Agreements**

19.1.1 There are IP licence agreements between SIBJ and recipient entities that currently have "InvesCore" as part of their trading name as at 4 August 2023, relating to the use of the "InvesCore" brand name. Under the agreements, the recipients are prohibited from participating in any activities that directly compete with those of the Target Group and are permitted to utilise the brand name solely within its own business operations. None of these entities are carrying on business which is in competition to the business carried out by the Target Group. The licence agreements are concluded with the following entities:

- (a) InvesCore Japan Co., Ltd., a real estate and property company, which was previously owned by SIBJ, but is now owned by ICore Partners LLC, and ceased to be a subsidiary of the Target in December 2022
- (b) InvesCore Asset Management LLC, a REIT managing securities company, which was previously owned by SIBJ, but is now owned by ICore Partners LLC, and ceased to be a subsidiary of the Target in December 2022
- (c) InvesCore Leasing LLC, a leasing company, which was previously owned by SIBJ, but is now owned by ICore Partners LLC, and ceased to be a subsidiary of the Target in December 2022

### **19.2 Loan Agreement**

19.2.1 SIBJ entered an interest-free loan agreement worth MNT 1.4 billion (US\$ 0.41 million) with SIBJ Holdings LLC on 27 May 2022 until 27 June 2022.

19.2.2 SIBJ Holdings LLC planned to repay this loan with their owned real estate sales income. However, SIBJ Holdings LLC could not repay the loan within the agreement term. SIBJ and SIBJ Holdings negotiated several times on this loan agreement and SIBJ transferred this loan and all related rights to ICore Partners LLC as a part of spun-off transaction defined in paragraph 16.4 of Part 13 (Additional Information).

19.2.3 SIBJ, as lender, entered into a loan line agreement no. L230901/01 with ICPL, as borrower on 1 September 2023. The value of the loan is MNT 2.0 billion (US\$ 0.58 million) with an interest rate of 17 per cent. per annum and a term of 12 months.

19.2.4 ICPL as lender entered into a loan line agreement no. 23/32 with IC REIT as borrower on 10 August 2023 for a loan of up to MNT 5.0 billion (US\$1.46 million). With an interest rate of 18 per cent. per annum. The purpose of the loan is to finance business activities and is active for a term of 24 months and loan interest shall be calculated by multiplying the disbursed amount with the number of days until repayment on the basis that each year shall have 365 calendar days. IC REIT is owned by ICore Partners LLC, which is owned by Ankhbold Bayanmunkh, Kawazoe Takaaki and Munkh-Ochir Batbayar. As of 22 February 2024, outstanding loan balance is US\$ 1,165,967 and outstanding interest balance is US\$ 58,783, which shall be paid by IC REIT LLC prior 10 August 2025.

19.2.5 ICNJ, as lender, entered into a loan agreement with SIBJ, as borrower, on 9 May 2024. The loan is for an amount of MNT 2.5 billion (US\$ 0.73 million) with interest rate of 17 per cent. per annum. The term of the loan agreement is 12 months and will end on 10 August 2025.

19.2.6 ICNJ has extended several loans to ICCM:

- (a) On 10 February 2021, ICNJ and ICCM entered into loan agreement CL-210219-0014, with a loan value of KGS 170.6 million (US\$ 0.32 million) and an interest rate of 18 per cent. per annum. On 19 February 2024, the loan agreement was extended to 72 months after the first effective date.
- (b) On 27 January 2023, ICNJ and ICCM entered into loan agreement CL-231801-001, with a loan value of US\$ 400,000 and an interest rate of 18 per cent. per annum. The term of the loan is 36 months and ICCM agrees to pledge its business income equivalent up to US\$ 400,000 to ICNJ.
- (c) On 24 May 2023, ICNJ and ICCM entered into loan agreement CL-238405-002, with a loan value of US\$ 250,000 and an interest rate of 18 per cent. per annum. The term of the loan is 36 months and ICCM agrees to pledge its business income equivalent up to US\$ 250,000 to ICNJ.
- (d) On 12 June 2023, ICNJ and ICCM entered into loan agreement CL-231206-003, with a loan value of US\$ 400,000 and an interest rate of 18 per cent. per annum. The term of the loan is 36 months and ICCM agrees to pledge its business income equivalent up to US\$ 400,000 to ICNJ.
- (e) On 29 January 2024, ICNJ and ICCM entered into loan agreement CL-242901-001, with a loan value of US\$ 500,000 and an interest rate of 18 per cent. per annum. The term of the loan is 36 months and ICCM agrees to pledge its business income equivalent up to US\$ 500,000 to ICNJ.

19.2.7 ICNJ, as lender, has entered into a loan line agreement no. L230811-001 with ICPL, as borrower on 11 August 2023 for a term of 36 months. The value of the loan is MNT 713.0 million (US\$ 0.21 million) with an interest rate of 30 per cent. per annum. If there is a default on repayment, an interest rate of 20 per cent. of the principal loan amount would apply. In connection with this loan line agreement, SIBJ has agreed to guarantee the principal loan, including interest and default interest.

19.2.8 ICNJ, as lender, has entered into a loan line agreement no. B10024012301 with ICPL as borrower on 23 January 2024 for a term of 6 months. The value of the loan is MNT 1.25 billion (US\$ 0.37 million) with an interest rate of 2.9 per cent. per month. If there is a default on repayment, an interest rate of 20 per cent. of the principal loan amount would apply.

