



Acma Ltd

The background features a large, stylized circular graphic composed of multiple concentric, slightly offset green lines. In the center of this graphic is a circular area filled with a pattern of small green dots, creating a halftone or dot-matrix effect. The text 'Annual Report 2022' is centered within this dotted area.

Annual Report 2022

CORPORATE INFORMATION

Directors

Quek Sim Pin
Executive Chairman

Victor Levin
Non-Independent Non-Executive Director

Robert Low Mui Kiat
Lead Independent Director

Tan Keng Lin
Independent Director

Joseph Foo Chee Hoe
Independent Director

Audit and Risk Committee

Robert Low Mui Kiat (Chairman)
Joseph Foo Chee Hoe
Tan Keng Lin

Nominating Committee

Tan Keng Lin (Chairman)
Robert Low Mui Kiat
Joseph Foo Chee Hoe

Remuneration Committee

Joseph Foo Chee Hoe (Chairman)
Robert Low Mui Kiat
Tan Keng Lin

Employees' Share Option Scheme Committee

Joseph Foo Chee Hoe (Chairman)
Robert Low Mui Kiat
Tan Keng Lin

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd

Company Secretary

Keloth Raj Kumar

Registered Office

17 Jurong Port Road
Singapore 619092
Telephone No. 6268 7733
Facsimile No. 6268 3338
Company Registration No. : 196500233E

Independent Auditors

Mazars LLP
Public Accountants & Chartered Accountants
Partner in-charge: Chen Ningxin, Narissa
(From financial year ended 31 December 2018)

Principal Bankers

United Overseas Bank Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of your directors, I present to you the Annual Report for the financial year ended 31st December 2022.

Revenue

For the financial year ended 2022 (FY2022), revenue increased marginally by S\$1.1 million (2.2%) from S\$51.0 million in FY2021 to S\$52.1 million. The increase was due to increase in revenue of the Group's tooling and plastic injection moulding business of S\$2.1 million and partially offset by a S\$1.0 million reduction in revenue of the Communications, electronics and equipment distribution business.

Costs and Expenses

(a) Raw Materials and Consumables Used

For FY2022, Raw material and consumables used (net of changes in inventories) increased marginally by S\$0.5 million (1.7%) from S\$29.7 million in FY2021 to S\$30.2 million in line with the 2% increase in revenue.

(b) Finance Costs

In FY2022, Finance costs increased by a nominal S\$0.2 million from S\$0.7 million in FY2021 to S\$0.9 million. The increase was mainly due to higher Group bank borrowings and leases and the higher interest rate environment.

(c) Depreciation of property, plant and equipment

In FY2022, Depreciation decreased by a nominal S\$0.2 million from S\$3.3 million in FY2021 to S\$3.1 million. The decrease was mainly due to more fixed assets being fully depreciated and the effects of currency translation.

(d) Other Operating Expenses

Other operating expenses decreased by S\$2.5 million from S\$10.1 million in FY2021 to S\$7.6 million. The decrease was mainly attributed to a S\$1.9 million reduction in expected credit loss provision from S\$1.8 million in FY2021 to a credit of (S\$0.1 million) in FY2022 and a S\$0.3 million write off of dormant payable balances. The decrease in Other operating expenses were mainly relating to the Group's tooling and plastic injection (S\$1.7 million), as well as the Group's Communication, electronics and equipment distribution businesses (S\$0.6 million).

Profit From Continuing Operations

The Group reported a marginal Profit before income tax from continuing operations of S\$0.03 million (FY2021: S\$4.4 million loss).

Income Tax Expenses

The Group's income tax expenses amounted to S\$0.8 million (FY2021: S\$0.2 million).

Loss For The Year

The Group recorded an After-tax Loss for the year of S\$0.8 million (FY2021: S\$5.6 million loss).

After accounting for the share of non-controlling interests, Loss attributed to the Owners of the Company amounted for S\$0.7 million (FY2021: S\$3.1 million loss).

Statement of Financial Position

- (a) Property, plant and equipment decreased by S\$1.9 million from S\$10.3 million at 31 December 2021 to S\$8.4 million at 31 December 2022. The decrease was due to depreciation charge of S\$3.1 million, currency realignment adjustments of S\$0.5 million, assets disposal and write off of S\$0.7 million, set-off by addition of (a) S\$0.4 million of property, plant and equipment and (b) S\$2.1 million of right of use leasehold property.
- (b) Trade and other receivables increased by S\$2.4 million from S\$17.1 million at 31 December 2021 to S\$19.5 million at 31 December 2022. The increase was mainly due to increase in net trade receivables of S\$2.9 million and accrued revenue of S\$0.5 million, set off by the reduction of S\$0.3 million in tax recoverable and S\$0.6 million in prepayments. The increase in net trade receivables was mainly in relation to the Group's plastic injection moulding (S\$2.6 million increase), Communications, electronics and equipment distribution (S\$0.6 million increase) and tooling businesses (S\$0.8 million reduction).

CHAIRMAN'S STATEMENT

- (c) Contract liabilities from contracts with customers increased by S\$1.0 million from S\$3.9 million at 31 December 2021 to S\$4.9 million at 31 December 2022. The increase was mainly due to increase in progress billings and deposits received from customers in respect of the Group's tooling and plastic injection moulding (S\$0.5 million), and Communications, electronics and equipment distribution businesses (S\$0.5 million).
- (d) Lease liabilities decreased by S\$0.5 million from S\$6.5 million at 31 December 2021 to S\$6.0 million. The net decrease was mainly due to (a) right of use assets addition of S\$2.1 million set off by (b) repayment made during the year of S\$2.2 million and currency realignment adjustments of S\$0.4 million.

Cash Flow and Working Capital

- (a) The Group had positive net working capital as at 31 December 2022 of S\$0.7 million (31 December 2021: S\$1.6 million). The decrease in net working capital was mainly due to the after tax loss incurred in the current year and the increase of S\$0.4 million of current lease liabilities due to right of use leasehold property acquired during the year.
- (b) Cash and cash equivalents (net of bank overdrafts) decreased marginally to S\$2.09 million at 31 December 2022 from S\$2.13 million at 31 December 2021.

Prospects For 2023

The Group's operations in FY2022 have been affected by both the continuing COVID-19 pandemic as well as the US-China trade war. The Group's disposal of its loss-making Vietnam-based metal printing and packaging services operations at the end of FY2021 and further cost rationalization exercises, has however enabled the Group to reduce its loss after tax and minority interest from S\$3.1 million in FY2021 to S\$0.7 million in FY2022.

Management expects the Group's operating environment to remain challenging given the current uncertain macro environment and limited business visibility, particularly with regards to the Group's tooling business. As such, management intends to look to dispose of its loss-making and non-core businesses as well as exploring other business and fund raising opportunities which may either contribute to the Group's earnings or improve its working capital position and capital base.

Acknowledgement

On behalf of the Board, I would like to express my gratitude to our shareholders, customers, business partners and other stakeholders for their continuing support throughout the years.

I would also wish to take the opportunity to extend my appreciation to all my fellow Board members, management and staff for their hard work and commitment to contribute to the Group in these challenging times.

QUEK SIM PIN
Executive Chairman
30 March 2023

BOARD OF DIRECTORS

Quek Sim Pin

Executive Chairman

Date of first appointment as a director:

6 December 1989

Date of last re-election as a director:

29 April 2022

Academic & Professional Qualification (s):

- Bachelor of Business Administration (Honours) University of Singapore
- Associate of the Chartered Insurance Institute of London

Present Directorship in other listed companies:

- Nil

Other Principal Commitments:

- Neurotrend Pte Ltd (Director)
- Lasvin Pte Ltd (Director)
- Evobios Asia Pte Ltd (Director)
- Agrimax Pte Ltd (Director)

Victor Levin

Non-Independent Non-Executive Director

Date of first appointment as a director:

29 October 2010

Date of last re-election as a director:

29 April 2021

Academic & Professional Qualification (s):

- A graduate of the Moscow Petroleum & Gas Industry Institute

Present Directorship in other listed companies:

- Nil

Other Principal Commitments:

- OOO "Melina" Moscow (Chairman & General Manager)
- Neurotrend Pte Ltd (Executive Chairman)
- Ruslink Pte Ltd (Executive Chairman)

Robert Low Mui Kiat

Lead Independent Director

Date of first appointment as a director:

11 December 2009

Date of last re-election as a director:

29 April 2022

Academic & Professional Qualification (s):

- Chartered Accountant of Malaysian Institute of Accountants (MIA)

Present Directorship in other listed companies:

- Nil

Other Principal Commitments:

- Nil

Tan Keng Lin

Independent Director

Date of first appointment as a director:

23 August 2012

Date of last re-election as a director:

29 April 2021

Academic & Professional Qualification (s):

- Bachelor of Science Degree University of Singapore

Present Directorship in other listed companies:

- Nil

Other Principal Commitments:

- Nil

Joseph Foo Chee Hoe

Independent Director

Date of first appointment as a director:

6 August 2020

Date of last re-election as a director:

29 April 2021

Academic & Professional Qualification (s):

- Fellow of the Association of Chartered Certified Accountants, United Kingdom

Present Directorship in other listed companies:

- Nil

Other Principal Commitments:

- Ceraflo Pte Ltd (Director)
- Oilfield Technical Services Pte Ltd (Alternate Director)
- Ultrapure Private Limited (Director)

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE 2022 AGM ON 28TH APRIL 2023

[PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1.]

Name of Director	VICTOR LEVIN	JOSEPH FOO CHEE HOE
Date of Appointment	29 October 2010	6 August 2020
Date of last re-appointment (if applicable)	29 April 2021	29 April 2021
Age	58	69
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Levin's extensive and varied business experience, particularly in Russia and Europe, is valuable to the Board.	Mr Foo has experience in finance which will enhance board deliberations.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Non-Independent Director	Non-Executive Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director	Chairman of: - Remuneration Committee, and - Employees' Share Option Scheme Committee. Member of: - Audit and Risk Committee, and - Nominating Committee.
Professional qualifications	A graduate of the Moscow Petroleum & Gas Industry Institute	Fellow of the Association of Chartered Certified Accountants, United Kingdom
Working experience and occupation(s) during the past 10 years	Mr Levin is the Chairman and General Manager of OOO "Melina" Moscow and executive chairman of Neurotrend Pte Ltd in Singapore. He also holds directorships in several companies.	Finance Director of Ultra-Flo Pte Ltd (2006-2010) Head of Finance of Mann+Hummel Ultra-Flo Pte Ltd (2010-2011) Director-Ceraflo Pte Ltd (2013-current)
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE 2022 AGM ON 28TH APRIL 2023

[PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1.]

Name of Director	VICTOR LEVIN	JOSEPH FOO CHEE HOE
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments¹ including Directorships		
– Past (for the last 5 years)	Nil	Nil
– Present	Chairman and General Manager of OOO “Melina” Moscow Executive chairman: Neurotrend Pte Ltd / Ruslink Pte Ltd	Ceraflo Pte Ltd – Director Oilfield Technical Services Pte Ltd - Alternate Director Ultrapure Private Limited - Director
Information required		
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE 2022 AGM ON 28TH APRIL 2023

[PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1.]

Name of Director	VICTOR LEVIN	JOSEPH FOO CHEE HOE
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE 2022 AGM ON 28TH APRIL 2023

[PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1.]

Name of Director	VICTOR LEVIN	JOSEPH FOO CHEE HOE
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

KEY MANAGEMENT

Rai Rajen

Chief Operating Officer

Mr Rai is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a Certified Public Accountant of Singapore. He has been with the Lityan group since 1984 and was the Finance Director of Acma Ltd. from 1989 to 1995. He is also on the board of directors of various companies in the Group.

Chou Kong Seng

Chief Financial Officer

Mr Chou qualified as a Chartered Accountant in the United Kingdom and was a Certified Public Accountant of Singapore. He has been with the Group since 1994. He is on the board of directors of various companies in the Group. Prior to joining the Group, he was a senior manager with an international public accounting firm in Singapore.

Derek Thu Boon Leong

Managing Director, Injection Moulding Operations

Mr Derek Thu is the Managing Director of our injection moulding operations which has plants in Xiamen. He is also responsible for the tool-making plant at Xiamen. He holds a Diploma in Electronics and Electrical Engineering. He worked for a Japanese multinational company before joining the Group in 1994 as a Quality Manager. He was subsequently promoted to run our plant in Xiamen as the General Manager.

Graham Wright

Managing Director, International Sales Tool-making Operations

Mr Wright is in charge of marketing for plastic injection moulds for the automotive market in Europe. Mr Wright holds a degree in Management (BSc Hons) from Manchester University and he has been working in this field for many years with international companies. He joined us in 2000.

CORPORATE GOVERNANCE REPORT

This report describes Acma Ltd.'s corporate governance practices which are in essence in line with the principles and provisions of the Code of Corporate Governance 2018 ("the **Code**"). The Company is committed to maintaining a high standard of corporate governance, transparency and disclosure of material information.

The Board of directors is responsible for the corporate governance of the Company and its subsidiaries. The directors of the Company have a duty to act honestly, transparently, diligently, independently and in the best interests of all shareholders, in order to enhance shareholders' interests. The major processes by which the directors meet their duties are described in this report.

The Company has complied with the principles and provisions as set out in the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited ("the **SGX-ST**") where applicable. Where there are deviations from the Code, appropriate explanations have been provided.

(I) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

As at the date of this report, the Board comprises the following members:

Quek Sim Pin	(Executive Chairman)
Victor Levin	(Non-Independent Non-Executive Director)
Robert Low Mui Kiat	(Lead Independent Director)
Tan Keng Lin	(Independent Director)
Joseph Foo Chee Hoe	(Independent Director)

Provision 1.1: Principal Duties of the Board

The Board supervises the management of the business and affairs of the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced.

Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board has put in place a code of ethics and desired proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board's responsibilities include:-

- providing entrepreneurial leadership, setting strategic direction and overall corporate policies of the Group including appropriate focus on value creation, innovation and sustainability;
- approval of major funding proposals, investments and divestment proposals, and ensuring that the necessary resources are in place for the Group to meet its strategic objectives;
- establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and internal controls in achieving an appropriate balance between risks and company performance;
- reviewing and where appropriate, constructively challenging Management's performance;

CORPORATE GOVERNANCE REPORT

- encouraging an ethical corporate culture and ensuring that the Group's values, standards, policies and practices are consistent with the culture; and
- identifying key stakeholders, balancing the demands of the business with those of the key stakeholders and ensuring transparency and accountability to key stakeholders.

Provision 1.2: Board Orientation and Training

Upon appointment, each new director is given a letter of appointment and is informed of his duties and obligations. Newly appointed directors are given an orientation on the Group's business strategies and operations, its corporate governance practices as well as information on their duties as a director under Singapore law. Any newly appointed director who does not have prior experience as a director of an SGX-ST listed company will undergo mandatory training as required under rule 210(5)(a) of the Listing Manual of SGX-ST ("the Listing Manual") on the roles and responsibilities of a listed company director.

The Company is responsible for arranging and funding the training of directors. All directors are regularly updated with changes in the relevant laws and regulations to assist them in discharging their duties and responsibilities. Directors have opportunities for continuing education in various areas and are kept informed of relevant training courses or talks organized by external authorities or organizations.

Briefings and updates provided for directors in FY2022: -

- a) At Board and audit committee meetings, the external auditors and the Company Secretary briefed attendees on developments in financial reporting standards as well as new or revision in laws and regulations.
- b) The management updated the Board at each Board meeting on business and strategic developments of the various business segments of the Group.

Provision 1.3: Matters requiring Board approval

The Company has adopted internal guidelines setting forth matters that specifically require Board approval. They are listed below:

- a) announcement of quarterly, half year and full year results and annual report;
- b) declaration of interim dividends and proposal of final dividends;
- c) convening of shareholders' meeting;
- d) authorisation of major acquisition and disposal of companies and investments;
- e) interested party transactions: and
- f) authorisation of major transactions.

Provision 1.4: Delegation by the Board

Board committees, namely the Audit and Risk Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Employees' Share Option Scheme Committee ("**EC**"), have been constituted to assist the Board in the discharge of specific responsibilities. These committees review or make recommendations to the Board on matters within their specific terms of reference. More information on them is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

CORPORATE GOVERNANCE REPORT

Provision 1.5: Board Meetings and Attendance

The Board meets on a regular basis to approve, among others, announcements of the Group's half and full year financial results. The dates of meetings of all the Board and Board Committee meetings, as well as the Annual General Meetings ("AGM"), are scheduled well in advance each year, in consultation of the Board. When physical meeting is not possible, timely communication with members of the Board can be achieved through electronics means. The Constitution of the Company provides for directors to conduct meetings by teleconferencing, videoconferencing, or other similar means of communication. The Board and Board Committees also make decisions through circulating resolutions.

The details of board meetings held in FY2022 as well as the attendance of each board member at those meetings and meetings of various board committees are disclosed below.