19.2.9 ICNJ has extended several loans to PKG:

- (a) On 9 November 2023, ICNJ and PKG entered into loan agreement no. B10023110801, where ICNJ provided a loan of US\$ 185,000 to PKG. The term of the loan is 18 months with an interest rate of 13 per cent. per annum. Further, PKG agrees to pledge its business income to ICNJ as collateral for repayment of the loan.
- (b) On 16 February 2022, ICNJ and PKG entered into a loan agreement where ICNJ provided a loan of US\$ 30,000 to PKG. The term of the loan is one year with an interest rate of 9.3 per cent. per annum. Further, PKG agrees to pledge its business income to ICNJ as collateral for repayment of the loan.
- (c) On 18 September 2020, ICNJ and PKG entered into a loan agreement where ICNJ provided a loan of US\$ 45,000 to PKG. The term of the loan is one year with an interest rate of 9.3 per cent. per annum. Further, PKG agrees to pledge its business income to ICNJ as collateral for repayment of the loan. This loan agreement was amended on 14 October 2021 where parties extended the term of the loan agreement to 2 years and increased the value of the loan amount to US\$ 75,000. The interest rate has been amended to 8.73 per cent. per annum.

19.2.10 ICNJ, as lender, has entered into loan agreement no. CL240209-001 with ICFLLP as borrower on 9 February 2024. The value of the loan is US\$ 115,000 with a term of 36 months and interest rate of 20.25 per cent. per annum. ICFLLP agrees to pledge its business income equivalent up to US\$ 115,000 to ICNJ as collateral for repayment of the loan.

### 19.3 **Real estate transactions**

19.3.1 SIBJ purchased 496.32m<sup>2</sup> of office space situated on the 15<sup>th</sup> floor of IC Tower from IC REIT. The total consideration price for this transaction was MNT 2.97 billion (US\$ 0.87 million). The sale and purchase agreement was executed on 6 November 2023.

19.3.2 ICNJ purchased 719m<sup>2</sup> of office space situated on the 14<sup>th</sup> floor of IC Tower from IC REIT. The total consideration price for this transaction was MNT 3.97 billion (US\$ 1.16 million). The sale and purchase agreement was executed on 2 November 2023.

19.3.3 On 27 December 2023, SIBJ executed a property barter of an incomplete property with IC REIT and IC REIT exchanged for it 719m<sup>2</sup> of office space on the 11<sup>th</sup> floor of IC Tower valued with and seven parking spaces for this transaction.

- (a) SIBJ owned a 1,259 m<sup>2</sup> incomplete property in Ulaanbaatar, Mongolia valued at MNT 4.87 billion (US\$ 1.42 million).
- (b) SIBJ had paid MNT 4.0 billion (US\$ 1.28 million) to the previous seller and accounted MNT 475.07 million (US\$ 0.14 million) as a payable to the seller.
- (c) SIBJ transferred this payable to IC REIT.
- (d) SIBJ received the 719m<sup>2</sup> office space located on the 11<sup>th</sup> floor of IC Tower and 7 parking spaces with a total value of MNT 4.32 billion (US\$ 1.26 million).
- (e) SIBJ also received MNT 77.0 million (US\$ 0.02 million) in cash from IC REIT.

### 19.4 **Corporate spin-off transactions**

19.4.1 The Target Group undertook a group restructuring whereby all assets which were not to be part of the transaction were spun-off in December 2022. A total of eight spun-off companies include:

- (a) Finberry LLC, a crowdfunding platform company established in 2019 and wholly owned by SIBJ;
- (b) InvesCore Japan Co. Ltd., a real estate and construction project investment company purchased in 2020 and wholly owned by SIBJ;
- (c) Colo Thinking LLC, an UX, UI design company established in 2020 and 30 per cent. owned by SIBJ;
- (f) Mongol Talent Network LLC, a talent management company purchased in 2021 and wholly owned by SIBJ;
- (g) Alicore LLC, a financial education company purchased in 2021 and 49 per cent. owned by SIBJ;
- (h) InvesCore Asset Management LLC, a REIT managing securities company established in 2021 and wholly owned by SIBJ;
- (i) IC REIT, a REIT purpose SPV purchased in 2022 and wholly owned by SIBJ; and
- (j) InvesCore Leasing LLC, a leasing company established in 2020 and wholly owned by SIBJ.

19.4.2 Key terms of the transactions include:

- (a) **ICore Partners LLC**, a spin-off company was established by SIBJ in 2022 for the purpose of holding the above mentioned eight entities.

- (b) The shares of the aforementioned companies were then transferred to ICore Partners LLC. SIBJ entered into a shares gift agreements with ICore Partners LLC dated 13 December 2022, where SIBJ transferred the total of above stated shares to ICore Partners LLC. This was based on shareholders' resolution of SIBJ Partners LLC No. 15 dated 6 December 2022. This was accompanied by share transfer certificate dated 13 December 2023 and shareholders resolution No. 16 dated 12 December 2022.
- (c) The shares of ICore Partners LLC were then transferred to **Kawazoe Takaaki, Ankhbold Bayanmunkh and Munkh-Ochir Batbayar**, who at the time were sole shareholders of SIBJ. SIBJ entered into sale and purchase agreements with the shareholders dated 17 December 2022, where SIBJ sold 100 per cent. of the shares of ICore Partners LLC at par value.
- (d) ICore Partners LLC, along with the eight subsidiaries stated above ceased to be a subsidiary of SIBJ on 30 December 2022 as per the state registration.