Name of Director	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	Employees' Share Option Scheme Committee
Number of meetings held	2	2	1	1	(#) -
Executive Director					
Quek Sim Pin	2	2*	1*	1*	-
Non-Executive Directors:					
Non-Independent					
Victor Levin	2	2*	1*	1*	-
Independent					
Robert Low Mui Kiat	2	2	1	1	-
Tan Keng Lin	2	2	1	1	-
Joseph Foo Chee Hoe	2	2	1	1	-

* Mr Quek Sim Pin attended these meetings at the invitation of the respective Committees.

* Mr Victor Levin attended this meeting at the invitation of the respective Committees.

The EC did not meet as there were no share options proposed or granted during the year.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention were given by the directors to the affairs of the Company during FY2022, notwithstanding that they hold directorships in other private companies and have other principal commitments, and will continue to do so in FY2023.

Provision 1.6: Access to Information

Directors are furnished regularly with information from Management about the Group as well as the relevant information relating to the business to be discussed at Board meetings. All directors have separate and independent access to the management team and Company Secretary, all Board and board committees' minutes and all approval and information papers. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval together with supporting memoranda to enable the Directors to make informed decisions.

The Board receives the Group's half and full year financial results on a regular basis and explanations on material variances are also given prior to the meetings to enable them to understand and oversee the Group's operational and financial performance. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

CORPORATE GOVERNANCE REPORT

Provision 1.7: Access to Management, Company Secretary and External Advisers

All Directors have access to the Company's senior management, including CEO, CFO and other key management, as well as the Group's independent auditors. Wherever possible, the Directors are provided Board papers prior to each Board meeting. Board papers provided are, amongst others, financial and corporation information, significant operational, financial and corporate issues, results and performance of the Company and of the Group, and management's proposals which require the approval of the Board. Queries by individual Directors on circulated paper are directed to management who will respond accordingly.

The Directors also have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual ("Listing Manual") are complied with. The Company Secretary attends all Board meetings and Board Committees meetings and records the proceedings and decisions of the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Directors, whether as a full Board or in their individual capacity may seek independent professional advice, where necessary. The advisor so selected shall be approved by the Board and the cost of such professional advice will be at the Company's expense. There was no such requirement during the year under review.

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1, 2.2, 2.3 & 2.4:

The Board currently has five (5) members, comprising one (1) Executive Director and four (4) Non-Executive Directors, three of whom are independent.

The criterion for independence is based on the definition given in the Code. According to the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the company. The NC has reviewed and is satisfied that the Board has an independent element that enables the Board to exercise objective judgement on corporate affairs independently from Management, and is of the view that no individual or small group of individual Directors dominate the Board's decision-making process.

The Chairman of the Board is not an independent director as he is also the chief executive officer of the Company. However independent directors make up a majority of the Board.

The Board, through the NC, reviews on an ongoing basis, the structure, size and composition of the Board in order to evaluate the Board's effectiveness in carrying out its duties.

The Board, in concurrence with the NC, is of the view that given the scope and nature of the Group's operations, the present Board and Board Committees are of an appropriate size for the Company and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience so as to avoid groupthink and foster constructive debate.

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The Company believes a diverse Board will bring a wider range of skills and experience, leading to constructive discussion and better decision making. In the Company's board diversity policy, emphasis is placed on having an effective blend of competencies, skills, experience and knowledge that will enable the Board to discharge its duties and responsibilities effectively and support good decision making. The Board is of the view that while it is important to promote diversity in terms of gender, age and ethnicity, criteria based on an effective blend of competencies, skills, experience and knowledge to strengthen the Board should remain a priority. For achieving an optimal Board, diversity targets may be reviewed and set from time to time to ensure their appropriateness.

Currently, the Board has not set any specific target for gender diversity but will include female candidates when identifying candidates to be appointed as new directors. Similarly, the Board has not set any specific target for ethnic and age diversity given that directors are selected based primarily on their skills, experience, knowledge and his/her ability to contribute to the Board.

Provision 2.5: Regular Meetings of Non-executive Directors

The Non-Executive Directors of the Company, led by the Lead independent director or other independent director as appropriate, meet, and /or communicate as and when the need arise without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provision 3.1 & 3.2: Role of the Executive Chairman and Chief Executive Officer ("CEO")

Mr Quek Sim Pin ("Mr Quek"), currently assumes the roles of both Chairman and Chief Executive Officer ("CEO") of the Company. As Chairman, Mr Quek ensures that corporate information is adequately and timely disseminated to all directors to facilitate effective contribution of all directors. He promotes a culture of sound corporate governance as well as of openness and debate both within the Board and between the Board and management. He ensures that adequate time is allocated for discussion of all agenda items, in particular strategic issues, and bears responsibility for the workings of the Board.

As CEO, Mr Quek bears full executive responsibility for the overall management of the Company's businesses including charting its corporate and strategic direction.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and CEO are not separated. All major proposals and transactions are made in consultation with the Board which comprises independent and non-executive directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

In accordance with Principle 2.2 of the Code, independent directors should make up a majority of the Board where the Chairman is not independent. In this regard, as the Chairman and CEO of the Company is the same person, at least half of the Board is comprised of independent directors.

CORPORATE GOVERNANCE REPORT

Provision 3.3: Lead independent Director

As the Chairman (who is also the CEO) is not independent, the Company has designated an independent director, Mr Robert Low Mui Kiat, to serve as its Lead Independent Director. The Lead Independent Director provide leadership to the Board in situations where the Chairman is conflicted.

The Lead Independent Director is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 & 4.2: Nominating Committee Composition and Role

The Nominating Committee comprises three non-executive directors, all of whom including the Chairman of the NC are independent directors. The Lead Independent Director is a member of the NC.

The key terms of reference of the NC are as follows:

- review the size and composition and diversity of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities among the directors;
- recommend to the Board the performance criteria and appraisal process to be used for the evaluation of individual directors as well as the effectiveness of the Board as a whole;
- review and assess on an annual basis whether or not a director is independent;
- review succession plans for directors and recommend all nominations for appointments to the Board;
- review and recommend to the Board for the re-nomination/re-election of Directors, having regard to each director's contribution and performance;
- review and make recommendations to the Board on training and professional development programmes for Board members; and
- ensures new directors are aware of their duties and obligations

Provision 4.3: Process for the Selection, Appointment and Re-appointment of Directors

The NC, when making recommendations for new appointments to the Board will consider the nominee's track record, experience, financial literacy, core competencies and ability to commit time and effort to carry out duties and responsibilities effectively. The NC considers various sources in seeking suitable candidates for new directors, including search companies or recommendations from, among others, Directors, business associates and advisors.

Pursuant to Article 93 of the Company's Constitution, one third of the Board are to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting. Newly appointed directors are required to submit themselves for re-election at the first annual general meeting following their appointment. After reviewing and considering the NC's recommendations, the Board would make the decision to propose the re-election of directors for shareholders' approval.

CORPORATE GOVERNANCE REPORT

Two directors namely Mr Victor Levin and Mr Joseph Foo Chee Hoe, are due for re-election at the forthcoming Annual General Meeting.

All directors are required to declare their board representations. The NC has reviewed and is satisfied that the directors of the Company have adequately carried out their duties as directors of the Company.

Provision 4.4: Determination of Independency of a Director

The NC determines annually, and as when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence to the Board. All directors are also required to declare their directorships

There were no independent directors who have any relationships with the Company, its related corporations, its substantial shareholders or its officers, which may affect their independence to the Board. The NC has reviewed and is satisfied with the independence of all the Company's independent directors.

Provision 4.5: Information on Listed Company Directorships and Principal Commitments of Directors

Information on listed company directorships and principal commitments of the Directors together with other relevant details are set out in Page 4 of this Annual Report.

BOARD PERFORMANCE

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

Provision 5.1 & 5.2: Assessment of Board, Board committees and Directors

The NC is responsible for assessing the effectiveness of the Board, the Board committees and each individual director.

The NC has implemented an appraisal process that requires each director completing assessment checklists which are approved by the Board. The assessment checklists focus on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information and Board accountability. The performance criteria are not changed from year to year unless circumstances deem it necessary for any of the criteria to be changed. The findings of such evaluations were analysed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board.

In its evaluation of individual directors, the NC considers the expertise and experience of each Board member, their attendance, participation and contributions to the Board both inside and outside of Board meetings which can be in various forms, including Management's access to him for guidance or exchange of views outside the formal environment of the Board.

The NC having reviewed the overall performance of the Board as a whole, its Board committees as well as the performance of each individual director, is satisfied with their performance for the period under review. The Board and the NC did not engage any external facilitator for the conduct of the performance of the Board and Board committees.

CORPORATE GOVERNANCE REPORT

(II) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Provision 6.1.6.2.6.3 & 6.4: Remuneration Committee Composition and Role

The RC's role is to review and advise the Board on an appropriate and competitive framework of remuneration for the Board and key management personnel of the Group and the specific remuneration packages for each Director and key management personnel.

The RC comprises three non-executive directors, all of whom including the Chairman of the RC are independent directors.

In developing remuneration policies, the RC takes into account remuneration, employment conditions and all aspects of remuneration, including termination terms, within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management staff to ensure they are fair.

The RC's recommendations are submitted to the Board for endorsement. No director is involved in deciding his own remuneration.

The RC has access to external consultants for expert advice on executive compensation, if necessary. No external consultant was deemed necessary to be engaged during the financial year 2022.

LEVEL AND MIX OF REMUNERATION

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

Provision 7.1.7.2 & 7.3: Remuneration of Directors and Key Management Personnel

In setting remuneration packages for executive directors and key management personnel, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of executive directors and key management personnel.

The Company does not currently use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC will consider at the appropriate time instituting such contractual provisions to reclaim the incentive components of the remuneration of the executive directors and key management personnel paid in prior years in such exceptional circumstances.

CORPORATE GOVERNANCE REPORT

In setting remuneration packages, the RC ensures that: -

- the remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities ;
- remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company;
- independent directors are adequately but not overly compensated to the extent that their independence may be compromised; and
- remuneration is appropriate to attract, retain and motivate key management personnel to successfully manage the Company for the long term;

DISCLOSURE ON REMUNERATION

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

Provision 8.1,8.2 & 8.3: Remuneration of Directors and Key Management Personnel

Remuneration Criteria

The remuneration of the CEO and key management personnel is driven by a pay-for-performance philosophy and is made up two key components: a fixed pay component and a non-contractual variable bonus component. The variable bonus component is determined based on the Group's and the individual's performance.

In FY2022, the CEO and key management personnel did not have any contractual entitlement to profit sharing bonuses calculated as a percentage of profit from operations.

The CEO has a service contract which includes terms of termination under appropriate notice. The non-executive directors do not have service contracts with the Company. They are remunerated based on basic fees for serving on the Board and Board Committees as well as fees linked to attendance at meetings of the Board and Board committees. In addition, directors who are non-controlling shareholders are also entitled to participate in the Company's share option scheme. Share options are granted to better align the interests of such non-executive directors with the interests of shareholders. Directors' fees are recommended by the Board to shareholders for approval at the Company's Annual General Meeting.

Except for their fees and share options, directors are not contractually entitled to any termination, retirement and post-employment benefits. Key management personnel of the Company are not contractually entitled to any retirement and post-employment benefits. The Company did not award any share options in FY2022.

CORPORATE GOVERNANCE REPORT

Disclosure of Remuneration

The level and mixed of each Director's remuneration for FY2022 are set out below:

	Fees & Salary	Bonus	Other benefits	Number of share options granted
	%	%	%	
Remuneration Band:				
S\$250,000 to S\$499,999				
Quek Sim Pin	96	-	4	-
Remuneration Band:				
Below S\$50,000				
Victor Levin	100	-	-	-
Robert Low Mui Kiat	100	-	-	-
Tan Keng Lin	100	-	-	-
Joseph Foo Chee Hoe	100	-	-	-

The aggregate remuneration payable to directors for FY2022 amounted to S\$410,000 including fees of S\$104,000.

The Company has disclosed the respective remunerations of the Directors individually (including the CEO) by names and within their respective remuneration bands (below S\$50,000 and S\$250,000 to S\$499,999) as well as the percentage composition in terms of Fees & Salary, Bonus and Other Benefits.

Remuneration of top 4 key management personnel (who are not Directors) for FY2022 are as set out below:

	Number of employees
Below S\$250,000	4

The aggregate remuneration paid to the top 4 key management personnel for FY2022 amounted to S\$707,000 (including S\$40,000 paid as consultancy fees).

The remuneration of the top 4 key management personnel (who are not Directors) is also disclosed within the remuneration band (below S\$250,000 and S\$250,000 to S\$499,999) and not on a named basis as recommended by the Code as the Board is of the opinion that full disclosure of such information would not be in the interest of the Company.

No employee of the Company and its subsidiaries was an immediate family member of a Director, CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2022. Except for Mr Quek Sim Pin, the Executive Chairman and CEO of the Company, there were no substantial shareholders who were employees of the Company.

The Board is of the view that the information on Directors' and key management personnel's remuneration disclosed in the Annual Report would be sufficient for shareholders to have an adequate understanding of the Company's remuneration policies and practice. The Board believes that the disclosure provided is in the best interest of the Company given the highly competitive business environment and allowing Directors and key management personnel to maintain some degree of personal confidentiality on remuneration matters.

CORPORATE GOVERNANCE REPORT

Employees' Share Option Scheme Committee

The EC has been appointed by the Board to administer the Acma Employees' Share Option Scheme 2014.

The Company did not grant any options during the year.

(III) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1: Oversight of Risk Management

The Board is responsible for providing a balanced and understandable assessment of the Company's performance and position, when providing interim and other price sensitive public reports on a periodic basis, and reports to regulators (if required).

Management is accountable to the Board and presents annual budgets, business plans and management accounts of the Group to the AC and Board for review. For the interim unaudited financial statements, the Board provides a negative assurance confirmation to shareholders in line with Rule 705(5).

The Board also take steps to ensure compliance with the law and other regulatory requirements as follows:

- a) regular updates on changes on legislative and regulatory requirements including requirements under the listing rules of the SGX-ST;
- b) consultations with professional advisors as appropriate;
- c) seeking feedback from the external auditors on their observations during the conduct of the audit process; and
- d) ensuring disclosure obligations are fulfilled by obtaining feedback from professional advisors and completion of the relevant disclosure checklists.

The Board recognises the importance of a sound system of internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management and for reviewing the adequacy and integrity of those systems on an annual basis.

Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

On the matter of governance of risk, the Board has delegated this responsibility to the Audit Committee to oversee the Group's risk management framework and policies, and ensures Management maintains a sound risk management program and internal control measures.

CORPORATE GOVERNANCE REPORT

The Group has put in place appropriate risk management policies and processes to evaluate the operating, investment and financial risks of the Group. In evaluating a new investment proposal or business opportunity, several factors will be considered before a decision is being taken. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, including but not limited to evaluation of the return on investment, the pay-back period, cash-flow generated from the operation, potential for growth and investment climate.

The main areas of financial risk faced by the Group are liquidity risk, credit risk and foreign currency risk. Further details of the financial risks and how the Group manages them are set out in Notes 32 and 34 to the Financial Statements.

Provision 9.2: Assurance from CEO, CFO and Key Management Personnel

The Board has received in respect of FY2022: -

- (a) the assurance from the CEO and CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the assurance from the CEO and other key management personnel who are responsible, that the Group's risk management and internal control systems in place were adequate and effective.

The AC and the Board have considered the internal controls established and maintained by the Group, work performed by the external auditors in the course of their statutory audit (to the extent as required by them to form an audit opinion on the statutory financial statements), reviews performed by Management and various Board committees and the assurances received from the CEO, CFO and other key management persons who are responsible. Based on the aforesaid, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to meet the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While the Board acknowledges its overall responsibility for the Group's systems of internal controls and risk management, it should be noted that such systems are designed to manage rather than to eliminate risks and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or misstatements, poor judgment in decision-making, human errors, losses, fraud, non-compliance with all relevant legislation or other irregularities.

AUDIT COMMITTEE

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

Provision 10.1: Duties of the Audit Committee

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal control systems of the Group.

The responsibilities of AC include:

- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;
- review the assurance from the CEO and the CFO of the Group on the financial records and financial statements;

CORPORATE GOVERNANCE REPORT

- make recommendations to the Board on the proposals to shareholders on (i) the appointment, re-appointment or removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, independently investigated and appropriately followed up on;
- ensure the Company publicly discloses, and clearly communicates to employees, the existence of its whistle-blowing policy and procedures for raising such concerns;
- review whistle-blowing investigations within the Group and ensuring appropriate follow up action, if required;
- review any interested person transactions in respect of Interested Person Transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- review any potential conflicts of interest; and
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant for AC's attention.

The AC is authorised to investigate any matters within its terms of reference and to have full access to the co-operation of the management and external auditors, Mazars LLP, for it to discharge its duties. It has the full authority and discretion to invite any director or executive officer to attend its meetings.

Appointment of External Auditors: -

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The aggregate amounts of fees paid or payable to Mazars LLP, the external auditors of the Company, broken down into audit and non-audit services during FY2022 are as follows:

Audit fees	S\$ 165,000
Non-audit fees	S\$ -
Total	<u>S\$ 165,000</u>

The AC has considered the volume of the non-audit services provided by external auditors, Mazars LLP, to the Group during the financial year, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC has also considered and confirmed that Mazars LLP is a suitable audit firm to meet the Company's audit obligations, having regard to the adequacy of resources and experience of the firm and that Rule 712 and 715(2) of the SGX-ST Listing Manual have been complied with. Accordingly, the AC recommends to the Board their re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE REPORT

Certain subsidiaries of the Company were audited by different auditors as disclosed in Note 13 to the Financial Statements in the Annual Report. However, management has made arrangements for the Company's auditors to review the audit files of all significant subsidiaries where applicable, and raise any issues of concern and report to the Board and the AC. The Board and AC have considered these arrangements pursuant to Rule 716 of SGX-ST Listing Manual and are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group.

Whistle-blowing: -

The Company has put in place a whistle-blowing policy which sets out the procedures for employees and external parties to raise concerns or make a report on misconduct or wrongdoing relating to any entity in the Group or any of its officers and provisions for keeping the identity of the whistle-blower confidential and protection of the whistle-blower from reprisal as well as arrangements for independent investigations of such concerns or reports and for appropriate follow up actions to be taken. The existence of such policy has been communicated to the employees.

The policy establishes a confidential line of communication to report concerns about possible improprieties to the AC Chairman and ensures the independent investigation and follow up of reports made in good faith. The contact details of the AC Chairman have been made available to employees in the Group. The Company will treat all information received confidentially and protect the identity of whistle-blowers. Moreover, the Company is committed to ensuring protection of whistle-blowers who have acted in good faith against reprisal and detrimental or unfair treatment.

As at the date of this Annual Report, there are no reports received through the whistle-blowing channel.

Provision 10.2 & 10.3: Audit Committee Composition

The AC comprises three non-executive directors, all of whom are independent directors. At least two members, including the AC Chairman, have relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC does not comprise any former partners or directors of the Company's existing auditors.

Provision 10.4 Internal Audit

Listing Rule 719(3) requires an issuer to establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. In addition, Listing Rule 1207(10c) requires the Audit Committee to comment on "whether the internal audit function is independent, effective and adequately resourced.

The Board has deliberated and agreed that the size of the current business and operations of the Group does not warrant the Group having an in-house internal audit function or to appoint internal auditors. Currently, the accounting team from the corporate office conduct internal audit on significant companies and report directly to its audit committee if required.

Though the Company has not maintained a formal internal audit function or appointed internal auditors, the Group has carried out the oversight of these operations through: -

- the continuous periodic review of the operations by senior head office managers and the Group finance department (all of whom are independent of the operating subsidiaries);
- the inclusion of head office managers as directors on the boards of the operating subsidiaries for additional oversight;
- the inclusion of head office managers as counter signatories for major bank accounts of the operating subsidiaries;

CORPORATE GOVERNANCE REPORT

- the employment of independent consultants where appropriate to assist in continuous review of management figures of certain key subsidiaries;
- conduct of internal audit on operating companies by the corporate finance team members on significant companies (the corporate finance team is independent of the operating companies which they audit);
- regular reviews by head office managers on the Group's businesses and operational activities through discussions with operating management, to identify significant business risks as well as to introducing appropriate measures to control and mitigate these risks;
- discussions with the external auditors on their observations and findings during the conduct of their audit, in particular in relation to the internal controls of the operating companies.

Though the Company did not have a formal internal audit function or outsourced its internal audit function, the Company and the AC is of the view that the aforesaid taken as a whole, meets the requirement of Listing Rule 719 (3) for the Company to have on an ongoing basis, an effective internal audit function.

As part of the annual statutory audit of the financial statements, the external auditors also report to the AC on any material weaknesses in the Group's internal controls and provide recommendation on other significant matters which have come to their attention during the course of the audit.

The Group reviews annually the requirements to its needs in relation to an internal audit function and will consider outsourcing its internal audit function to a firm of professional accountants at an appropriate time. The hiring, removal, evaluation and compensation of the professional firm to which the internal audit function is to be outsourced, shall be at subject to the approval of the AC. The internal auditors will report directly to the AC and shall have unfettered access to all the Company's documents, records and personnel.

Provision 10.5: Meeting with external auditors

The AC has met with the external auditors without the presence of Management at least annually.

(IV) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Provision 11.1 & 11.3: General Meetings

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are informed of general meetings, annual reports, sustainability reports and circulars via SGXNET and the Company's website at <https://www.acmaltd.com>.

All shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation. To facilitate participation by shareholders, the Constitution of the Company allows the shareholders to attend and vote at general meetings of the Company or by proxies. A shareholder is entitled to appoint not more than two proxies to attend, speak and vote, at general meetings in their absence.

CORPORATE GOVERNANCE REPORT

The Board and management are present at general meetings to address questions and views expressed by shareholders. The external auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the content of the auditors' report. All directors attended the last AGM held on 29 April 2022. There were no other general meetings of shareholders since then.

Whilst the AGM of the Company is a principal forum for dialogue and interaction with shareholders, the Company will continue to rely on the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 for the upcoming AGM which will be convened and held by way of electronic means. No printed copies of the Notice of AGM, the Proxy Form and the Annual Report will be despatched to shareholders. They are instead uploaded on the SGX website at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://www.acmalttd.com>.

Alternative arrangements will be put in place to allow shareholders to participate in the AGM by: -

- (a) observing and/or listening to the live meeting webcast proceedings;
- (b) submitting questions in advance of the meetings;
- (c) submitting text-based questions via the Live Webcast; and
- (d) live voting or appointing the Chairman of the meeting as proxy to vote on their behalf at the AGM.

Provision 11.2 & 11.4: Voting at General Meetings

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied where appropriate by an explanation for the proposed resolution.

Voting of all of resolutions in general meetings are conducted by poll and the detailed voting results, including the total number of votes cast for and against each resolution tabled, are announced at the general meeting and via SGX-ST's website.

Provision 11.5: Minutes of General Meetings

The Company Secretary prepares minutes of general meetings which include substantial comments or queries from shareholders and responses from the Board and Management. These minutes are made available to shareholders upon written request. The Company releases minutes of all general meeting via SGXNET and on its corporate website (<https://www.acmalttd.com>) as soon as practicable. The Company had published the minutes of the annual general meeting held on 29 April 2022 within one month from the conclusion of the meeting on 17 May 2022.

Provision 11.6: Dividend Policy

The Company has not formally instituted a dividend policy. However pursuant to Rule 704(24) of the Singapore Exchange Listing Rules, in the event that the Board does not declare or recommend a dividend, the Company expressly disclose the reason for the decision together with the announcement of its financial results.

In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operation and cash flow, the Group's working capital requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance of the Group.

The Board has not recommended any dividend for FY2022 as the Group has not been profitable after income tax for the year and has accumulated losses.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

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

Provision 12.1, 12.2 & 12.3: Shareholder Communication and Investor Relations

The Company endeavors to communicate regularly, effectively and fairly with shareholders. In line with the continuous disclosure obligations under the relevant rules, the Board ensures that shareholders are treated equitably and are promptly informed of all major developments that may have a material impact on the Group in a timely manner. Information is released to shareholders on a timely basis through SGXNET as well as the Company's corporate website at <https://www.acmaltd.com>.

Apart from the SGXNET announcements and its annual report, the Company may release press releases or organize media/analyst briefings to keep shareholders informed of corporate developments. Shareholders can provide feedback to the Company via the electronic mail address, the registered address or calls.

General meetings are currently the principal forum for the Board's dialogue and interaction with shareholders. Shareholders are encouraged to participate during the general meetings, to engage the Board and management on the Group's business activities, performance and other business-related matters.

For the forthcoming AGM, shareholders may submit their questions relating to the resolutions set out in the notice of AGM in advance or "Live" at the AGM. All substantive and relevant questions submitted by shareholders in advance of the AGM will be addressed and published via SGXNet and on the Company's website 48 hours before the deadline for submission of proxy forms. The detailed information on the submission of questions has been specified in the notice of AGM and the Company's announcement on alternative arrangements for holding the AGM.

(V) MANAGING STAKEHOLDER RELATIONSHIP

ENGAGEMENT WITH STAKEHOLDERS

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

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. Stakeholder relations are important to the sustainable growth of the Company's businesses and therefore the Company seeks to maintain an open and transparent dialogue with its material stakeholders.

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Six stakeholders' groups have been identified through an assessment of their significance to the Group's business operations. They are namely customers, employees, suppliers, regulators, investors and communities.

The Company continuously engages with various material stakeholder groups through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve the services and products' standards, as well as to sustain business operations for long term growth.

CORPORATE GOVERNANCE REPORT

Further information on how the Company identifies and engages the stakeholders and approach to material topics will be detailed in the Sustainability Report 2022 which will be published by 31 May 2023.

The Company maintains a current corporate website (<https://www.acmaltd.com>) to communicate and engage with stakeholders.

The website is updated regularly, contains various information on the Group and the Company which serve as an important resource for all the stakeholders. It has dedicated "Investor Relations" link which features the latest and past annual reports, financial results and related information.

DEALING IN SECURITIES

Listing Manual-Rule 1207(19)

Pursuant to Rule 1207(19) of the SGX-ST Listing Manual regarding compliance with best practices in respect of dealings in securities, the Group has adopted an internal code which prohibits all officers of the Group and their connected persons from dealing in the Company's shares during the "black-out" period commencing one month immediately preceding the announcement of the Company's half-yearly and full year financial statements (if the Company does not announce quarterly financial statements), or if they are in possession of unpublished price-sensitive information of the Group.

In addition, all officers of the Group are required to observe the insider trading laws at all times even when engaging in dealings in securities within the permitted periods. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's internal code throughout FY 2022. Directors and key management personnel of the Group are also discouraged from dealing in the Company's shares on short-term considerations.

INTERESTED PERSON TRANSACTIONS

Listing Manual-Mainboard Rule Chapter 9

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out at arm's length and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. The Company does not have an Interested Person Transactions Mandate.

There were no interested person transactions conducted in FY2022 which exceeds S\$100,000 in value.

MATERIAL CONTRACTS AND LOANS

Listing Manual-Rule 1207(8)

Pursuant to Listing Manual Rule 1207(8), the Company confirmed that except as disclosed in the Directors' Statement and Financial Statements of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2022 or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

SUSTAINABILITY REPORTING

The Board is mindful of its responsibility to ensure sustainability of the Group's business and have always considered sustainability issues in its formulation of the Group's business strategies. It has identified the material environmental, social and governance factors to the Group and will continue to oversee the management and governance of these factors.

In accordance with Practice Note 7.6 of the Sustainability Reporting Guide issued by the Singapore Exchange Securities Trading Ltd, the next sustainability report of the Group will be made available by 31 May 2023.

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Acma Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2022 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2022.

1. Opinion of directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Quek Sim Pin	Executive Chairman
Victor Levin	Non-Independent Non-Executive Director
Robert Low Mui Kiat	Lead Independent Director
Tan Keng Lin	Independent Director
Joseph Foo Chee Hoe	Independent Director

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations (other than wholly-owned subsidiaries), as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

Name of directors and respective company in which interest are held	Direct interest		Deemed interest	
	At 1/1/2022	At 31/12/2022	At 1/1/2022	At 31/12/2022
Acma Ltd.				
No. of ordinary shares				
Quek Sim Pin	5,816,771	5,816,771	1,424,462	1,424,462
Victor Levin	-	-	7,237,128	7,237,128
Robert Low Mui Kiat	-	-	1,450	1,450
Joseph Foo Chee Hoe	-	-	55,000	55,000

There was no change in any of the above mentioned interests between the end of the financial year and 21 January 2023.

DIRECTORS' STATEMENT

5. Acma Employees' Share Option Scheme

The Acma Employees' Share Option Scheme 2014 ("Scheme 2014") is administered by the Employees' Share Option Scheme Committee which comprised members of the Remuneration Committee and made up of three Independent Directors.

The participants are entitled to exercise the options at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

In all other cases, an option will be forfeited in the event of whichever is earlier:

- (i) The option is not exercised within 5 years from the Date of Grant; or
- (ii) The participant ceased to be an employee of the Company. However, the Scheme 2014 allow a participant to exercise an option (at the absolute discretion of the Employees' Share Option Scheme Committee) where he or she has ceased employment as a result of retirement, ill health, accident or death.

As at 31 December 2022, no options were awarded under the Scheme 2014.

6. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

7. Audit and risk committee

The audit and risk committee of the Company comprises three members, all of whom are Independent Directors and at the date of this statement are:

Robert Low Mui Kiat (Chairman)
Tan Keng Lin
Joseph Foo Chee Hoe

The audit and risk committee has convened two meetings during the year with key management and the external auditors of the Company.

DIRECTORS' STATEMENT

7. Audit and risk committee (Continued)

The audit and risk committee carried out its functions in accordance with Section 201B (5) of the Act. In performing those functions, the audit committee:

- reviewed the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- reviewed, at least annually, the adequacy and effectiveness of the Group's internal controls and risk management systems;
- reviewed the assurance from the CEO and the CFO of the Group on the financial records and financial statements;
- made recommendations to the Board on the proposals to shareholders on (i) the appointment, re-appointment or removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviewed the adequacy, effectiveness, independence, scope and results of the external audit;
- reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, independently investigated and appropriately followed up on;
- ensured that the Company publicly discloses, and clearly communicates to employees, the existence of its whistle-blowing policy and procedures for raising such concerns;
- reviewed whistle blowing investigations within the Group and ensuring appropriate follow up action, if required;
- reviewed any interested person transactions in respect of Interested Person Transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX ST;
- reviewed any potential conflicts of interest; and
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant for the audit and risk committee's attention.

The audit and risk committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the audit committee.

The audit and risk committee has recommended the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

8. Independent auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Quek Sim Pin
Executive Chairman

Singapore
30 March 2023

Robert Low Mui Kiat
Independent Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACMA LTD.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Acma Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 109.

In our opinion, the financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of Audit

For the audit of the current financial year's financial statements, we identified 4 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 4 significant components, 2 were audited by component auditors under our instructions and the remaining 2 were directly audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACMA LTD.

Report on the Audit of Financial Statements (Continued)

Area of Focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatements, including areas which involve significant judgments and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

Matter	Audit response
Expected credit losses on trade receivables (refer to Note 3.2, Note 16 and Note 32 to the financial statements)	
<p>As at 31 December 2022, the Group reported trade receivables with carrying amount of approximately S\$14,085,000, net of allowance for expected credit losses ("ECL") of approximately S\$2,726,000, representing 38.9% of the Group's current assets.</p> <p>In applying SFRS(I) 9 <i>Financial Instruments</i> ("SFRS(I) 9"), the Group used an allowance matrix to estimate ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for the impact of COVID-19 and significant macro-economic factors on these customers, where applicable, as well as forward looking factors specific to the debtors and the economic environment, which could affect the ability of the debtors to settle the trade receivables.</p> <p>As the determination of the ECL requires significant judgement and estimation of management and in consideration of the significance of trade receivables in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none">• We obtained an understanding of the Group's process in assessing and determining the loss rates used in their allowance matrix;• We reviewed the appropriateness of the bases of the Group for determining the loss rates, with reference to also the historical payment trends of its customers in the past 3 financial years analysed by past due dates and the customers' geographical locations, adjusted for the Group's outlook of the macro-economic environment and conditions in which its customers operate in, and considered the subsequent receipts, where applicable;• We assessed and tested the arithmetic accuracy of the allowance matrix;• For long outstanding receivables, we performed background checks on the customers to assess whether the receivables could be credit impaired; and• We reviewed the appropriateness and sufficiency of the corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACMA LTD.