#### 19.5 **Trust deposit agreement**

19.5.1 ICWN entered into a trust agreement with its ultimate beneficial owner Takaaki Kawazoe to receive a trust deposit of US\$ 700,000 from Kawazoe on 04 July 2024. ICWN is a regulated entity licenced to carry out trust deposit services for clients. As per the trust agreement, the annual return of the trust asset shall be 8.5 per cent. per annum and term of the deposit is six months with deposit date starting from 04 July 2024 until 04 January 2025. The Trustor Kawazoe shall bear the taxes imposed on the return of assets and shall receive the trust asset with return at the end of term.1.1.1

#### 19.6 **Agreement between ADI and IVC Estonia OÜ**

ADI, which is 100 per cent. beneficially owned by Oliver Stuart Fox, has entered into a consultancy agreement with IVC Estonia OÜ dated 15 January 2025, which is beneficially owned by Namiki Hirohito, pursuant to which ADI provides business and strategic market services to IVC Estonia OÜ. The fee payable under this agreement is S\$190,000 per annum, The agreement will have a minimum term of 18 months and will be terminable by either party providing 6 months' notice. The agreement will be governed by Singapore law.

#### 19.7 **Loan arrangements with Kawazoe Takaaki**

InvesCore NBFI has granted loans amounting to US\$ 1.3 million from 6 June 2019 to the present date to Kawazoe Takaaki, in the ordinary course of its lending business, pursuant to a loan agreement dated 6 June 2019 with InvesCore NBFI JSC. As of 30 June 2023, this amount has been fully repaid.

### 20. AUDITORS

On 11 June 2021, Crowe U.K. LLP of 55 Ludgate Hill, London EC4M 7JW, United Kingdom were appointed as the Company's auditors and resigned on 7 June 2023. On 6 December 2023, PKF Littlejohn LLP, whose registered office is at 15 Westferry Circus, Canary Wharf, London, E14 4HD was appointed as the auditor of the Company. PKF Littlejohn LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

### 21. CONSENTS

- 21.1 PKF Littlejohn LLP has given and have not withdrawn its consent to the inclusion in this Document of its report on the Pro Forma Financial Information in Part 12 Section D and has authorised the contents of that report for the purposes of 5.3.2R(2)(f) of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.
- 21.2 PKF Littlejohn LLP has given and have not withdrawn its consent to the inclusion in this Document of its accountant's reports in Part 12 (*Historical Financial Information*) and has authorised the contents of that report for the purposes of 5.3.2R(2)(f) of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.
- 21.3 PKF Littlejohn LLP has given and not withdrawn its written consent to the issue of this Document with the inclusion of references to its name in the form and context in which they appear.

- 21.4 Strand Hanson has given and not withdrawn its written consent to the inclusion in this Document of the references to its name in the form and context in which they appear
- 21.5 Novum Securities has given and not withdrawn its written consent to the inclusion in this Document of the references to its name in the form and context in which they appear.

## **22. THIRD PARTY INFORMATION**

The Company confirms that all third-party information included in this Document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. Where the Company has relied upon internally developed estimates, the information is identified as Company estimates or beliefs.

## **23. REGULATORY ENVIRONMENT**

The Company will not be regulated as a collective investment scheme by the Guernsey Financial Services Commission or the FCA. However, from Admission, the Company will be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and Market Abuse Regulation and the relevant rules of the London Stock Exchange.

## **24. INDEPENDENT ADVICE TO THE BOARD**

Strand Hanson, as the Company's independent financial adviser, has provided competent independent advice to the Directors, in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Takeover Code, in relation to the Acquisition and the Rule 9 Resolution. Strand Hanson confirms that it is independent of the Concert Party and has no personal, financial or commercial relationship or arrangement or undertakings with any of its members.

## **25. GENERAL**

The fees and expenses to be borne by the Company in connection with Admission including the FCA fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £5.0 million (including VAT).

## **26. DOCUMENTS AVAILABLE FOR INSPECTION**

- 26.1 Copies of the following documents shall be available for inspection on the Company's website at [www.fintechasialtd.com](http://www.fintechasialtd.com) or inspection at the registered offices of the Company, Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 1AR, during normal business hours of any week day (public holidays excepted) for a period of 12 months from the date of publication of this Document:
  - 26.1.1 the Articles and the Amended Articles;
  - 26.1.2 the historical financial information, together with the related accountant's report from PKF Littlejohn LLP and the Target Group, which is set out in Part 9B (*Historical Financial Information of the Target Group*) of this Document;
  - 26.1.3 the consent letters referred to in paragraph 21 of this Part 14 (*Additional Information*) of this Document;
  - 26.1.4 the Director's letters of appointment referred to in Part 8 (*Directors and Corporate Governance*) of this Document;
  - 26.1.5 the other material contracted referred to in Part 14 (*Additional Information*) of this Document in so far as they relate to the Resolutions; and
  - 26.1.6 a copy of this Document.

## PART 15

### DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

<b>“ABC”</b>	anti-bribery and corruptions
<b>“Acquisition”</b>	the proposed acquisition by the Company of the entire issued share capital of the Target pursuant to the terms of the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the conditional share purchase deed dated 20 January 2025 made between: (i) the Company; (ii) the Vendors and (iii) the Target details of which are set out in paragraph 13.1 of Part 14 of this Document
<b>“Acquisition Notice”</b>	has the meaning ascribed to it in paragraph 11.3 of Part 8 ( <i>Directors and Corporate Governance</i> ) of this Document
<b>“acting in concert”</b>	has the meaning attributed to it in the Takeover Code
<b>“ADB”</b>	the Asian Development Bank
<b>“ADI”</b>	Adhartas International Pte. Ltd Company Registration No. 202211274M, a company registered in Singapore with its registered address at 30 Petain Road Singapore 208099
<b>“Admission”</b>	admission of all of the issued and to be issued Ordinary Shares to the Official List (by way of a listing to the equity shares (transition) category pursuant to the UKLR) and the admission of such Ordinary Shares to trading on the Main Market becoming effective in accordance with the UKLR and the current edition of the Admission and Disclosure Standards published by the London Stock Exchange
<b>“AILL”</b>	AI Lab LLC (Company Registration No. 6339247), a company registered in Mongolia with its registered address at 13th floor, Twin Tower – 1, Seoul Street, Khoroo 2, Sukhbaatar District, Ulaanbaatar
<b>“Amended Articles”</b>	the proposed amended Articles of the Company
<b>“AML”</b>	anti-money laundering
<b>“Articles”</b>	the articles of incorporation of the Company as amended from time to time
<b>“arrangement”</b>	includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing
<b>“Associate”</b>	in relation to an individual means:- (a) the individual’s spouse, or civil partner (unless, in either case, they are subject to a judicial separation decree or order) or child or the Controlling Shareholder’s close relatives as defined in the Takeover Code, being: (i) his or her spouse; (ii) his or her children, parents, brothers, sisters, grandchildren and grandparents, and those of any person described in

(i); and (iii) the spouse of any person described in (ii) (together the “**Controlling Shareholder’s family**”);

- (b) the trustees (acting as such) of any trust of which the individual or any member of Controlling Shareholder’s family is a beneficiary or discretionary object (other than a trust which is a self-invested personal pension scheme, an occupational pension scheme or an employee share scheme which does not, in each case, have the effect of conferring benefits on persons all or most of whom are the individual and/or any member or members (taken together) of Controlling Shareholder’s family;
- (c) any company in whose equity securities the individual and/or any member or members (taken together) of Controlling Shareholder’s family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:-
- (d) to exercise or control the exercise of 30 per cent. or more of the votes able to be cast at general meetings on all, or substantially all, matters; or
- (e) to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters
- (f) any partnership, whether an unlimited partnership, a limited partnership or limited liability partnership, in which the individual and/or any member or members (taken together) of the Controlling Shareholder’s family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or control or would on the fulfilment of the condition or the occurrence of the contingency be able to hold or control:-
- (g) a voting interest of at least 30 per cent. of the general membership or partnership interests; or
- (h) at least 30 per cent. of the general membership or partnership interests; and
- (i) any nominee of the said individual

**“Board”**

the board of directors of the Company

**“BDO”**

BDO LLP

**“BOM”**

Bank of Mongolia

**“Broker Agreement”**

has the meaning ascribed to it in paragraph 8.6 of Part 14 (*Additional Information*) of this Document

**“Business Day”**

a day other than a Saturday or Sunday on which banks are generally open for non-automated business in the City of London or Guernsey

**“certificated” or “in certificated form”**

a share or other security (as appropriate) not in uncertificated form (that is, not in CREST)

**“Chair” or “Chairman”**

the chair of the Board

**“Companies Law”**

the Companies (Guernsey) Law 2008, as amended from time to time

**“Company”, “Fintech Asia” or the “issuer”**

Fintech Asia Limited, a company incorporated under The Companies (Guernsey) Law 2008 and registered in Guernsey on 28 May 2021 with registration number 69264 whose registered office is at Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 1AR

**“Completion”**

completion of the Acquisition in accordance with the terms of the Acquisition Agreement

**“Concert Party”**

Ankhbold Bayanmunkh, Takaaki Kawazoe, Hirohito Namiki, Munkh-Ochir Batbayar, IC Japan LLC, KKJ Capital LLC, ICV Estonia OÜ, Socap Incubation Inc, Bridge Japan LLC and Masayoshi Itano (together with their close relatives and related trusts), details of whom are set out in paragraph 10.2 of Part 7 (*Strategy and Business Overview*) of this Document

**“connected persons”**

in relation to a director, those persons whose interests in Ordinary Shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations and includes any spouse, civil partner, infants (including stepchildren), relevant trusts and any company in which a director holds at least 20% of its voting capital

**“Consideration Shares”**

the 177,840,000 Ordinary Shares to be issued to the Vendors upon Admission as consideration for the Acquisition

**“control”**

means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributed to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control

**“Controlling Shareholder”**

means the controlling shareholder, which is one that exercises or controls with any person with whom they are acting in concert, 30 per cent. or more of the voting rights of the Company and as is defined in the “Glossary” of the FCA Handbook (as at the Latest Practicable Date)

**“Conversion Shares”**

up to 9,811,572 New Ordinary Shares to be issued upon Admission pursuant to the Convertible Loan Notes

**“Convertible Loan Notes”**

collectively:

- (a) up to an aggregate of £1,000,000 in nominal value of 5 per cent. unsecured convertible loan notes of the Company constituted by a deed dated 8 September 2023 (the “**Series A Convertible Loan Notes**”);
- (b) up to an aggregate of £1,000,000 in nominal value of 5 per cent. unsecured convertible loan notes of the Company constituted by a deed dated 13 November 2023 (also known as the “**Series B Convertible Loan Notes**”);
- (c) up to an aggregate of £2,000,000 in nominal value of 5 per cent. unsecured convertible loan notes of the Company constituted by a deed dated 23 April 2024 (also known as the “**Series C Convertible Loan Notes**”); and
- (d) up to an aggregate of £2,000,000 in nominal value of 10 per cent. unsecured convertible loan notes of the Company constituted by a deed dated 4 December 2024 (also known as the “**Series D Convertible Loan Notes**”).