Report on the Audit of Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACMA LTD.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACMA LTD.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Chen Ningxin, Narissa.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> <u>S\$'000</u>	<u>2021</u> <u>S\$'000</u>
Revenue	4	52,106	50,991
Other income	5	2,613	1,157
Cost and expenses			
Raw materials and consumables used	6	(30,746)	(30,809)
Changes in inventories of finished goods and work-in-progress		532	1,125
Employee benefits expense		(12,803)	(12,794)
Finance costs	7	(932)	(691)
Depreciation of property, plant and equipment		(3,135)	(3,284)
Other operating expenses		(7,606)	(10,077)
Total costs and expenses		(54,690)	(56,530)
Profit/(Loss) before income tax from continuing operations	8	29	(4,382)
Income tax expense	9	(816)	(224)
Loss from continuing operations		(787)	(4,606)
Loss for the year from discontinued operation	10	-	(950)
LOSS FOR THE YEAR		(787)	(5,556)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		(1,123)	138
Other comprehensive (loss)/income for the year		(1,123)	138
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,910)	(5,418)
Loss attributable to:			
Continuing operations, net of taxation			
Owners of the Company		(719)	(2,643)
Non-controlling interests		(68)	(1,963)
		(787)	(4,606)
Discontinued operation, net of taxation			
Owners of the Company		-	(486)
Non-controlling interests		-	(464)
		-	(950)
Loss for the year		(787)	(5,556)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> <u>S\$'000</u>	<u>2021</u> <u>S\$'000</u>
Total comprehensive loss attributable to:			
Owners of the Company		(1,842)	(2,991)
Non-controlling interests		(68)	(2,427)
		<u>(1,910)</u>	<u>(5,418)</u>
Loss per share attributable to owners of the Company (cents per share)			
Basic loss per share from continuing operations	11	(1.70)	(6.23)
Basic loss per share from discontinued operation	11	-	(1.15)
		<u>(1.70)</u>	<u>(7.38)</u>
Total basic loss per share		<u>(1.70)</u>	<u>(7.38)</u>
Diluted loss per share from continuing operations	11	(1.70)	(6.23)
Diluted loss per share from discontinued operation	11	-	(1.15)
		<u>(1.70)</u>	<u>(7.38)</u>
Total diluted loss per share		<u>(1.70)</u>	<u>(7.38)</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group	Company	
		2022	2021	2022
		S\$'000	S\$'000	S\$'000
				2021
				S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	8,361	10,265	1,176
Investments in subsidiaries	13	-	-	1,320
Other assets	14	79	69	-
Total non-current assets		8,440	10,334	2,496
Current assets				
Inventories	15	13,613	14,120	-
Trade and other receivables	16	19,544	17,130	935
Amounts owing by subsidiaries	17	-	-	19,461
Cash and bank balances	18	3,090	3,126	76
Total current assets		36,247	34,376	20,472
Total assets		44,687	44,710	22,968
EQUITY AND LIABILITIES				
Equity				
Share capital	19	195,039	195,039	195,039
Capital reserve	20	3,924	3,732	-
Shares options reserve	21	-	-	-
Accumulated losses		(195,023)	(194,112)	(191,132)
Foreign currency translation reserve	22	1,158	2,281	-
Equity attributable to owners of the parent		5,098	6,940	3,907
Non-controlling interests		(849)	(781)	-
Total equity		4,249	6,159	3,907
Non-current liabilities				
Lease liabilities	23	3,909	4,836	561
Bank borrowings	24	177	-	-
Provision	25	140	133	140
Deferred tax liabilities	26	9	9	-
Other payables	27	700	750	200
Total non-current liabilities		4,935	5,728	901
Current liabilities				
Contract liabilities from contracts with customers	28	4,894	3,892	-
Lease liabilities	23	2,089	1,695	160
Bank borrowings	24	7,399	6,961	-
Trade and other payables	27	20,624	20,148	948
Amounts owing to subsidiaries	17	-	-	17,052
Income tax payables		497	127	-
Total current liabilities		35,503	32,823	18,160
Total liabilities		40,438	38,551	19,061
Total equity and liabilities		44,687	44,710	22,968

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company							
	Share capital S\$'000	Capital reserve S\$'000	Share options reserve S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group								
Balance at 1 January 2021	195,039	3,732	88	(191,071)	2,143	9,931	1,441	11,372
Loss for the year	-	-	-	(3,129)	-	(3,129)	(2,427)	(5,556)
<i>Other comprehensive income:</i>								
Foreign currency translation reserve	-	-	-	-	138	138	-	138
Total comprehensive (loss)/income for the year	-	-	-	(3,129)	138	(2,991)	(2,427)	(5,418)
Transfer of share options reserve to accumulated losses	-	-	(88)	88	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	205	205
Balance at 31 December 2021	195,039	3,732	-	(194,112)	2,281	6,940	(781)	6,159
Balance at 1 January 2022	195,039	3,732	-	(194,112)	2,281	6,940	(781)	6,159
Loss for the year	-	-	-	(719)	-	(719)	(68)	(787)
<i>Other comprehensive loss:</i>								
Foreign currency translation reserve	-	-	-	-	(1,123)	(1,123)	-	(1,123)
Total comprehensive loss for the year	-	-	-	(719)	(1,123)	(1,842)	(68)	(1,910)
Transfer of accumulated losses to capital reserve	-	192	-	(192)	-	-	-	-
Balance at 31 December 2022	195,039	3,924	-	(195,023)	1,158	5,098	(849)	4,249

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	<u>Share Capital</u> S\$'000	<u>Share options reserve</u> S\$'000	<u>Accumulated losses</u> S\$'000	<u>Total</u> S\$'000
<u>Company</u>				
Balance at 1 January 2021	195,039	88	(177,400)	17,727
Transfer of share options reserve to accumulated losses	-	(88)	88	-
Loss and total comprehensive loss for the year	-	-	(5,886)	(5,886)
Balance at 31 December 2021	195,039	-	(183,198)	11,841
Balance at 1 January 2022	195,039	-	(183,198)	11,841
Loss and total comprehensive loss for the year	-	-	(7,934)	(7,934)
Balance at 31 December 2022	195,039	-	(191,132)	3,907

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> <u>S\$'000</u>	<u>2021</u> <u>S\$'000</u>
OPERATING ACTIVITIES			
Profit/(Loss) before income tax from continuing operations		29	(4,382)
Loss before income tax from discontinued operation		-	(950)
		<hr/>	<hr/>
Total profit/(loss) before income tax		29	(5,332)
Adjustments for:			
Depreciation of property, plant and equipment	12	3,135	3,944
Unrealised currency translation differences		(64)	(340)
Gain on disposal of property, plant and equipment		(30)	(9)
Trade payables written-off	5	-	(4)
Other payables written-off	5	(266)	(4)
Interest income		(3)	(23)
Interest expense		932	981
Amortisation of intangible assets		-	51
Amortisation of other assets	14	44	162
Allowance on impairment of inventory obsolescence	15	505	404
Write-back of impairment of inventory obsolescence	15	(575)	(838)
Remeasurement of loss allowance on financial assets, net		(114)	1,692
Gain on disposal of subsidiaries	13	(56)	(1,085)
Write-off of fixed assets		13	-
		<hr/>	<hr/>
Total operating cash flows before movements in working capital		3,550	(401)
<i>Changes in working capital</i>			
Trade and other receivables		(1,678)	3,393
Inventories		639	(2,124)
Contract liabilities from contracts with customers		790	(95)
Trade and other payables		(3)	5,518
		<hr/>	<hr/>
Cash generated from operations		3,298	6,291
Income taxes paid		(446)	(332)
		<hr/>	<hr/>
Net cash flows generated from operating activities		2,852	5,959
INVESTING ACTIVITIES			
Interest received		3	7
Purchase of property, plant and equipment ¹		(420)	(455)
Increase in long-term deposits and prepayment		(57)	(251)
Proceeds from disposal of plant and equipment		30	540
Disposal of subsidiaries	13	150	15
		<hr/>	<hr/>
Net cash flows used in investing activities		(294)	(144)

¹ During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$2,492,000 (2021: S\$1,344,000) of which S\$2,072,000 (2021: S\$889,000) was acquired by means of lease and S\$420,000 (2021: S\$455,000) by way of cash.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	<u>Note</u>	<u>2022</u> S\$'000	<u>2021</u> S\$'000
FINANCING ACTIVITIES			
Interest paid		(603)	(524)
Proceeds from bank borrowings		4,523	4,445
Repayment of bank borrowings		(3,829)	(5,003)
Repayment of lease liabilities		(2,524)	(3,123)
(Repayment to)/loan from a director		(50)	250
Repayment to a third party		-	(590)
		<hr/>	<hr/>
Net cash flows used in financing activities		(2,483)	(4,545)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		75	1,270
Cash and cash equivalents at beginning of the financial year		2,127	759
Effect of currency translation on cash and cash equivalents		(112)	98
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	18	2,090	2,127
		<hr/>	<hr/>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Reconciliation of liabilities arising from financing activities

	At beginning of the year S\$'000	Financing cash flows* S\$'000	Non-cash movements			At end of the year S\$'000
			Purchase of property, plant and equipment S\$'000	Interest expense S\$'000	Disposal of a subsidiary S\$'000	
2022						
Liabilities						
Bank borrowings#	5,962	222	-	473	-	6,576
Lease liabilities	6,531	(2,545)	2,072	350	-	5,998
Loan from a director	250	(50)	-	-	-	200
Loan from a third party	500	-	-	-	-	500
2021						
Liabilities						
Bank borrowings#	8,200	(762)	-	204	(1,781)	5,962
Lease liabilities	9,504	(3,215)	889	549	(1,510)	6,531
Loan from a director	-	250	-	-	-	250
Loan from a third party	1,000	(590)	-	90	-	500

* Net of proceeds from interest bearing borrowings, repayment of interest bearing borrowings, interest paid and repayment of lease liabilities.

Amount presented excludes bank overdrafts.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. General

Acma Ltd. (the “Company”) (Registration Number: 196500233E) is incorporated and domiciled in Singapore with its principal place of business and registered office at 17 Jurong Port Road, Singapore 619092.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of Acma Ltd. and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 30 March 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I)s (“SFRS(I)s INT”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are presented in Singapore dollar (“S\$”) which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand (“S\$’000”), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I)s INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022. With the exception of the amendments made to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract, the adoption of these new or revised SFRS(I)s and SFRS(I)s INT did not result in changes to the Group’s and Company’s accounting policies, and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

The adoption of SFRS(I) 1-37 from 1 January 2022 resulted in a change in accounting policy in the assessment of onerous contracts. Before the amendment, the Group only included incremental costs to fulfil a contract when determining whether a contract is onerous. With the amendment, the Group includes both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts when determining whether a contract is onerous.

The amendments are applied on a retrospective basis on contracts for which the Group has not yet fulfilled all its obligations on 1 January 2022. Based on the Group’s assessment, there is no onerous contract identified with the revision of the accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s and SFRS(I)s INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: <i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Various	Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new/revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

The Group is principally in the business of tooling and plastic injection moulding, communications, electronics and equipment distribution. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the good or service and that is allocated to that performance obligation. The good or service is transferred when or as the customer obtains control of the good or service. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Tooling

Revenue from the sale of tools is recognised at a point in time when control of the tools is transferred to the end customers (i.e. when the tools are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the tools have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of tools.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Tooling (Continued)

A contract modification could arise in course of providing tooling services, when there has been a change in the scope or price (or both) of a contract approved by the Group and its customer. The Group assesses any such modification and account for such modification as a separate contract when the scope of the contract increases because of the addition of promised goods or services that are distinct, and the price of the contract increases by an amount of consideration that reflects the Group's standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. In other situations, the Group shall assess and where applicable, account for the contract modification as if it was a termination of the existing contract and the creation of a new contract, if the remaining goods or services are distinct from the goods or services transferred on or before the contract modification, or as if it was part of the existing contract if the remaining goods or services are not distinct, and therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification.

Plastic injection moulding

Revenue from the sale of moulded parts is recognised at a point in time when control of the moulded parts is transferred to the end customers (i.e. when the moulded parts are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the moulded parts have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of moulded parts.

Maintenance of goods

Revenue from the provision of maintenance of goods is recognised upon the completion of the maintenance services.

Equipment distribution

Revenue from equipment distribution is recognised at a point in time when control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Supply and installation of goods

Revenue from the provision of supply and installation of goods is recognised at a point in time when the supply and installation of goods, identified as one performance obligation, have been rendered to the customer. A corresponding receivable is recognised for consideration that is unconditional when only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Rental income

Rental income is accounted for on a straight-line basis over the relevant lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group participates in the national pension schemes as defined by the laws of the People's Republic of China ("PRC"). Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 Employee leave entitlement

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

2.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Profit or loss items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	-	20 years
Leasehold buildings and improvements	-	3 to 10 years
Furniture and equipment	-	3 to 10 years
Motor vehicles	-	4 to 7 years
Plant and machinery	-	1 to 10 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 23.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.12 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.12 Impairment of non-financial assets (Continued)

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15") in Note 2.4.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets held at FVTOCI

Investments in quoted corporate bonds are debt instruments and are subsequently measured at FVTOCI as these are held within a business model whose objective is achieved by both collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and selling the financial assets. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss. Upon derecognition cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis. The group has elected to designate investments in unquoted equity instruments at FVTOCI. Upon derecognition cumulative fair value changes are transferred to accumulated profits.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Dividend income

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group applied the simplified approach to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets, contract assets arising from the Group’s contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group’s accounting policy for its impairment of financial assets, refer to Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and bank overdrafts which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.16 Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operation is disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

2.17 Leases

The Group as a lessee

At inception of a contract, the Group assessed whether the 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 of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases* ("SFRS(I) 16"). For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

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, less any lease incentives received, 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, 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, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within "property, plant and equipment".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

The Group as a lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

The Group as a lessor (Continued)

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the underlying asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised on a straight-line basis over the lease term.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the 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 financial year, taking into account the risks and uncertainties surrounding the obligation. Where 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, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. Significant accounting estimates and judgements (Continued)

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

2.21 Segment reporting

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

3. Significant accounting estimates and judgements

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Impairment of financial assets

The Group follows the guidance of SFRS(I) 9 in assessing its financial assets for impairment. This assessment requires significant judgement. The Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

The Group also assesses whether there are reasonable expectations of recovering a financial asset in its entirety or a portion thereof, failing which the Group will write off the financial asset to reduce the gross carrying amount of the financial asset. In its assessment, the Group considers various factors, including the debtor's historical payment trends, the latter's financial ability and the existence of collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. Significant accounting estimates and judgements (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Determination of functional currency

The Group translates foreign currency items into the respective functional currency of the Company and its subsidiaries. In determining the functional currency of the respective entity, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entity operates that mainly influences sales prices of goods and services and the currency of the country whose consideration factors include the currency competitive forces and regulations mainly determines the sales prices of its goods and services.

Revenue recognition from tooling

The Group recognised revenue from tooling when the performance obligation is satisfied upon the delivery of the end product per agreed terms and conditions. In determining the revenue recognition policy for such contracts entered into with its customers, the Group applied SFRS(I) 15, in consideration of a myriad of factors, including and are not limited to, its extent of control of the product as it satisfies the performance obligation and its enforceability of right to payment for performance completed to date.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. In determining the value-in-use, the Group has considered the expected and estimated impact of COVID-19 on the key inputs and assumptions. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2022 were S\$8,361,000 (2021: S\$10,265,000) and S\$1,176,000 (2021: S\$1,494,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 1 to 20 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2022 were S\$8,361,000 (2021: S\$10,265,000) and S\$1,176,000 (2021: S\$1,494,000) respectively.

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 December 2022 was S\$497,000 (2021: S\$127,000). The carrying amounts of the Group's deferred tax liabilities as at 31 December 2022 was S\$9,000 (2021: S\$9,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2022 was S\$13,613,000 (2021: S\$14,120,000).

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired or that an impairment loss recognised in prior periods may no longer exist or may have decreased. Where applicable, the Company's determination of the recoverable value is based on the estimation of the value-in-use of the applicable assets as defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. In determining the value-in-use, the Company has considered the expected and estimated impact of COVID-19 on the key inputs, including the discount rate and growth rate, as well as key assumptions applied. The Company's carrying amounts of investments in subsidiaries as at 31 December 2022 was S\$1,320,000 (2021: S\$8,702,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, including their best estimate of the impact of COVID-19 and significant macro-economic factors, where applicable, specific to the debtors and the economic environment, which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses and estimates, for example, the gross domestic production growth rates of the countries (i.e. Singapore and PRC) and the growth rates of the major industries in which its customers operate. The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2022 is S\$2,726,000 (2021: S\$3,034,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. Revenue

	2022 S\$'000	2021 S\$'000
Group	52,106	50,991

Continuing operations

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers:

The Group derives revenue from the transfer of goods and services at a point in time in the following business and geographical segments. Revenue is attributed to countries by location of customers as follows:

	Tooling and plastic injection moulding		Communications, electronics and equipment distribution						
	2022 S\$'000	2021 S\$'000	Tooling 2022 S\$'000	Plastic injection moulding 2022 S\$'000	Equipment distribution 2022 S\$'000	Supply and installation of goods 2022 S\$'000	Maintenance of goods 2022 S\$'000	Others 2022 S\$'000	Total 2022 S\$'000
PRC (including HK)	4,619	6,362	-	18,656	-	-	-	-	23,275
Singapore	-	-	1,670	376	1,396	859	1,292	1,067	4,197
Europe (including UK)	2,431	2,873	-	4,559	-	-	-	-	6,990
Rest of Asia	-	74	8,012	-	8,449	-	-	-	8,012
North America and others	618	1,402	-	8,815	-	-	-	199	9,632
Total	7,668	10,711	9,682	32,406	9,845	859	1,292	1,067	52,106
									50,991

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. Revenue (Continued)

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations on 31 December and expected to be realised in the following financial years is as follows:

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Within one year	2,733	5,444
After one year and within five years	3,219	181
	5,952	5,625

The Group has applied the practical expedient permitted under SFRS(I) 15 for which the aggregated transactions price allocated to unsatisfied contracts which are part of contracts, that have an original expected duration of one year or less, is not disclosed.