<b>“CREST”</b>	the relevant system for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator
<b>“CREST Regulations”</b>	the Uncertificated Securities (Guernsey) Regulations 2009 including: (i) any enactment or subordinate legislation which amends or supersedes those regulations, and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
<b>“CRS”</b>	the OECD’s Standard for Automatic Exchange of Financial Account Information in Tax Matters – the “Common Reporting Standard” and any associated guidance, as amended from time to time
<b>“CTF”</b>	counter-terrorist financing
<b>“dealing” or “dealt”</b>	Includes the following: (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities; (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a trade option contract) in respect of any relevant securities; (c) subscribing or agreeing to subscribe for relevant securities; (d) the exercise or conversion of any relevant securities carrying conversion or subscription rights (whether in respect of new or existing securities); (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position
<b>“Default Shares”</b>	has the meaning ascribed to it in paragraph 10.6.4 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Defaulting Shareholder”</b>	has the meaning ascribed to it in paragraph 10.6.8 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Direction Notice”</b>	has the meaning ascribed to it in paragraph 10.6.4 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Director(s)”</b>	the existing Executive Directors and the Non-Executive Directors whose names are set out on page 66 of Part 8 of this Document, or (as the context requires) the directors of the Company following Admission, and including any duly authorised committee thereof
<b>“Disclosure Guidance and Transparency Rules” or “DTR”</b>	the disclosure guidance and transparency rules issued by the FCA under Part VI of FSMA
<b>“Disclosure Notice”</b>	has the meaning ascribed to it in paragraph 10.6.1 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Document”</b>	this document which comprises (i) a circular in accordance with the UKLR for the purpose of the Extraordinary General Meeting and (ii) a prospectus for the purposes of Article 6 of the UK Prospectus Regulation relating to the Company in connection with the Admission

<b>“DP Legislation”</b>	the laws which govern the handling of personal data, including but not limited to, the Data Protection (Bailiwick of Guernsey) Law, 2017 and any other legislation in Guernsey concerning data protection, the General Data Protection Regulation (EU) 2016/679 and any other applicable laws implementing that regulation or related to data protection, as amended from time to time
<b>“DTR5”</b>	has the meaning ascribed to it in paragraph 10.6.2 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“DTR Notice”</b>	has the meaning ascribed to it in paragraph 10.6.2 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“EBRD”</b>	the European Bank for Reconstruction and Development
<b>“EEA” or “European Economic Area”</b>	together, the EU, Iceland, Liechtenstein and Norway
<b>“Enlarged Group”</b>	means the Target Group and the Company
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company immediately following Admission, being the Existing Ordinary Shares, the Consideration Shares and the Conversion Shares
<b>“ESOP”</b>	means the employee stock option scheme
<b>“EU Prospectus Regulation”</b>	the Regulation (EU) 2017/1129
<b>“Euroclear”</b>	Euroclear UK & International Limited, the operator of CREST
<b>“European Union” or “EU”</b>	the European Union, first established by the treaty made at Maastricht on 7 February 1992
<b>“Executive Directors”</b>	the executive directors of the Company, being Oliver Fox
<b>“Existing Ordinary Shares” or “Existing Share Capital”</b>	the existing 19,760,000 ordinary shares of no par value in issue as at the date of this Document
<b>“Extraordinary General Meeting”</b>	the general meeting of the Company convened to be held at 9.00 a.m. on 11 February 2025 and any adjournment thereof, to consider and, if thought fit, pass the Resolutions, notice of which is set out in Part 16 of this Document
<b>“FATCA”</b>	the United States Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act 2010, which implemented sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended from time to time
<b>“FCA”</b>	the UK Financial Conduct Authority, as amended from time to time
<b>“FFIs”</b>	has the meaning ascribed to it in Part 13 ( <i>Taxation</i> ) of this Document
<b>“FIs”</b>	has the meaning ascribed to it in Part 13 ( <i>Taxation</i> ) of this Document
<b>“FIEL”</b>	Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended from time to time
<b>“Financial Regulatory Commission of Mongolia” or “FRC”</b>	the Financial Regulatory Commission of Mongolia

<b>“Form of Proxy”</b>	the forms of proxy for use by shareholders at the Extraordinary General Meeting, which accompany this Document
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended from time to time
<b>“FY21”</b>	the year ended 31 December 2021
<b>“FY22”</b>	the year ended 31 December 2022
<b>“FY23”</b>	the year ended 31 December 2023
<b>“Historical Financial Information”</b> or “HFI”	the audited historical financial information of the Company, the Target Group or the Target, as appropriate
<b>“HMRC”</b>	His Majesty’s Revenue and Customs
<b>“Independent Director”</b>	means a Director who is not the Controlling Shareholder, or an Associate of the Controlling Shareholder, or any person nominated to the Board by the Controlling Shareholder or any of his Associates, or any person who (other than solely through being a Director) has a close business relationship with the Controlling Shareholder and who is considered by the Board to be independent, as determined by reference to the UK Corporate Governance Code
<b>“Information Notice”</b>	has the meaning ascribed to it in paragraph 10.6.6 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Interested”</b>	interested in relevant securities which includes where a person: (a) owns relevant securities; (b) has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them; (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or (d) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them
<b>“ICAL”</b>	means InvesCore ABS SPC LLC
<b>“IC REIT”</b>	means IC REIT LLC (Company Registration No. 6848915), with its registered address at F12, IC Tower, Parisian Street- 42, 1 <sup>st</sup> Khoroo, Sukhbaatar District, Ulaanbaatar 14230, Mongolia
<b>“ICCK”</b>	means InvesCore KZ Ltd (Business Identification Number 220540900109), a company incorporated in Astana International Financial Centre with its registered address at 199 Dostyk, 5 Esil district, Astana, Kazakhstan, 010000
<b>“ICCL”</b>	means InvesCore Capital SC LLC of IC Tower, Paris Street 42, 13 <sup>th</sup> Khoroolol, 1 <sup>st</sup> khoroo, Sukhbaatar District, Ulaanbaatar (14230)
<b>“ICCM”</b>	means Open Joint Stock Company Microfinance Company InvesCore CA of 75 Koenkozova, office 3, Bishkek, the Kyrgyz Republic