5. Other income

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Continuing operations		
Interest income	3	19
Secondary income from leased premises	247	224
Foreign exchange gain	1,008	-
Gain on disposal of property, plant and equipment	30	5
Government grants	275	373
Gain on disposal of scrap materials	325	281
Gain on disposal of subsidiary	56	-
Trade payables written-off	-	4
Other payables written-off	266	4
Write-back of trade receivables	121	-
Administrative and support services	66	60
Others	216	187
	2,613	1,157

6. Raw materials and consumables used

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Continuing operations		
Raw materials and consumables used	28,814	26,844
Subcontracting of works	1,932	3,965
	30,746	30,809

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7. Finance costs

	<u>2022</u> S\$'000	<u>Group</u>	<u>2021</u> S\$'000
Continuing operations			
Interest expense on bank overdrafts	55		48
Interest expense on trust receipts and bills payable	473		194
Interest expense on lease liabilities	350		359
Others	54		90
	<u>932</u>		<u>691</u>

8. Profit/(Loss) before income tax

The following charges/(credit) were included in the determination of profit/(loss) before income tax:

	<u>2022</u> S\$'000	<u>Group</u>	<u>2021</u> S\$'000
Continuing operations			
Foreign exchange loss, net ²	-		81
Directors' remuneration of the Company			
- Short-term benefits ³	301		348
- Employers' contribution to defined contribution plans ³	5		8
- Directors' fees ³	104		104
Employee benefits expense (excluding Directors' remuneration)			
- Salaries, wages, bonuses and other staff benefits ⁴	10,154		10,505
- Employers' contribution to defined contribution plans ⁴	2,239		1,829
Audit fees paid to auditors:			
- Auditors of the Company ²	165		165
- Other auditors of subsidiaries ²	39		57
Non-audit fees paid to auditors:			
- Auditors of the Company ²	-		10
- Other auditors of subsidiaries ²	10		6
Fixed assets written-off	13		-
Remeasurement of loss allowance on financial assets, net ²	(114)		1,772
Impairment losses			
- Allowance on impairment of inventory obsolescence ²	505		106
- Write-back of impairment of inventory obsolescence ²	(575)		(445)

² Included in "Other operating expenses" in the Group's profit or loss.

³ Included in "Employee benefits expense" in the Group's profit or loss.

⁴ Included in "Employee benefits expense" are labour costs of approximately S\$3,672,000 (2021: S\$3,711,000) directly associated with the generation of revenue for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9. Income tax expense

	<u>2022</u> S\$'000	<u>Group</u>	<u>2021</u> S\$'000
Current income tax:			
- Current financial year	816		329
- Over provision in respect of prior years	-		(105)
	816		224
Income tax expense attribute to the following:			
- Continuing operations	816		224
Reconciliation of effective tax rate is as follows:			
	<u>2022</u> S\$'000	<u>Group</u>	<u>2021</u> S\$'000
Profit/(Loss) before income tax			
- Continuing operations	29		(4,382)
- Discontinued operation	-		(950)
	29		(5,332)
Taxation at statutory rate of 17% (2021: 17%)	5		(906)
Tax effects of:			
Income not subject to tax	(274)		(252)
Effect of expenses not deductible for tax purposes	107		500
Effect of different tax rates of subsidiaries operating in other jurisdictions	57		120
Deferred tax assets not recognised	921		867
Over provision in respect of prior years	-		(105)
	816		224

The Company is incorporated in Singapore and accordingly is subject to an income tax rate of 17% (2021: 17%). There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses of S\$53,676,000 (2021: S\$48,259,000).

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

Pursuant to the PRC Enterprise Income Tax Law which was promulgated on 22 February 2008, dividends distributed by PRC entities for profits generated before 1 January 2008 are exempted from withholding tax. Dividends paid in respect of profits generated on or after 1 January 2008 from the Group's foreign invested PRC enterprises will be subjected to a withholding tax of 5%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9. Income tax expense (Continued)

Deferred tax has not been provided in respect of temporary differences in relation to the undistributed earnings of the subsidiaries as at 31 December 2022 and 2021 amounting to approximately S\$1.7 million and S\$2.6 million respectively, as the Group is able to control the timing of the reversal and it is probable that such differences will not be reversed in the foreseeable future.

10. Discontinued operation

In prior year, the Company disposed of its entire interest in Metal Printing and Packaging Ltd to a third party, Metal Printing and Packaging International Pte. Ltd ("MPP International") for cash consideration of VND 500,000,000 (equivalent to S\$29,686).

Metal Printing and Packaging Ltd's results are presented separately in the consolidated statement of profit or loss and other comprehensive income as "Loss for the year from discontinued operation, net of tax". Metal Printing and Packaging Ltd constitutes the Group's metal printing and packaging services segment.

The major classes of assets and liabilities of Metal Printing and Packaging Ltd as at 28 December 2021 are disclosed in Note 13(d).

All the financial assets and liabilities held by Metal Printing and Packaging Ltd are denominated in Vietnamese dong.

The results of Metal Printing and Packaging Ltd for the financial periods ended 28 December 2021 (disposal date) is as follows:

	<u>2021</u> S\$'000
Revenue	4,035
Other income	54
Raw materials and consumables used	(2,897)
Changes in inventories of finished goods and work-in-progress	(29)
Employee benefits expense	(1,476)
Finance costs	(290)
Depreciation of property, plant and equipment	(660)
Other operating expenses	(772)
	<hr/>
Pre-tax loss for the financial year	(2,035)
Income tax expense (Note 9)	-
	<hr/>
Post-tax loss for the financial year	(2,035)
Gain on disposal of Metal Printing and Packaging Ltd (Note 13 (d))	1,085
	<hr/>
Loss for the year from discontinued operation	<u>(950)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10. Discontinued operation (Continued)

Cash flow statement disclosures

	<u>2021</u> S\$'000
Operating	1,449
Investing	153
Financing	<u>(2,012)</u>
Net cash outflows	<u><u>(410)</u></u>

Loss per share disclosures

	<u>2021</u>
Loss per share from discontinued operation attributable to owners of the Company (cents):	
Basic and diluted	<u>(1.15)</u>

There were no potential dilutive ordinary shares of share options. Therefore, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the year ended 31 December 2021. Accordingly, the diluted loss per share for financial year ended 31 December 2021 was the same as the basic loss per share.

11. Loss per share

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	<u>Continuing operations</u>		<u>Group Discontinuing operations</u>		<u>Total</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Loss attributable to ordinary shareholders	(719)	(2,643)	-	(486)	<u>(719)</u>	<u>(3,129)</u>
					<u>2022</u> '000	<u>2021</u> '000
Weighted average number of ordinary shares in issue at beginning and end of the financial year					<u>42,391</u>	<u>42,391</u>
					<u>2022</u>	<u>2021</u>
Loss per share attributable to owners of the Company (cents):						
Basic and diluted					<u>(1.70)</u>	<u>(7.38)</u>

The diluted loss per share was not presented as there were no potential dilutive ordinary shares of share options outstanding. Accordingly, the diluted loss per share for financial years ended 31 December 2022 and 2021 was the same as the basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. Property, plant and equipment

Group Cost	Leasehold land S\$'000	Leasehold buildings and improvements S\$'000	Furniture and equipment S\$'000	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
At 1 January 2021	2,142	15,683	6,045	981	30,115	54,966
Additions	-	-	52	-	1,292	1,344
Disposal	-	-	(30)	-	(2,274)	(2,304)
Disposal of subsidiary (Note 13 (d))	-	(1,024)	(35)	(36)	(2,641)	(3,736)
Written-off	-	-	(18)	-	(217)	(235)
Currency realignment	-	654	101	8	1,387	2,150
At 31 December 2021	2,142	15,313	6,115	953	27,662	52,185
Additions	-	2,074	30	78	310	2,492
Disposal	-	-	(4)	-	(949)	(953)
Disposal of subsidiary (Note 13 (c))	-	(1,521)	-	-	-	(1,521)
Expiration of lease	-	(1,813)	-	-	-	(1,813)
Written-off	-	-	(13)	(45)	(911)	(969)
Currency realignment	-	(1,048)	(192)	(12)	(2,310)	(3,562)
At 31 December 2022	2,142	13,005	5,936	974	23,802	45,859

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. Property, plant and equipment (Continued)

Group	Leasehold land S\$'000	Leasehold buildings and improvements S\$'000	Furniture and equipment S\$'000	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
Accumulated depreciation						
At 1 January 2021	509	7,045	5,700	778	24,559	38,591
Depreciation	254	2,294	96	100	1,200	3,944
Disposal	-	-	(30)	-	(1,743)	(1,773)
Disposal of subsidiary (Note 13 (d))	-	(4)	(31)	(36)	(317)	(388)
Written-off	-	-	(18)	-	(217)	(235)
Currency realignment	-	330	91	6	1,354	1,781
At 31 December 2021	763	9,665	5,808	848	24,836	41,920
Depreciation	254	1,986	93	77	725	3,135
Disposal	-	-	(4)	-	(949)	(953)
Disposal of subsidiary (Note 13 (c))	-	(787)	-	-	-	(787)
Expiration of lease	-	(1,813)	-	-	-	(1,813)
Written-off	-	-	(13)	(45)	(898)	(956)
Currency realignment	-	(740)	(174)	(12)	(2,122)	(3,048)
At 31 December 2022	1,017	8,311	5,710	868	21,592	37,498
Net carrying value						
At 31 December 2022	1,125	4,694	226	106	2,210	8,361
At 31 December 2021	1,379	5,648	307	105	2,826	10,265

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. Property, plant and equipment (Continued)

<u>Company</u>	<u>Leasehold land</u> S\$'000	<u>Leasehold improvements</u> S\$'000	<u>Furniture and equipment</u> S\$'000	<u>Motor vehicles</u> S\$'000	<u>Plant and machinery</u> S\$'000	<u>Total</u> S\$'000
Cost						
At 1 January 2021	2,142	588	1,447	273	20	4,470
Additions	-	-	(*)	-	-	-
At 31 December 2021	2,142	588	1,447	273	20	4,470
Additions	-	3	2	-	-	5
At 31 December 2022	2,142	591	1,449	273	20	4,475
Accumulated depreciation						
At 1 January 2021	509	567	1,415	143	20	2,654
Charge for the year	254	6	8	54	-	322
At 31 December 2021	763	573	1,423	197	20	2,976
Charge for the year	254	6	8	55	-	323
At 31 December 2022	1,017	579	1,431	252	20	3,299
Net carrying value						
At 31 December 2022	1,125	12	18	21	-	1,176
At 31 December 2021	1,379	15	24	76	-	1,494

(*) denotes amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. Property, plant and equipment (Continued)

Property, plant and equipment of the Group and Company includes right-of-use assets of S\$5,877,000 and S\$1,146,000 (2021: S\$7,320,000 and S\$1,455,000) respectively which are presented together with the owned assets of the same class as the underlying assets. Details of the right-of-use assets are disclosed in Note 23(a).

In addition, the Group's leasehold improvements with carrying amount of S\$149,000 (2021: S\$Nil) are mortgaged to secure the Group's bank loan (Note 24).

13. Investments in subsidiaries

	<u>2022</u> S\$'000	<u>Company</u> <u>2021</u> S\$'000
Unquoted equity shares, at cost	356,579	356,579
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries	1,320	1,182
	357,899	357,761
Less: Impairment loss	(356,579)	(349,059)
Carrying amount	1,320	8,702

The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiaries and recorded a deemed financial guarantee fee income in accordance with SFRS(I) 9. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be the additional investment in subsidiaries.

Movements in the Company's provision of impairment losses for its investment in subsidiaries as at 31 December are as follows:

	<u>2022</u> S\$'000	<u>Company</u> <u>2021</u> S\$'000
At 1 January	349,059	346,193
Additions during the year	7,520	2,866
At 31 December	356,579	349,059

An assessment is made on whether there are indicators that the Company's investments are impaired. During financial year ended 31 December 2022, an impairment loss of S\$7,520,000 was recognised for its investment in subsidiary arising from Acma Investments Pte Ltd as the subsidiary is in the process of liquidation.

In prior financial year, an impairment loss of S\$2,866,000 was recognised for its investment in subsidiary arising from Lityan Systems (S) Pte Ltd as the subsidiary has become dormant during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. Investments in subsidiaries (Continued)

Details of subsidiaries directly held by the Company and their cost of investment to the Company as at 31 December are as follows:

	<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Acma ICCL Pte Ltd	13,039	13,039
Acma Investments Pte Ltd	102,920	102,920
Acma Technologies Pte Ltd	165,300	165,300
Lityan Systems (S) Pte Ltd	75,320	75,320
	<hr/>	<hr/>
	356,579	356,579
Deemed investment in subsidiaries	1,320	1,182
	<hr/>	<hr/>
	357,899	357,761

(a) Details of subsidiaries held by the Company and its subsidiaries at 31 December are as follows:

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of effective equity held by the Group</u>	
			<u>2022</u> %	<u>2021</u> %
<u>Held by the Company</u>				
*Acma ICCL Pte Ltd	Investment holding	Singapore	100	100
Acma Investments Pte Ltd ^(iv)	Investment holding	Singapore	100	100
*Acma Technologies Pte Ltd	Investment holding	Singapore	100	100
*Lityan Systems (S) Pte Ltd	Sales, maintenance and rental of communication equipment, computer equipment, peripherals and other office and industrial equipment and supplies	Singapore	100	100
<u>Held by Subsidiaries</u>				
*Acma Engineers Private Limited	Distributor of Hitachi air-conditioner packaged units and multi-split units	Singapore	70	70
*Acot Holdings Pte Ltd	Investment holding and trading of tools and moulds	Singapore	100	100
**Acot Plastics (Xiamen) Co., Ltd ⁽¹⁾	Manufacturing of tools, automotive moulds and plastic injection moulding	PRC	100	100
**Acot Tooling (Xiamen) Co., Ltd ⁽¹⁾	Manufacturing of tools and automotive moulds	PRC	100	100
*Global Tech Pte Ltd	Investment holding	Singapore	100	100
*Ray Tech Acot Singapore Pte Ltd	Mould making and plastic injection parts	Singapore	82.5	82.5
**Rinzai Limited ^(v)	Trading of telecommunications and networking equipment and investment holding	Hong Kong	-	100
**Xenon Manufacturing Pte Ltd ⁽²⁾	Investment holding	Singapore	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. Investments in subsidiaries (Continued)

(a) Details of subsidiaries held by the Company and its subsidiaries at 31 December are as follows (Continued):

- Note: (i) Companies indicated with (*) are audited by Mazars LLP, Singapore.
(ii) Companies indicated with (**) are audited by other auditors
(1) Audited by Mazars Xiamen, China – Zhongshen Zhonghuan
(2) Audited by CA Practice PAC, Singapore
(iii) All active companies are operating in their respective country of incorporation.
(iv) This subsidiary is in the process of liquidation.
(v) During the financial year ended 31 December 2022, the Group has disposed its entire interest in this subsidiary (Note 13 (c)).

(b) Included in the Group are subsidiaries which have non-controlling interests (“NCI”) that are material to the Group:

Subsidiaries	Proportion of ownership interest held by NCI		Profit/(Loss) allocated to NCI during the financial year		Accumulated NCI at the reporting date	
	2022	2021	2022	2021	2022	2021
	%	%	S\$'000	S\$'000	S\$'000	S\$'000
Acma Engineers Private Limited	30	30	(127)	(69)	749	876
Xenon Manufacturing Pte Ltd	49	49	68	(827)	(1,752)	(1,820)

Summarised financial information (before inter-company eliminations) based on its SFRS(I)s financial statements is as follow:

	Acma Engineers Private Limited		Xenon Manufacturing Pte Ltd	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current	92	98	-	-
Current	8,068	6,596	(*)	(*)
Liabilities				
Non-current	694	41	-	-
Current	4,968	3,732	3,576	3,715
Net assets/(liabilities)	2,498	2,921	(3,576)	(3,715)
Revenue	11,833	12,642	22	1,166
Profit/(Loss) after income tax, representing total comprehensive income/(loss)	(424)	(231)	139	(1,687)
Net cash flows generated from/(used in) operation	460	1,230	6	(283)

(*) denotes amount less than S\$1,000

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except for cash and bank balances held in PRC of S\$865,000 (2021: S\$1,500,000) which are subject to local exchange control regulations which restrict the amount of currency to be exported other than through dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. Investments in subsidiaries (Continued)

(c) Disposal of Rinzai Limited

On 24 September 2022, the Company disposed of its entire interest in Rinzai Limited to a third party, Gliston Company Limited for cash consideration of USD119,180 (equivalent to S\$169,200).

Carrying amounts of the assets and liabilities as at the date of disposal are as follows:

	Carrying amounts S\$'000
Property, plant and equipment	734
Other receivables	14
Cash and bank balances	19
	<hr/>
	767
	<hr/>
Other payables	(654)
	<hr/>
	(654)
	<hr/>
Net assets	113
Cash consideration	169
Cash and bank balances of subsidiary disposed off	(19)
	<hr/>
Net cash inflows on disposal	150
	<hr/>
Gain on disposal:	
Cash consideration received	169
Net assets derecognised	(113)
Cumulative exchange differences relating to Rinzai Limited reclassified from equity	(*)
	<hr/>
Gain on disposal	56
	<hr/>

(*) denotes amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. Investments in subsidiaries (Continued)

(d) Disposal of Metal Printing and Packaging Ltd

On 28 December 2021, the Company disposed of its entire interest in Metal Printing and Packaging Ltd to a third party, MPP International for cash consideration of VND 500,000,000 (equivalent to S\$29,686).