<b>“ICFLLP”</b>	means InvesCore Finance MFO LLP, (Business Identification Number is 231040033075), a company incorporated in The Republic of Kazakhstan with its registered address at 185 Tole bi street, Almaly district, Almaty city, Republic of Kazakhstan, postal code 050040
<b>“ICNJ”</b>	means InvesCore NBFI JSC of Left side of 13th floor, Twin Tower, 10/1, Seoul Street, 2nd khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia (the registered address), or IC Tower 13F, Paris street-42, Sukhbaatar district-1, Ulaanbaatar, 14251 (the business address)
<b>“ICPL”</b>	means InvesCore Property LLC of Suite 1201, floor – 12, building – 42, Parisian street, 13 <sup>th</sup> Khoroolol, 1 <sup>st</sup> khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia
<b>“ICUL”</b>	mean InvesCore UE LLC
<b>“ICWN”</b>	means InvesCore Wallet NBFI LLC of IC Tower 13F, Paris street-42, Sukhbaatar district-1, Ulaanbaatar, 14251
<b>“IFRS”</b>	International Financial Reporting Standards as issued by the International Accounting Standards Board
<b>“Independent Shareholders”</b>	Shareholders excluding members of the Concert Party (none of whom currently hold any shares in the Company)
<b>“Introduction Agreement”</b>	has the meaning ascribed to it in paragraph 13.7 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“IPO”</b>	initial public offering
<b>“IPOS”</b>	the Intellectual Property Office of Singapore
<b>“ISIN”</b>	International Securities Identification Number
<b>“Issue Price”</b>	£0.64 per Ordinary Share, being the price at which the Consideration Shares are to be issued under the Acquisition Agreement
<b>“IVC Estonia OÜ”</b>	means IVC Estonia OÜ of Harju maakond, Tallinn, Kesklinna linnaosa, Tonismagi 11, 10119
<b>“Latest Practicable Date”</b>	means 21 January 2025, being the latest practicable date prior to the publication of this Document
<b>“Law on Non-Bank Financial Activities”</b>	The Law on Non-Banking Financial Activities of Mongolia dated 12 December 2002
<b>“Listing Rules”</b>	until immediately before the 29 July 2024, the listing rules of the FCA made under Part VI of FSMA
<b>“Lock-In Agreements”</b>	deeds dated 20 January 2025 made between: (i) Strand Hanson, (ii) Novum, (iii) the Company, and each of (iv) Oliver Stuart Fox, Ankhbold Bayanmunkh, Namiki Hirohito, Kawazoe Takaaki, Munkh Ochir Batbayar
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Market Abuse Regulation”</b>	the Regulation (EU) 596/2014 of the European parliament and of the Council on market abuse as it applies in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time

**“MD Legislation”** has the meaning ascribed to it in Part 13 (*Taxation*) of this Document

**“Member State”** member states of the EEA

**“MiFID”** the EU Markets in Financial Instruments Directive

**“MiFID II”** Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID

**“MiFID II Product Governance Requirements”** means (i) MiFID II; (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/573 supplementing MiFID II and (iii) local implementing measures in the European Economic Area and in the United Kingdom

**“MSE”** the Mongolian Stock Exchange

**“MSMEs”** micro, small and medium-sized enterprises

**“MUTB”** Mitsubishi UFJ Trust and Banking Corporation

**“New Ordinary Shares”** the new ordinary shares of no par value in the capital of the Company to be issued pursuant to the Resolutions being the Consideration Shares and the Conversion Shares

**“NBCO”** nonbank credit organisations

**“NBFI”** non-bank financial institution

**“Non-Executive Directors”** the non-executive directors of the Company, being Amar Lkhagvasuren, Nicola Jane Walker and Robert George Shepherd

**“Non-Qualified Holder”** any person, who is deemed to be a Non-Qualified Holder in accordance with the Articles or any person whose holding or beneficial ownership of any shares in the Company (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the Company adverse consequences under any Tax Reporting Regime, including the Company becoming subject to any withholding tax (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with reporting obligations); or (ii) may cause the Company (including for such purposes, its subsidiaries) to lose the benefit of, or suffer pecuniary disadvantage as a result of not being able to take advantage of, any applicable withholding tax treaty or similar arrangement

**“Notice”** the formal notice of the Extraordinary General Meeting as set out in Part 16 of this Document

**“Novum Securities”** Novum Securities Limited, the Company’s broker

**“Official List”** the Official List maintained by the FCA in its capacity as competent authority for the purposes of Part VI of FSMA

**“OCS”** Orbita Consulting Limited, a company incorporated and registered in the Isle of Man, with company registration number 134868c and having its registered office at 5 Kitterland Lane, Port Erin, Isle of Man, IM9 6DX