Carrying amounts of the assets and liabilities as at the date of disposal are as follows:

	Carrying amounts S\$'000
Property, plant and equipment	2,993
Other assets	357
Inventories	1,324
Trade and other receivables	1,786
Cash and bank balances	15
	6,475
Contract liabilities from contracts with customers	(188)
Lease liabilities	(1,510)
Trade and other payables	(2,923)
Bank borrowings	(1,781)
Amounts due to related party	(760)
Income tax payables	(365)
	(7,527)
Net liabilities	(1,052)
Cash consideration	30
Cash and bank balances of subsidiary disposed off	(15)
	15
Gain on disposal:	
Cash consideration received	30
Net liabilities derecognised	1,052
Cumulative exchange differences relating to Metal Printing and Packaging Ltd reclassified from equity	208
Attribution to NCI	(205)
	1,085
Gain on disposal	1,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14. Other assets

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Long-term prepaid expenses, at cost	97	40
Non-refundable deposits	29	29
Currency realignment	(5)	-
Less: Accumulated amortisation	(42)	-
	<hr/>	<hr/>
Net carrying value	<u>79</u>	<u>69</u>

Movement in the accumulated amortisation are as follows:

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Balance at 1 January	-	1,223
Charge for the year	44	162
Currency realignment	(2)	45
Disposal of subsidiary	-	(1,430)
	<hr/>	<hr/>
Balance at 31 December	<u>42</u>	<u>-</u>

15. Inventories

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Materials	2,416	3,066
Work-in-progress	5,870	5,906
Finished products	3,942	3,715
Trading	1,385	1,433
	<hr/>	<hr/>
	<u>13,613</u>	<u>14,120</u>

Inventories are stated after providing the allowance for inventories obsolescence as follows:

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
At 1 January	1,057	1,460
Allowance for obsolescence	505	404
Write-back	(575)	(838)
Currency realignment	(62)	31
	<hr/>	<hr/>
At 31 December	<u>925</u>	<u>1,057</u>

The Group has recognised a reversal of S\$575,000 (2021: S\$838,000), being part of allowance for inventory obsolescence in the financial year ended 31 December 2021, as inventory has been sold in the current financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Trade receivables	16,811	14,246	-	-
Less: Loss allowance	(2,726)	(3,034)	-	-
Net trade receivables	14,085	11,212	-	-
Other receivables	844	1,061	-	-
Less: Loss allowance	(584)	(789)	-	-
Net other receivables	260	272	-	-
Prepayments	3,686	4,274	9	8
Sundry deposits	668	708	-	-
Recoverable amounts	157	162	923	927
Tax recoverable	13	314	3	-
Accrued revenue	675	188	-	-
Total	19,544	17,130	935	935

Trade receivables are non-interest bearing and are generally on 30 to 135 days (2021: 30 to 135 days) credit terms.

Other receivables and sundry deposits are non-trade in nature, non-interest bearing, unsecured, and repayable on demand.

The accrued revenue relates to the revenue recognised to date for satisfied performance obligations but has not been invoiced to the customer as at the financial year end and is transferred to trade receivables at the point when it is invoiced to the customers.

Accrued revenue for the financial year ended 31 December 2022 increased due to more orders being completed but remains unbilled to customers.

Prepayments mainly consist of advances made to suppliers.

Net trade and other receivables are mainly denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Singapore dollar	975	1,123	935	935
United States dollar	12,624	13,069	-	-
Chinese renminbi	5,440	2,438	-	-
Euro	490	477	-	-
Others	15	23	-	-
Total	19,544	17,130	935	935

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. Amounts owing by/(to) subsidiaries

	<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Amounts owing by subsidiaries	36,343	38,247
Less: Loss allowance	(16,882)	(17,527)
	<u>19,461</u>	<u>20,720</u>
Amounts owing to subsidiaries	<u>(17,052)</u>	<u>(17,916)</u>

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Amounts owing by/(to) subsidiaries are denominated in Singapore dollar.

18. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Cash and bank balances	3,090	3,126	76	51
Bank overdrafts (Note 24)	(1,000)	(999)	-	-
	<u>2,090</u>	<u>2,127</u>	<u>76</u>	<u>51</u>
Cash and cash equivalents for statement of cash flows	<u>2,090</u>	<u>2,127</u>	<u>76</u>	<u>51</u>

Cash and bank balances are mainly denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Singapore dollar	851	581	74	49
United States dollar	1,375	1,092	2	2
Euro	13	46	-	-
Chinese renminbi	848	1,405	-	-
Others	3	2	-	-
	<u>3,090</u>	<u>3,126</u>	<u>76</u>	<u>51</u>

19. Share capital

	<u>Group and Company</u>			
	<u>2022</u> <u>No. of ordinary shares</u> <u>'000</u>	<u>2021</u> <u>'000</u>	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Issued and fully paid:				
At 1 January and 31 December	<u>42,391</u>	<u>42,391</u>	<u>195,039</u>	<u>195,039</u>

The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share without restrictions and have no par value at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

19. Share capital (Continued)

The Group's and the Company's net asset value per share as at 31 December is as follows:

	<u>2022</u>	<u>Group</u>	<u>2021</u>	<u>2022</u>	<u>Company</u>	<u>2021</u>
Total equity excluding non-controlling interests (S\$'000)	5,098		6,940	3,907		11,841
Total number of shares ('000)	42,391		42,391	42,391		42,391
Net asset value per share (cents)	12		16	9		28

Share option scheme

Share options pursuant to the Acma Employees' Share Option Scheme 2014 was approved by shareholders on 29 April 2014.

Movements in the number of share options in prior year are as follows:

	<u>Group and Company</u> <u>2021</u> <u>'000</u>
Balance at 1 January	1,706
Forfeited during the year	(1,706)
Balance at 31 December	-

On 28 November 2016 (the "Date of Grant"), a new tranche of 1,976,000 share options were granted to the employees and the directors under the Acma Employees' Share Option Scheme ("Scheme 2014"). Options were granted at the exercise price of S\$0.35 per share.

On 27 November 2021, options issued under the Acma Employees' Share Option Scheme 2014 has expired.

As at 31 December 2022 and 31 December 2021, there are no outstanding options under the Scheme 2014.

In prior financial year, on expiry of the share options, the related share options of S\$88,000 were transferred to accumulated losses.

20. Capital reserve

The capital reserve comprises statutory reserve which is computed based on 11% (2021: 11%) of the net profits of subsidiaries established in PRC in accordance with local laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21. Share options reserve

The employee share options reserve represents the equity-settled share options granted by the Company to employees of the Company. The capital contribution is made up of the cumulative value of services received from the director.

The share options have expired on 27 November 2021. There are no outstanding share options as of 31 December 2022 and 31 December 2021.

22. Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group, as well as from the translation of foreign currency loans which form part of the Group's net investments in foreign operations.

23. The Group as a lessee

The Group leases land under a 20-year lease arrangement, with no option to renew the lease after that date. The Group has made an upfront payment to secure the right-of-use of the 20-year leasehold land. This lease also contains a variable lease payment that are based on a percentage of the land rent paid by the landlord to Jurong Town Corporation.

The Group leases office factory and certain office equipment for 3 to 10 years, and motor vehicles and certain plant and machinery for 2 to 7 years. The Group has several lease contracts with extension options exercisable by the Group up to 180 days before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation. As at 31 December 2022, the Group is not reasonably certain that they will exercise these extension options.

Recognition exemptions

The Group has certain office leases, warehouse lease and rented apartments with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

	Leasehold land S\$'000	Leasehold buildings and improvements S\$'000	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
Group					
At 1 January 2021	1,633	7,845	192	1,624	11,294
Additions	-	-	-	934	934
Disposal of subsidiary (Note 13(d))	-	(665)	-	(1,768)	(2,433)
Depreciation	(254)	(2,117)	(83)	(392)	(2,846)
Currency realignment	-	309	-	62	371
At 31 December 2021	1,379	5,372	109	460	7,320
Additions	-	2,072	-	-	2,072
Disposal of subsidiary (Note 13(c))	-	(734)	-	-	(734)
Depreciation	(254)	(1,895)	(61)	(284)	(2,494)
Currency realignment	-	(262)	-	(25)	(287)
At 31 December 2022	1,125	4,553	48	151	5,877

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23. The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows (Continued):

	Leasehold land S\$'000	Leasehold buildings and improvements S\$'000	Motor vehicles S\$'000	Plant and machinery S\$'000	Total S\$'000
Company					
At 1 January 2021	1,633	-	130	-	1,763
Depreciation	(254)	-	(54)	-	(308)
At 31 December 2021	1,379	-	76	-	1,455
Depreciation	(254)	-	(55)	-	(309)
At 31 December 2022	1,125	-	21	-	1,146

The total cash outflows for leases during the financial year ended 31 December 2022 is S\$2,545,000 (2021: S\$3,215,000).

(b) Lease liabilities

	Group		Company	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Lease liabilities - non-current	3,909	4,836	561	721
Lease liabilities - current	2,089	1,695	160	153
	<u>5,998</u>	<u>6,531</u>	<u>721</u>	<u>874</u>

The maturity analysis of lease liabilities is disclosed in Note 32.

Lease liabilities are denominated in the following currencies as at 31 December:

	Group		Company	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Singapore dollar	752	931	721	874
Chinese renminbi	5,246	5,600	-	-
	<u>5,998</u>	<u>6,531</u>	<u>721</u>	<u>874</u>

(c) Amounts recognised in profit or loss

	Group	
	2022 S\$'000	2021 S\$'000
Expense relating to short-term leases	267	263
Expense relating to low-value assets	18	15
	<u>285</u>	<u>278</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

24. Bank borrowings

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
<u>Secured</u>		
Bank loan	812	-
<u>Unsecured</u>		
Overdrafts (Note 18)	1,000	999
Bank loans	353	891
Trust receipts and bills payable	5,411	5,071
	<u>6,764</u>	<u>6,961</u>
	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Non-current	177	-
Current	7,399	6,961
	<u>7,576</u>	<u>6,961</u>

Bank borrowings bear interest at rates ranging from 4.36% to 7.51% (2021: 2.14% to 5.60%) per annum.

The effective interest rate of the bank loans at reporting date ranges from 3.90% to 4.50% (2021: 3.86%) per annum and the interest rate is repriced monthly.

Trust receipts and bills payable have maturities between 1 to 5 months (2021: 1 to 5 months).

The Group's secured bank borrowing relates to Renminbi denominated bank loan that is secured by first mortgage over the leasehold improvements of the Group (see Note 12). The effective interest rate of the bank loan at the reporting date is 3.90% (2021: Nil%) per annum.

Bank borrowings are denominated in the following currencies as at the reporting date:

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Singapore dollar	1,435	1,080
United States dollar	4,757	4,379
Chinese renminbi	812	891
Euro	572	611
	<u>7,576</u>	<u>6,961</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

25. Provision

	<u>Group and Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Provision for reinstatement	140	133

26. Deferred tax liabilities

The movements in deferred tax liabilities were as follows:

	<u>Group</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
At 1 January and 31 December	9	9

Details of deferred tax liabilities are as follows:

	<u>Group</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Deferred tax liabilities:		
Differences in timing of deduction of certain expenses	9	9

27. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Non-current				
Other payables	700	750	200	250
Current				
Trade payables	16,281	14,370	440	482
Accruals	4,186	4,460	496	391
Other tax payables	49	4	-	4
Other	108	1,314	12	11
	20,624	20,148	948	888

Non-current other payables consist of amount due to a third party and amount due to a director of S\$500,000 (2021: S\$500,000) and S\$200,000 (FY2021: S\$250,000) respectively. The amount due to a third party is unsecured, with an interest rate of 0.9% (2021: 0.9%) per annum and repayable 30 months (2021: 15 months) from the date of receipt of loan whereas the amount due to a director is unsecured, interest-free with no fixed term of repayment and not repayable on demand.

Trade payables are non-interest bearing and are generally settled within 30 to 90 days (2021: 30 to 90 days) credit terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

27. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies as at the reporting date:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Singapore dollar	1,404	2,660	1,148	1,138
Chinese renminbi	15,882	13,316	-	-
United States dollar	3,831	4,506	-	-
Euro	207	416	-	-
	<u>21,324</u>	<u>20,898</u>	<u>1,148</u>	<u>1,138</u>

28. Contract liabilities from contracts with customers

	<u>Group</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Deposits from customers	<u>4,894</u>	<u>3,892</u>

Deposits from customers relate to revenue not recognised to date but have been paid by the customers as at the financial year end, and is transferred to revenue, at the point when the performance obligation is satisfied.

Contract liabilities for the financial year ended 31 December 2022 increased due to more orders being uncompleted as compared to the prior year.

The Group's revenue recognised in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years is as follows:

	<u>Group</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
- Tooling	3,051	2,648
- Equipment distribution	841	1,204
- Tinline	-	408
	<u>3,892</u>	<u>4,260</u>

29. Operating lease commitments

As a lessor

The Group has committed to lease its long-term operating lease, under the non-cancellable agreements for a period of 6 years (2021: 6 years).

On 24 September 2022, the Group has terminated the lease agreement when it disposed off its entire interest in Rinzai Limited (Note 13(c)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

29. Operating lease commitments (Continued)

As a lessor (Continued)

Future minimum lease receivables under these non-cancellable leases are as follows:

	Group 2021 S\$'000
Within one year	407
After one year but not more than five years	406
	813

30. Contingent liabilities, unsecured

As at 31 December 2022, the Company has given guarantees amounting to S\$12.5 million (2021: S\$12 million) to certain banks and suppliers in respect of banking facilities and credit terms granted to the subsidiaries.

The Company has not recognised further liability in addition to the amount initially recognised less cumulative amortisation in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment of its loan is remote.

As at the end of the financial year, the total amount of unsecured loans drawn down and outstanding covered by the guarantees is S\$6.8 million (2021: S\$6 million). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facilities.

As at the end of the financial year, the Company has also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

31. Segment information

Reporting format

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. For each of the strategic business units, the management reviews internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

The management also considers the business from both the business and geographical segment perspective.

Income taxes are managed on a Group basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

Reporting format (Continued)

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense not including non-recurring gains or losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

Business segments

The Tooling and Plastic Injection Moulding segment manufactures moulds mainly for the automotive and electronics industries, and produces plastic injected parts for the manufacturing sector.

The Communications, Electronics and Equipment Distribution segment is a diverse supplier of tele-communications, electronics and packaged air-conditioners. It offers products and services in distribution of packaged air-conditioners, and in supply of microwave tele-communications systems and electronic/computer related products.

The Investment segment relates to the investment holding activities of the Group.

The Metal Printing and Packaging Services segment is a discontinued segment that relates to production of metal containers such as food cans, confectionery cans, paints cans etc. and the provision of customised metal printing services.

Geographical segments

In the Group's geographical segmentation, revenue is segmented based on the locations of the customers in relation to the contractual transactions with the legal entities within the Group. Assets are segmented based on the location where they are situated in relation to the location of the legal entities within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

(a) Business segments

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December:

<u>Group</u>	<u>Tooling and plastic injection moulding S\$'000</u>	<u>Communications, electronics and equipment distribution S\$'000</u>	<u>Investment S\$'000</u>	<u>Elimination S\$'000</u>	<u>Consolidated S\$'000</u>
2022					
Revenue					
External customers	40,074	12,032	-	-	52,106
Inter-segment ⁵	1,253	-	1,174	(2,427)	-
Total revenue	41,327	12,032	1,174	(2,427)	52,106
Profit/(Loss) from operations	4,183	906	(1,475)	-	3,614
Depreciation of property, plant and equipment	(2,617)	(195)	(323)	-	(3,135)
Interest income	3	-	-	-	3
Finance costs	(775)	(107)	(50)	-	(932)
Amortisation of other assets	(44)	-	-	-	(44)
Gain on disposal of subsidiary	-	-	56	-	56
(Allowance)/Write-back on impairment of inventory obsolescence	(70)	140	-	-	70
Remeasurement of loss allowance on financial assets, net	299	(185)	-	-	114
Gain on disposal of property, plant and equipment	30	-	-	-	30
Other payables written-off	266	-	-	-	266
Fixed assets written-off	(13)	-	-	-	(13)
Profit/(Loss) before income tax	1,262	559	(1,792)	-	29
Income tax expense	(816)	-	-	-	(816)
Net profit/(loss) for the financial year	446	559	(1,792)	-	(787)

⁵ Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

(a) Business segments (Continued)

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December:

Group	Tooling and plastic injection moulding S\$'000	Communications, electronics and equipment distribution S\$'000	Metal printing and packaging services (discontinued) S\$'000	Elimination S\$'000	Consolidated S\$'000
2021					
Revenue					
External customers	37,940	13,051	4,035	-	55,026
Inter-segment ⁶	1,339	-	-	(2,564)	-
Total revenue	39,279	13,051	4,035	(2,564)	55,026
Profit/(Loss) from operations	1,867	1,406	(1,055)	-	(61)
Depreciation of property, plant and equipment	(2,720)	(241)	(660)	-	(3,944)
Interest income	19	-	4	-	23
Finance costs	(501)	(122)	(290)	-	(981)
Amortisation of other assets	-	-	(162)	-	(162)
Amortisation of intangible assets	-	-	(51)	-	(51)
Gain on disposal of subsidiary	-	-	1,085	-	1,085
Write-back/(Allowance) on impairment of inventory obsolescence	445	(106)	95	-	434
Remeasurement of loss allowance on financial assets, net	(1,338)	(434)	80	-	(1,692)
Gain on disposal of property, plant and equipment	2	-	4	-	9
Trade payables written-off	4	-	-	-	4
Other payables written-off	4	-	-	-	4
(Loss)/Profit before income tax	(2,218)	503	(950)	-	(5,332)
Income tax (expense)/credit	(326)	102	-	-	(224)
Net (loss)/profit for the financial year	(2,544)	605	(950)	-	(5,556)

⁶ Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

(a) Business segments (Continued)

The following table presents assets and liabilities regarding the Group's business segments as at 31 December:

<u>Group</u>	<u>Tooling and plastic injection moulding</u> S\$'000	<u>Communications, electronics and equipment distribution</u> S\$'000	<u>Investment</u> S\$'000	<u>Metal printing and packaging services (discontinued)</u> S\$'000	<u>Consolidated</u> S\$'000
2022					
Segment assets	37,217	6,087	1,383	-	44,687
Total assets	37,217	6,087	1,383	-	44,687
Total liabilities	(33,311)	(5,066)	(2,061)	-	(40,438)
Net assets/(liabilities)	3,906	1,021	(678)	-	4,249
Capital expenditure – tangible assets	351	65	4	-	420
Other material non-cash items:					
Depreciation of property, plant and equipment	2,617	195	323	-	3,135
Interest income	(3)	-	-	-	(3)
Finance costs	775	107	50	-	932
Amortisation of other assets	44	-	-	-	44
Remeasurement of loss allowance on financial assets, net	(299)	185	-	-	(114)
Gain on disposal of subsidiary	-	-	(56)	-	(56)
Gain on disposal of property, plant and equipment	(30)	-	-	-	(30)
Other payables written-off	(266)	-	-	-	(266)
Fixed assets written-off	13	-	-	-	13
Allowance/(Write-back) on impairment of inventory obsolescence	70	(140)	-	-	(70)
2021					
Segment assets	37,160	4,184	3,366	-	44,710
Total assets	37,160	4,184	3,366	-	44,710
Total liabilities	(32,203)	(3,200)	(3,148)	-	(38,551)
Net assets	4,957	984	218	-	6,159
Capital expenditure – tangible assets	1,042	17	1	284	1,344
Other material non-cash items:					
Depreciation of property, plant and equipment	2,720	241	323	660	3,944
Interest income	(19)	-	-	(4)	(23)
Finance costs	501	122	68	290	981
Amortisation of other assets	-	-	-	162	162
Amortisation of intangible assets	-	-	-	51	51
Remeasurement of loss allowance on financial assets, net	1,338	434	-	(80)	1,692
Gain on disposal of subsidiary	-	-	-	(1,085)	(1,085)
Gain on disposal of property, plant and equipment	(2)	-	(3)	(4)	(9)
Trade payables written-off	(4)	-	-	-	(4)
Other payables written-off	(4)	-	-	-	(4)
(Write-back)/Allowance on impairment of inventory obsolescence	(445)	106	-	(95)	(434)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

(b) Geographical segments

The following table presents revenue and certain asset information regarding the Group's geographical segments for the financial years ended 31 December 2022 and 2021:

Group	PRC (including HK)		Singapore		Europe (including UK)		Vietnam (Discontinued)		Rest of Asia		North America and others		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
- External customers	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	23,275	18,894	4,197	4,471	6,990	7,175	-	4,035	8,012	8,523	9,632	11,928	52,106	55,026
Other geographical information:														
Segment assets	33,383	33,266	11,304	11,444	-	-	-	-	-	-	-	-	44,687	44,710
Total assets	33,383	33,266	11,304	11,444	-	-	-	-	-	-	-	-	44,687	44,710
Total liabilities	(24,008)	(22,770)	(16,430)	(15,781)	-	-	-	-	-	-	-	-	(40,438)	(38,551)
Net assets/ (liabilities)	9,375	10,496	(5,126)	(4,337)	-	-	-	-	-	-	-	-	4,249	6,159
Non-current assets	7,158	8,752	1,282	1,582	-	-	-	-	-	-	-	-	8,440	10,334

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. Segment information (Continued)

Reconciliations of reportable segment revenue, profit or loss and other material items

		<u>2021</u> S\$'000	
Revenue			
Total revenue for reportable segments		55,026	
Elimination of discontinued operation		(4,035)	
		50,991	
Profit or loss			
Total loss for reportable segments		(5,332)	
Elimination of discontinued operation		950	
		(4,382)	
		(4,382)	
	Reportable segments S\$'000	Metal printing and packaging services (discontinued) S\$'000	Total S\$'000
Other material items 2021			
Depreciation of property, plant and equipment	(3,944)	660	(3,284)
Finance costs	(981)	290	(691)
Gain on disposal of subsidiary	1,085	(1,085)	-
Loss allowance on financial assets, net	(1,692)	(80)	(1,772)
	(3,944)	(80)	(4,024)

32. Financial instruments and financial risks

	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
	Group		Company	
Financial assets				
Trade and other receivables (excluding prepayments, tax recoverable and accrued revenue)	15,170	12,354	923	927
Amounts owing by subsidiaries	-	-	19,461	20,720
Cash and bank balances	3,090	3,126	76	51
	18,260	15,480	20,460	21,698
Financial assets at amortised cost	18,260	15,480	20,460	21,698
Financial liabilities				
Lease liabilities	5,998	6,531	721	874
Bank borrowings	7,576	6,961	-	-
Trade and other payables (excluding other tax payables)	21,275	20,894	1,148	1,134
Amounts owing to subsidiaries	-	-	17,052	17,916
	21,275	20,894	17,052	17,916
Financial liabilities at amortised cost	34,849	34,386	18,921	19,924
	34,849	34,386	18,921	19,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risks arises mainly from bank balances, trade and other receivables and other debt instruments carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Group has concentrations of credit risk to certain customers. The five largest customers of the Group accounted for approximately 27% (2021: 26%) of the Group's revenue for the year ended 31 December 2022. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

At 31 December 2022, 43% (2021: 51%) of the Group's trade receivables was due from 5 (2021: 5) major customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risks

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risks

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information.

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Credit risks (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether 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 debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

During the financial year ended 31 December 2022, the Group wrote off S\$209,000 (2021: S\$Nil) of trade receivables, of which S\$Nil (2021: S\$Nil) was recognised in profit or loss during the year. The amounts were trade receivables from third parties which have been outstanding for at least 7 years and are not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there is no reasonable expectation of recovery.

During the financial year ended 31 December 2022, the Group wrote off S\$27,000 (2021: S\$704,000) of other receivables, of which S\$Nil (2021: S\$Nil) was recognised in the profit or loss during the year. The amounts were non-trade receivables from third parties which have been outstanding for at least 7 years and are not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there is no reasonable expectation of recovery.

With reference to Note 30, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, other than as disclosed above, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables and accrued revenue (Note 16)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and accrued revenue, where the loss allowance is equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Credit risks (Continued)

Trade receivables and accrued revenue (Note 16) (Continued)

The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, including their best estimate of the impact of COVID-19, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses and estimates, for example, the gross domestic production growth rates of the countries (i.e. Singapore and PRC) and the growth rates of the major industries in which its customers operate.

Trade receivables and accrued revenue are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables and accrued revenue are determined as follows:

	Current	Past due less than 90 days	Past due 90 to 180 days	Past due more than 180 days	Total
31 December 2022					
Expected credit loss rates	0%	0%	0.9%	65.7%	
Trade receivables and accrued revenue (S\$'000)	9,572	2,865	911	4,138	17,486
Loss allowance (S\$'000)	-	-	8	2,718	2,726
31 December 2021					
Expected credit loss rates	0%	0.2%	8.6%	52.5%	
Trade receivables and accrued revenue (S\$'000)	2,688	4,249	2,080	5,417	14,434
Loss allowance (S\$'000)	-	10	178	2,846	3,034

Other receivables (Note 16)

As of 31 December 2022, the Group recorded other receivables of S\$260,000 (2021: S\$272,000) consequent to an extension of loans to third parties. Other than the credit-impaired receivable classified under category 4, the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of these third parties, the Company considered amongst other factors, the financial position of the third parties as of 31 December 2022, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the third parties operate in, including their best estimate of the impact of COVID-19 and significant macro-economic factors, where applicable. Using 12-month ECL, the Company determined that the ECL is insignificant.

Amounts owing by subsidiaries (Note 17)

As of 31 December 2022, the Company recorded amount owing by subsidiaries of S\$19,461,000 (2021: S\$20,720,000) consequent to an extension of loans to subsidiaries. Other than the credit-impaired receivable classified under category 4, the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of these subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2022, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in, including their best estimate of the impact of COVID-19 and significant macro-economic factors, where applicable. Using a 12-month ECL, the Company determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and accrued revenue and other receivables are as follows:

Group	Internal credit risk grading	Note (i) S\$'000	Trade receivables and accrued revenue			Total S\$'000	Other receivables			Total S\$'000
			Category 3 S\$'000	Category 4 S\$'000	Category 5 S\$'000		Category 1 S\$'000	Category 4 S\$'000	Category 5 S\$'000	
Loss allowance										
At 1 January 2021		1,270	-	-	-	1,270	-	1,486	-	1,486
Currency realignment		78	-	-	-	78	-	1	-	1
Net remeasurement of loss allowance		(258)	-	-	-	(258)	-	6	-	6
Loss allowance recognised		-	1,185	759	-	1,944	-	-	-	-
Reclassification between categories		-	-	-	-	-	-	(704)	704	-
Write-off of receivables		-	-	-	-	-	-	-	(704)	(704)
At 31 December 2021										
Currency realignment		(93)	-	-	-	(93)	-	789	-	789
Net remeasurement of loss allowance		432	(67)	759	-	3,034	-	(3)	-	(3)
Loss allowance recognised		-	(371)	-	-	61	-	(175)	-	(175)
Reclassification between categories		(209)	-	-	-	-	-	-	-	-
Write-off of receivables		-	(747)	747	209	-	-	(27)	27	-
		-	-	-	(209)	(209)	-	-	(27)	(27)
At 31 December 2022										
		1,220	-	1,506	-	2,726	-	584	-	584
Gross carrying amount										
At 31 December 2021		10,575	3,100	759	-	14,434	272	789	-	1,061
At 31 December 2022		15,980	-	1,506	-	17,486	260	584	-	844
Net carrying amount										
At 31 December 2021		9,485	1,915	-	-	11,400	272	-	-	272
At 31 December 2022		14,760	-	-	-	14,760	260	-	-	260

Note (i): For trade receivables and accrued revenue, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The movement in the loss allowance during the financial year and the Company's exposure to credit risk in respect of the amounts owing by subsidiaries are as follows:

<u>Company</u> <u>Internal credit risk grading</u>	<u>Amounts owing by subsidiaries</u>		
	<u>Category 1</u> S\$'000	<u>Category 4</u> S\$'000	<u>Total</u> S\$'000
Loss allowance			
At 1 January 2021	-	15,761	15,761
Net remeasurement of loss allowance	-	1,766	1,766
At 31 December 2021	-	17,527	17,527
Net remeasurement of loss allowance	-	(645)	(645)
At 31 December 2022	-	16,882	16,882
Gross carrying amount			
At 31 December 2021	7,899	30,348	38,247
At 31 December 2022	15,538	20,805	36,343
Net carrying amount			
At 31 December 2021	7,899	12,821	20,720
At 31 December 2022	15,538	3,923	19,461

Market risks

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Except for foreign currency forward contracts used to hedge against foreign currency risk, the Group did not enter into derivative financial instruments to hedge against foreign currency risk and interest rate risk.

Interest rate risks

Interest rate risks is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relates to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

At the reporting date, the Group and the Company do not have significant exposure to interest rate risks.

Foreign currency risks

The Group is exposed to foreign exchange risk on sales, purchases, trade and other receivables, cash and bank balances, trade and other payables, and bank borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the United States dollar ("USD"), Euro ("EUR") and Chinese renminbi ("RMB").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

The Group's exposures to foreign currency are as follows:

	2022			2021		
	USD S\$'000	RMB S\$'000	EUR S\$'000	USD S\$'000	RMB S\$'000	EUR S\$'000
Monetary assets:						
Trade and other receivables	9,243	4,851	490	9,718	1,449	477
Cash and bank balances	1,375	848	13	1,092	1,405	46
	<u>10,618</u>	<u>5,699</u>	<u>503</u>	<u>10,810</u>	<u>2,854</u>	<u>523</u>
Monetary liabilities:						
Trade and other payables	(3,831)	(15,882)	(207)	(4,506)	(13,316)	(416)
Bank borrowings	(4,757)	(812)	(572)	(4,379)	(891)	(611)
Lease liabilities	-	(5,246)	-	-	(5,600)	-
	<u>(8,588)</u>	<u>(21,940)</u>	<u>(779)</u>	<u>(8,885)</u>	<u>(19,807)</u>	<u>(1,027)</u>
Net monetary assets/(liabilities)	2,030	(16,241)	(276)	1,925	(16,953)	(504)
Add:						
Currency exposure of those denominated in the respective entity's functional currency	-	16,241	-	4,014	16,953	-
Currency exposure of monetary assets/(liabilities) net of those denominated in the respective entity's functional currency	<u>2,030</u>	<u>-</u>	<u>(276)</u>	<u>5,939</u>	<u>-</u>	<u>(504)</u>

Foreign currency sensitivity analysis

At 31 December 2022, it is estimated that a five percentage point weakening of foreign currencies against the functional currency of respective entities, with all variables held constant, would increase the Group's post-tax profit by approximately S\$48,000 (2021: increase by S\$208,000). A five percentage point strengthening of foreign currencies against the functional currency, with all variables held constant, would have an equal but opposite effect. 5% is the sensitivity rate used when reporting foreign currency risks internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rate.

If the following foreign currencies strengthens by 5% (2021: 5%) against the functional currency of each Group entity, profit or loss will increase/(decrease) by:

	Profit/(Loss) before income tax	
	2022 S\$'000	2021 S\$'000
USD	102	297
EUR	<u>(14)</u>	<u>(25)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Liquidity risks

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payments and receipts cycle.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group prepares cash flows projections on a regular basis for its core operations to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Group's operations are financed mainly through trade financing and internal funds. In addition, the Group has access to lines of credit from financial institutions, and within the Group companies, where necessary, as follows:

	<u>2022</u> S\$'000	<u>Group</u> <u>2021</u> S\$'000
Unutilised credit facilities		
- bank overdraft facilities	500	501
- trade facilities	5,089	5,428
	5,089	5,428

Analysis of financial instruments by remaining contractual maturities

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

	<u>Effective</u> <u>interest rate</u> %	<u>Less than 1</u> <u>year</u> S\$'000	<u>1 to 5</u> <u>years</u> S\$'000	<u>More than 5</u> <u>years</u> S\$'000	<u>Total</u> S\$'000
Group					
Undiscounted financial assets					
Cash and bank balances	-	3,090	-	-	3,090
Trade and other receivables	-	15,170	-	-	15,170
As at 31 December 2022		18,260	-	-	18,260
Cash and bank balances	-	3,126	-	-	3,126
Trade and other receivables	-	12,354	-	-	12,354
As at 31 December 2021		15,480	-	-	15,480
Undiscounted financial liabilities					
Trade and other payables	0.00 - 0.90	20,575	700	-	21,275
Lease liabilities	4.74 - 5.25	2,332	4,125	-	6,457
Bank borrowings	4.36 - 7.51	7,399	177	-	7,576
As at 31 December 2022		30,306	5,002	-	35,308
Trade and other payables	0.00 - 0.90	20,144	750	-	20,894
Lease liabilities	4.74 - 5.25	1,970	5,168	70	7,208
Bank borrowings	2.14 - 5.60	6,961	-	-	6,961
As at 31 December 2021		29,075	5,918	70	35,063
Total net undiscounted financial liabilities					
- at 31 December 2022		(12,046)	(5,002)	-	(17,048)
- at 31 December 2021		(13,595)	(5,918)	(70)	(19,583)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

<u>Company</u>	<u>Effective interest rate</u> %	<u>Less than 1 year</u> S\$'000	<u>1 to 5 years</u> S\$'000	<u>More than 5 years</u> S\$'000	<u>Total</u> S\$'000
Undiscounted financial assets					
Trade and other receivables	-	923	-	-	923
Amounts owing by subsidiaries	-	19,461	-	-	19,461
Cash and bank balances	0.05 - 0.50	76	-	-	76
As at 31 December 2022		20,460	-	-	20,460
Trade and other receivables	-	927	-	-	927
Amounts owing by subsidiaries	-	20,720	-	-	20,720
Cash and bank balances	0.05 - 0.50	51	-	-	51
As at 31 December 2021		21,698	-	-	21,698
Undiscounted financial liabilities					
Lease liabilities	5.01 - 5.25	196	617	-	813
Trade and other payables	0.00 - 0.90	948	200	-	1,148
Amounts owing to subsidiaries	-	17,052	-	-	17,052
Maximum amount of financial guarantee	-	6,764	-	-	6,764
As at 31 December 2022		24,960	817	-	25,777
Lease liabilities	5.01 - 5.25	196	743	70	1,009
Trade and other payables	0.00 - 0.90	884	250	-	1,134
Amounts owing to subsidiaries	-	17,916	-	-	17,916
Maximum amount of financial guarantee	-	6,152	-	-	6,152
As at 31 December 2021		25,148	993	70	26,211
Total net undiscounted financial liabilities					
- at 31 December 2022		(4,500)	(817)	-	(5,317)
- at 31 December 2021		(3,450)	(993)	(70)	(4,513)

33. Fair value of assets and liabilities

The carrying amounts of cash and bank balances, bank borrowings, current trade and other receivables and payables approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Valuation policies and techniques

The management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regards, the management reports to the Group's Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

33. Fair value of assets and liabilities (Continued)

Valuation policies and techniques (Continued)

It is the Group's policy that where assessed necessary by the management, the Group would engage experts to perform significant complex financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance. The Group's internal financial personnel will undertake non-complex financial reporting valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

34. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2021.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, lease liabilities and trade and other payables, less cash and bank balances. Total capital is calculated as total equity including non-controlling interests, as shown in the statement of financial position, plus net debt.