<b>“Ordinary Shares”</b>	the ordinary shares in the capital of the Company
<b>“personal data”</b>	the information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual
<b>“PKF”</b>	PKF Littlejohn LLP, being the Company’s auditor and reporting accountant
<b>“PKG”</b>	means Pocket KG LLC of 75 Koenkozova, Bishkek, the Kyrgyz Republic
<b>“POI Law”</b>	has the meaning ascribed to it in Part 13 ( <i>Taxation</i> ) of this Document
<b>“Privacy Notice”</b>	the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at <a href="http://www.fintechasialtd.com/privacy">www.fintechasialtd.com/privacy</a>
<b>“Proposals”</b>	the Acquisition, the change of company name, the issue of Consideration Shares and Conversion Shares, the further details are set out in Part 7 of this Document and the related Resolutions
<b>“Proposed Directors”</b>	Ankhbold Bayanmunkh, Hirohito Namiki and Amar Lkhagvasuren
<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of 14 June 2017
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules of the FCA made under section 73A of FSMA as amended from time to time
<b>“QCA Code”</b>	the Quoted Companies Alliance Corporate Governance Code published by the Quoted Companies Alliance, as amended and revised from time to time
<b>“Registrar”</b>	means MUFG Corporate Markets (Guernsey) Limited
<b>“Registrar Agreement”</b>	means the agreement set out under paragraph 8.7 of Part 14 ( <i>Additional Information</i> ) of this Document
<b>“Regulation S”</b>	Regulation S under the US Securities Act
<b>“Relationship Agreement”</b>	deed dated 20 January 2025 made between: (i) the Company; (ii) Strand Hanson; and (iii) Ankhbold Bayanmunkh
<b>“Resolutions”</b>	the resolutions to be proposed at the Extraordinary General Meeting as set out at the end of this Document and reference to a Resolution is to the relevant resolution set out in the Notice
<b>“Reverse Takeover”</b>	has the meaning given to it under Listing Rule 5.6.4 by virtue of the UKLR
<b>“Rule 9 Resolution”</b>	Resolution 1 at the Extraordinary General Meeting to approve the Rule 9 Waiver
<b>“Rule 9 Waiver”</b>	the waiver granted by the Panel (subject to the passing of Resolution 1) in respect of the obligation of the Vendors to make a mandatory offer for the entire issued share capital of the Company not already held by the Vendors which might otherwise be imposed on the Vendors under Rule 9 of the Takeover Code as a result of the issue of Consideration Shares under the Acquisition Agreement as more particularly described in Part 14 of this Document

**“SDRT”** has the meaning ascribed to it in Part 13 (*Taxation*) of this Document

**“SIBJ”** means SIBJ Capital LLC of East wing, 13<sup>th</sup> floor, Twin Tower – 1, Seoul Street, Khoroo 2, Sukhbaatar District, Ulaanbaatar (as registered), or as IC Tower, Paris Street 42, 13<sup>th</sup> Khoroolol, 1<sup>st</sup> khoroo, Sukhbaatar District, Ulaanbaatar (14230) (as stated by SIBJ)

**“SIBJ Group”** means SIBJ Capital LLC and various entities (SIBJ, ICFLP ICNJ, ICCL, ICPL, AILL, ICWN, CDE, ICAL, PKG, ICCM, ICCK and ICUL) that will form part of the ongoing business

**“SFA”** Securities and Futures Act 2001 of Singapore, as amended from time to time

**“SH Warrant Agreement”** the warrant agreement dated 8 September 2022 pursuant to which the SH2022 Warrants were granted by the Company to Strand Hanson

**“SH 2022 Warrants”** the 197,600 warrants over Ordinary Shares in the Company granted by the Company to Strand Hanson pursuant to the SH Warrant Agreement

**“SH 2025 Warrants”** warrants to subscribe to 1 per cent. of the issued share capital of the Company at Admission Ordinary Shares granted by the Company to Strand Hanson pursuant to the Warrant Instrument

**“Shareholders”** the holders of Ordinary Shares from time to time (and **“Shareholder”** shall be construed accordingly)

**“short position”** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery

**“SME”** small-medium enterprise

**“SRS”** the securities registration statement

**“Standard Listing”** a listing on the Standard Segment of the Official List under Chapter 14 of the Listing Rules

**“Strand Hanson”** Strand Hanson Limited, the Company’s Financial Adviser

**“subsidiary”** has the meaning given to it in section 531 of the Companies Law and shall include overseas companies (and **“Subsidiaries”** shall be construed accordingly)

**“Takeover Code”** the City Code on Takeovers and Mergers published by the Takeover Panel as amended from time to time

**“Takeover Panel” or “Panel”** the UK Panel on Takeovers and Mergers

**“Target”** means ICFG Pte. Ltd. (Company Registration Number 202018412K) a company incorporated in Singapore with its registered address at 20 Collyer Quay #23-01 Singapore 049319.

**“Target Group”** means the Target and SIBJ, ICFLP, ICNJ, ICCL, ICPL, AILL, ICWN, CDE, ICAL, PKG, ICCM, ICCK and ICUL.

<b>“Target Market Assessment”</b>	has the meaning ascribed to it in the Cover page of this Document, under the section “Notice to Distributors”
<b>“Tax Reporting Regime”</b>	means (i) sections 1471 to 1474 of the United States Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, and any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes; (ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (iii) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between Guernsey and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in paragraphs (i) and (ii); and (iv) any legislation, regulations or guidance in Guernsey that give effect to the matters outlined in the preceding paragraphs
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time
<b>“UK IPO”</b>	the UK Intellectual Property Office
<b>“UK Prospectus Regulation”</b>	the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including, but not limited to, by the UK Prospectus Amendment Regulations 2019 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019))
<b>“UKLR”</b>	the UK listing rules of the FCA made (in accordance with sections 73A(1) and 73A(2) of FSMA) as from time to time amended and “UKLR” is a reference to any one of the UK listing rules
<b>“UKLR TP”</b>	the transitional provisions of the UKLR
<b>“uncertificated” or “other in uncertificated form”</b>	in relation to a share or other security, title to which is recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“US Securities Act”</b>	the US Securities Act 1933, as amended, and the rules and regulations promulgated thereunder
<b>“VAT”</b>	UK value added tax
<b>“Vendors”</b>	the holders of the entire issued share capital of the Target, (including the Concert Party)
<b>“Warrant Instrument”</b>	the warrant instrument dated 20 January 2025 pursuant to which the SH 2024 Warrants were granted
<b>“Warrants”</b>	the SH 2022 Warrants and the SH 2025 Warrants

<b>“\$S\$”</b>	the lawful currency of Singapore
<b>“€”</b>	the single currency of the participating member states of the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time
<b>“£” or “GBP”</b>	the lawful currency of the United Kingdom
<b>“US dollars” or “US\$”</b>	the lawful currency of the United States
<b>“₮” or “MNT”</b>	the lawful currency of Mongolia
<b>“KGS”</b>	the lawful currency of Kyrgyzstan

Save where specifically required or indicated otherwise, words importing one gender shall be treated as importing any gender and words importing the singular shall be treated as importing the plural and vice versa.

All references to legislation are to English legislation, unless the contrary is indicated, and any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension thereof.

All times referred to are London times unless otherwise stated.

## PART 16

### NOTICE OF EXTRAORDINARY GENERAL MEETING

# FINTECH ASIA LIMITED

(REGISTERED IN GUERNSEY WITH COMPANY NUMBER 69264)

#### Notice of EXTRAORDINARY General Meeting

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Fintech Asia Limited (the “**Company**”) will be held at Les Echelons Court, Les Echelons, St Peter Port, Guernsey GY1 1AR on 11 February 2025 at 9.00 a.m.

Shareholders will be asked to consider and, if thought fit, pass the following resolutions (“**Resolutions**”). Resolution 1 will be proposed as an ordinary resolution as specified below. Resolutions 2 and 3 will be proposed as special resolutions.

Capitalised terms used but not defined in this Notice shall have the meaning given to them in the combination prospectus and circular dated 22 January 2025 of which this Notice forms part.

#### 1. Resolution 1: the Rule 9 Resolution

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

THAT, the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Parties or Ankhbold Bayanmunkh individually to make a general offer for the entire issued share capital of the Company not held by them as a result of the issue of up to 177,840,000 Consideration Shares to them pursuant to the Acquisition Agreement and the issue of up to 9,811,572 Conversion Shares pursuant to the Convertible Loan Notes, be and is hereby approved.

In order to comply with the Takeover Code, this Resolution 1 will be taken on a poll of the Company’s Independent Shareholders and each of the members of the Concert Party (none of whom currently hold any interest in any shares in the Company) will not be eligible to vote on such resolution.

#### 2. Resolution 2: Change of Company name

To consider and if thought fit, pass the following resolution as a Special Resolution:

THAT, the registered name of the Company be changed to ICFG Limited.

#### 3. Resolution 3: Adoption of Amended Articles

To consider and if thought fit, pass the following resolution as a Special Resolution:

THAT, articles 20.2 and 20.3 of the Company’s articles of incorporation be deleted in their entirety and replaced with the following:

- “20.2 *Subject to Article 20.1, the Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board but so that the total number of the Board shall not at any time exceed the number (if any) fixed pursuant to these Articles.*
- 20.3 *Subject to Article 20.1, at each annual general meeting of the Company held after the first anniversary of the Company’s first Acquisition all Directors shall retire from office and be eligible for re-appointment by the Members by Ordinary Resolution.”*

By order of the Board

New Street Management Limited  
Company Secretary

**Fintech Asia Limited**

Registered office: Les Echelons Court Les Echelons, St Peter Port, Guernsey GY1 1AR.

DATED: 22 January 2025

**Notes:**

If any Shareholder has any questions in advance of the Meeting in connection with the proposed Resolutions they may submit their questions to the Board in writing by no later than two Business Days prior to the Meeting.

**Entitled to attend, speak and vote**

1. Pursuant to Regulation 41 of the CREST Regulations, the Company specifies that only those members on the register of members of the Company at 9.00 a.m. on 9 February 2025 (or in the case of adjournment 48 hours (excluding any part of a day that is not a Business Day) before the time of the adjourned meeting) will be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the right of any person to vote at this meeting.

**Appointment of proxies**

2. As a member of the Company, you are entitled to appoint another person as proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. To appoint the Chairman of the Meeting or another person as your proxy insert their full name into the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrar, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. The appointment of a proxy will not preclude you from attending and voting at the Meeting should you subsequently decide to do so.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting as he or she thinks fit) in relation to any other matter which is put before the Meeting.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution concerned. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

**Appointment of proxy using hard copy proxy form**

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - i. completed and signed (with any alteration or deletion signed and initialled); and
  - ii. received not later than 48 hours (excluding any part of a day that is not a Business Day) before the time of the Meeting (or any adjournment thereof).

In the case of a member who is a company, the proxy form must be signed on its behalf by an officer of the company or any attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrar, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrar, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, or by emailing [fundoperations@nsm.group](mailto:fundoperations@nsm.group). In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the meeting (or any adjournment thereof).
11. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

### **Issued shares and total voting rights**

12. As at 9.00 a.m. on 22 January 2025, the Company's issued ordinary share capital comprised 19,760,000 ordinary shares of no par value each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 a.m. on 22 January 2025 is 19,760,000.

### **Communication**

13. Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
  - i. calling MUFG Corporate Markets on 0371 664 0300;
  - ii. in writing by email to [shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com).

You may not use any electronic address provided either:

- i. in this notice of meeting; or
- ii. any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

## **Nominated persons**

14. If you are a person who has been nominated to enjoy information rights (**Nominated Person**):

- i. You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (**Relevant Shareholder**), to be appointed or to have someone else appointed as a proxy for the Meeting.
- ii. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- iii. Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

## **Additional Notes to the Notice of Meeting**

Resolution 1 set out in this notice will be taken on a poll of the Company's independent shareholders in accordance with the requirements of the Takeover Panel for dispensation from Rule 9 of the City Code on Takeovers and Mergers. Members of the Concert Party (none of whom currently hold any shares in the Company) will not be entitled to vote on such resolution.

## **CREST**

15. To give an instruction via the CREST system, CREST messages must be received by the issuers agent (ID number RA10) not later than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for holding the Meeting.
16. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 34 of the CREST Regulations.