The gearing ratio is as follows at the reporting date:

	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Total borrowings, lease liabilities and trade and other payables	34,898	34,390
Less: cash and bank balances (Note 18)	<u>(3,090)</u>	<u>(3,126)</u>
Net debt	31,808	31,264
Total equity	<u>4,249</u>	<u>6,159</u>
Total capital	<u>36,057</u>	<u>37,423</u>
Gearing ratio	<u>88.2%</u>	<u>83.5%</u>

The Company is not subjected to externally imposed capital requirements for the financial years ended 31 December 2022 and 2021 except as disclosed in Note 20 to the consolidated financial statements. PRC subsidiaries are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subjected to approval by the relevant PRC authorities. The Group is in compliance with the externally imposed requirement for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Associates are related parties and include those that are associates of the holding and/or related companies. Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had no significant transactions with related parties.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel remuneration:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Short-term benefits	849	795	301	348
Employers' contribution to defined contribution plans	23	24	5	8
Directors' fees	104	104	104	104
	<u>976</u>	<u>923</u>	<u>410</u>	<u>460</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

36. Events subsequent to the reporting date

On 13 October 2007, the Company had leased its premises at 17 Jurong Port Road, Singapore 619092 (“JPR Lease”) from SSH Corporation Ltd (“SSH”) for the period to 30 May 2027. Subsequent to the financial year, SSH has given notice to the Company of its intention to dispose of the leased premises which will result in early termination of the lease. The Company is negotiating with SSH on the compensation to be paid in connection with the early termination of the JPR Lease as well as lease arrangements for alternative premises. As the full effect of this transaction is still uncertain, the Group is unable to provide a quantitative estimate of its potential impact on the Group.

STATISTICS OF SHAREHOLDERS

AS AT 21 MARCH 2023

Number of Shares Issued	:	42,390,998
Class of Shares	:	Ordinary Shares

ANALYSIS OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	3,746	44.59	114,968	0.27
100 - 1,000	3,317	39.49	1,313,524	3.10
1,001 - 10,000	1,111	13.23	3,562,391	8.40
10,001 - 1,000,000	218	2.60	11,231,987	26.50
1,000,001 & above	8	0.09	26,168,128	61.73
Total	8,400	100.00	42,390,998	100.00

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
CHEW HUA SENG	6,444,037	15.20
QUEK SIM PIN	5,816,771	13.72
ALLINGHAM INVESTMENTS LIMITED	4,554,455	10.74
CITIBANK NOMINEES SINGAPORE PTE LTD	3,488,720	8.23
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,938,922	4.57
S P QUEK INVESTMENTS PTE LTD	1,396,337	3.29
BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	1,350,000	3.18
TAN ENG CHUA EDWIN	1,178,886	2.78
DBS NOMINEES (PRIVATE) LIMITED	763,450	1.80
ZHOU JIANBIAO	520,100	1.23
JOSCA WOO KONG HWA	420,000	0.99
LIM & TAN SECURITIES PTE LTD	401,703	0.95
GOH GEOK KHIM	400,001	0.94
CHUA HEE TECK	370,000	0.87
PHILLIP SECURITIES PTE LTD	343,906	0.81
MAYBANK SECURITIES PTE. LTD.	313,092	0.74
LIM HOW TECK	284,482	0.67
OCBC SECURITIES PRIVATE LIMITED	247,827	0.58
GAN ENG THYE	200,000	0.47
OCBC NOMINEES SINGAPORE PRIVATE LIMITED	195,344	0.46
	30,628,033	72.22

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total	%	Notes
QUEK SIM PIN	5,816,771	1,424,462	7,241,233	17.08	(1)
VICTOR LEVIN	-	7,237,128	7,237,128	17.07	(2)
CHEW HUA SENG	6,444,037	60,000	6,504,037	15.34	(3)
ALLINGHAM INVESTMENTS LIMITED	4,554,455	-	4,554,455	10.74	

Notes:

- (1) Quek Sim Pin is deemed interested in 1,396,337 Acma shares through his ownership of S P Quek Investments Pte Ltd, and 28,125 Acma shares held by his nominees.
- (2) Victor Levin is deemed interested in 4,554,455 Acma shares through his ownership of Allingham Investments Limited, and 2,682,673 Acma shares held by his nominees.
- (3) Chew Hua Seng is deemed interested in 60,000 Acma shares held by his nominees.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 21 March 2023, 50.51% of the issued ordinary shares of the Company was held by the public and therefore Rule 723 of the Listing Manual's complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting (“AGM”) of ACMA Ltd. (the “Company”) will be convened and held by way of electronic means on Friday, 28 April 2023 at 9.00 a.m. to transact the following businesses: -

ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors’ Report thereon.
[Resolution 1]
2. To approve the proposed Directors’ fee of S\$104,000/- for the financial year ended 31 December 2022. [2021: S\$104,000/-]
[Resolution 2]
3. To re-elect Mr Victor Levin, a Director retiring pursuant to Article 93 of the Company’s Constitution and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).
[Resolution 3]
[See Explanatory Notes]
4. To re-elect Mr Joseph Foo Chee Hoe, a Director retiring pursuant to Article 93 of the Company’s Constitution and Rule 720(5) of the Listing Manual of SGX-ST.
[Resolution 4]
[See Explanatory Notes]
5. To re-appoint Messrs Mazars LLP, as the Company’s Auditors and to authorise the Directors to fix their remuneration.
[Resolution 5]
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:-

7. Authority to allot and issue shares up to fifty per cent (50%) of issued share capital

“THAT pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to issue and allot new shares in the capital of the Company (“Shares”) (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company’s next Annual General Meeting or the date by which the Company’s next Annual General Meeting is required by law or by the Constitution of the Company to be held, whichever is the earlier.”

[Resolution 6]
[See Explanatory Notes]

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to grant options and issue shares under the Acma Employees' Share Option Scheme 2014

“THAT pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Acma Employees' Share Option Scheme 2014 (the “Scheme”) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company from time to time.”

[Resolution 7]

[See Explanatory Notes]

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

Singapore,
10 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolution 3:

Mr Victor Levin is a Non-Independent Non-Executive Director. He will continue in the said capacity upon re-election as a Director of the Company.

Detailed information on this Director (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found under "Supplemental Information on Directors Seeking Re-election" and "Board of Directors" in the Company's Annual Report 2022.

(ii) Resolution 4:

Subject to the passing of Resolution 4, Mr Joseph Foo Chee Hoe will continue as Independent Director of the Company, remains as the Chairman of Remuneration Committee, Chairman of Employees' Share Option Scheme Committee, a member of Audit and Risk Committee, and a member of Nominating Committee.

Detailed information on this Director (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found under "Supplemental Information on Directors Seeking Re-election" and "Board of Directors" in the Company's Annual Report 2022.

(iii) **Resolution 6** above, the percentage of issued share capital is calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings in each class at the time of the passing of the resolution approving the mandate after adjusting for:- (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and (c) any subsequent bonus issue, consolidation or subdivision of shares.

The proposed **Resolution 6**, if passed, will empower the Directors of the Company from the date of the above AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise).

The number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class of the Company). For issue of shares other than on a pro-rata basis to shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class of the Company).

(iv) **Resolution 7** if passed, will empower the Directors of the Company from the date of the above AGM until the next AGM, or the day by which the next AGM is required by law to be held, whichever is the earlier, to issue shares up to an amount in aggregate not exceeding fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class of the Company) from time to time pursuant to the exercise of the options under the Scheme.

Notes:-

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at <https://www.acmald.com/agm-egm> and is also made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

Participation in the AGM via electronic means

3. Alternative arrangements relating to:
 - a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream);
 - b) submission of questions to the Chairman of the Meeting in advance of, or “live” via text-based questions through the audio-visual webcast platform at, the AGM, and addressing of substantial and relevant questions in advance of, or “live” at, the AGM; and
 - c) voting at the AGM (i) “live” by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member’s behalf at the AGM,

are set out in the accompanying Company’s announcement dated 10 April 2023. This announcement may be accessed at the Company’s website at the URL <https://www.acmalttd.com/agm-egm> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Registration for the AGM

4. Members or where applicable, their appointed proxy(ies) of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 9.00 a.m. on 26 April 2023 (“Registration Deadline”), at the URL <https://conveneagm.sg/ACMAAGM2023> for the Company to authenticate his/her/its status as a member.

Please note that members of the Company may access the URL <https://conveneagm.sg/ACMAAGM2023> for registration from 9.00 a.m. on 10 April 2023 onwards.

Following successful authentication of his/her/its status as members of the Company, authenticated members of the Company will receive an email (“Confirmation Email”) by 4.00 p.m. on 26 April 2023 and can access the LIVE WEBCAST and AUDIO ONLY MEANS via logging into the pre-registration website using their login credentials (via one device at one time e.g. mobile phone, tablet, laptop or desktop) created during pre-registration to observe the proceedings of the AGM on the AGM day. Members who have registered by the Registration Deadline but do not receive the Confirmation Email by 4.00 p.m. on 26 April 2023 may contact the Company for assistance at (65) 68567330 or email support@conveneagm.com.

Voting “live”, or submitting instruments appointing a proxy(ies) to vote “live”, at the AGM

5. To keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the AGM. Instead, alternative arrangements relating to members’ participation at the AGM are:
 - a) (where the member is an individual) vote “live” via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the AGM on his/her/its behalf; or
 - b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

The accompanying proxy form for the AGM may be accessed at the Company’s website at the URL <https://www.acmalttd.com/agm-egm> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.sg/ACMAAGM2023>.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions

6. A member who pre-registers to watch the live audio-visual webcast or listen to the live stream, may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 9.00 a.m. on 18 April 2023.
 - a) via the pre-registration website at URL <https://conveneagm.sg/ACMAAGM2023>;
 - b) in hard copy by sending personally or by post and lodging the same at the Registered Office of the Company at 17 Jurong Port Road, Singapore 619092; or
 - c) by email to the Company at enquiries@acmaltd.com.
7. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who have used their CPF monies and/or the Supplementary Retirement Scheme monies to buy shares (“**CPF Investors**” and “**SRS Investors**” respectively), and who wish to participate in the AGM should, in addition to pre-registering online, contact their respective relevant intermediaries (which would include, in the case of CPF Investors and SRS Investors, CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of Proxy Form to Vote:

8. A proxy need not be a member of the Company.
9. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
10. Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
11. The duly executed Proxy Form (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority, failing previous registration with the Company), must be submitted:
 - (i) by post to the Registered Office of the Company at 17 Jurong Port Road, Singapore 619092; or
 - (ii) by electronically:
 - a) via email to enquiries@acmaltd.com or;
 - b) via the pre-registration website which is accessible from the URL <https://conveneagm.sg/ACMAAGM2023>

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 9.00 a.m. on Wednesday, 26 April 2023, and in default of which the Proxy Form shall not be treated as valid.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting the hardcopy by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website at the URL provided above.

12. Members are strongly encouraged to submit completed Proxy Forms electronically via email or via the pre-registration website.

NOTICE OF ANNUAL GENERAL MEETING

13. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF Investors and SRS Investors, who wish to exercise their votes by appointing a proxy should approach their respective relevant intermediaries (which would include, in the case of CPF Investors and SRS Investors, CPF Agent Banks and SRS Operators) through which they hold such shares in order to submit their voting instructions at least seven working days before the AGM (i.e. by 9.00 a.m. on Tuesday, 18 April 2023).
14. The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

ACMA LTD.

(Incorporated in the Republic of Singapore)

Company Registration No. 196500233E

IMPORTANT

- The Annual General Meeting ("AGM") is to be held via electronic means and members pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- A member will not be able to attend the AGM in person. Alternative arrangements to attend and participate in the AGM via electronic means include arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast and a "live" audio-only stream, submission of questions in advance of, or "live" at, the AGM, addressing of substantial and relevant questions in advance of, or "live" at, the AGM, and voting by the member or his/her/its duly appointed proxy(ies) (including the Chairman of the AGM), are set out in the Notice of AGM dated 10 April 2023 ("**Notice of AGM**"). Please refer to the Notice of AGM for further details on the alternative arrangements including on how to pre-register to participate at the AGM.
- CPF Investors and SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy, should approach their respective relevant intermediaries (which would include, in the case of CPF Investors and SRS Investors, CPF Agent Banks and SRS Operators) through which they hold such shares in order to submit their voting instructions at least seven working days before the AGM.

I/We _____ (Name) _____ (NRIC/Passport no.) _____ (Contact no.)
of _____ (Address)

being a *member/members of ACMA Ltd. (the "Company"), hereby appoint: -

Name	Address	Email Address	NRIC / Passport No.	Proportion of Shareholdings	
				No. of Shares	%

And/or (delete as appropriate)

Name	Address	Email Address	NRIC / Passport No.	Proportion of Shareholdings	
				No. of Shares	%

Or if no proxy is named, the chairman ("Chairman") of the Annual General Meeting (the "AGM") of the Company as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Friday, 28 April 2023 at 9.00 a.m. and at any adjournment thereof.

The proxy is required to vote as indicated with an "✓" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/her/their discretion.

No.	Resolution	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon.			
2.	To approve the proposed Directors' fees of S\$104,000/- for the financial year ended 31 December 2022. [2021: S\$104,000/-]			
3.	To re-elect Mr Victor Levin as Director of the Company.			
4.	To re-elect Mr Joseph Foo Chee Hoe as Director of the Company.			
5.	To re-appoint Messrs Mazars LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.			
Special Business				
6.	Authority to allot and issue shares up to fifty per cent (50%) of issued share capital.			
7.	Authority to grant options and issue shares under the Acma Employees' Share Option Scheme 2014.			

*Delete accordingly

**Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided. If you wish your proxy/proxies to abstain from voting on a resolution, please tick (✓) in the "Abstain" box provided in respect of that Resolution. Alternatively, please indicate the number of shares your proxy/proxies is directed to abstain from voting in the "Abstain" box provided in respect of that Resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Signed this _____ day of _____ 2023

Total no. of Shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTE OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

- a) If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- b) To keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the AGM. Instead, alternative arrangements relating to members' participation at the AGM are:
 - i. (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or
 - ii. (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

The proxy form for the AGM may be accessed at the Company's website at the URL <https://www.acmaltd.com/agm-egm> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.sg/ACMAAGM2023>.

- c) A proxy need not be a member of the Company.
- d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.
- e) Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- f) The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the Meeting. If a member attends the Meeting in person the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Meeting.
- g) The duly executed Proxy Form (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority, failing previous registration with the Company), must be submitted:
 - (i) by post to the Registered Office of the Company at 17 Jurong Port Road, Singapore 619092; or
 - (ii) by electronically:
 - a) via email to enquiries@acmaltd.com or;
 - b) via the pre-registration website which is accessible from the URL <https://conveneagm.sg/ACMAAGM2023>

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 9.00 a.m. on Wednesday, 26 April 2023, and in default of which the Proxy Form shall not be treated as valid.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting the hardcopy by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website at the URL provided above.

- h) The Company shall be entitled to reject this instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of AGM.

ACMA LTD. 17 Jurong Port Road Singapore 619092

