

**SGX QUERIES PERTAINING TO THE COMPANY'S INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

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The Board of Directors of Acma Ltd ("the Company" wishes to announce that the Company had received queries raised by the SGX on the Company's results announcement for the financial period ended 30 June 2021 that was released by the Company via SGXNET on 14 August 2021 ("1H21 Results Announcement"):

**SGX Query 2 (a)**

Please explain the material variance in the line "trade and other payables" disclosed on page 3 of the Financial Statements.

**Company Response**

Trade and other payables comprised:-

Trade and other payables	Group		Change
	30 June 2021	31 Dec 2020	
	S\$000	S\$000	S\$000
Trade payables	15,774	14,010	1,764
Accruals	3,909	3,382	527
Other tax payables	322	329	(7)
Other	2,932	2,243	689
<b>Total</b>	<b>22,937</b>	<b>19,964</b>	<b>2,973</b>

The increase of S\$3.0 million was mainly due to increase in trade payables of S\$1.8 million, accruals of S\$0.5 million and other payables of S\$0.7 million.

The increase in trade payables was mainly attributed to the higher level of activity during the financial period with regard to our Tooling and plastic injection moulding operations (for which trade payables increased by S\$1.4 million) and Communication, electronics and equipment distribution businesses (for which trade payables increased by S\$0.5 million).

## **SGX Query 2 (b)**

Please disclose: -

- (i) The aging of the Group's trade receivables;
- (ii) The Company's plans to recover the trade and other receivables;
- (iii) Whether they are major customer(s) and whether the Company continues to transact with these customer(s);
- (iv) What were the actions taken to recover the trade and other receivables;
- (v) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and
- (vi) The Board's assessment of the recoverability of the remaining trade and other receivables.

### **Company Response**

- (i) **The aging of the Group's trade receivables;**

<b><u>30 June 2021</u></b>	<b><u>Amount</u></b>	<b><u>Loss</u></b>	
	<b><u>Owing</u></b>	<b><u>Allowance</u></b>	<b><u>Net</u></b>
	<b><u>S\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
0 to 30 days	5,379	4	5,375
31 to 120 days	4,414	3	4,411
121 to 210 days	1,160	-	1,160
More than 210 days	5,596	1,277	4,319
	<b><u>16,549</u></b>	<b><u>1,284</u></b>	<b><u>15,265</u></b>

- (ii) **the Company's plans to recover the trade and other receivables;**

The trade receivables of S\$15.3 million are expected to be recovered in the ordinary course of business.

Amounts received from 1<sup>st</sup> July till 20<sup>th</sup> August 2021 in respect of trade receivables at 30 June 2021 amounted to S\$7.0 million.

Other receivables comprised principally Prepayments of S\$5.9 million, sundry deposits of S\$0.4 million, net other receivables of S\$0.3 million and tax recoverable of S\$0.2 million.

Prepayments comprised mainly advances to suppliers (S\$5.0 million) and other prepayments and deferred expenditure (S\$0.9 million).

- (iii) whether they are major customer(s) and whether the Company continues to transact with these customer(s);**

As of 30 June 2021, 34% (31 December 2020: 45%) of the Group's trade receivables was due from 5 major customers. The Group continues to transact with these customers.

- (iv) What were the actions taken to recover the trade and other receivables;**

The management reviews the trade receivables aging periodically and follows up with the respective personnel on collection matters. Where deemed appropriate, the Group may cease processing new orders from the customers until overdue debts are settled or pared down. The management may also take legal actions to recover long overdue debts, if necessary.

- (v) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and**

The Company uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the expected credit loss ("ECL") for trade receivables where the loss allowance is equal to lifetime ECL. The ECL rates are based on the Group's historic 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 management's 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.

Management also assesses whether there may be factors which may indicate that a receivable is credit impaired, such as a debtor entering bankruptcy or other financial reorganization or cessation of operations.

The Board is satisfied with the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables.

- (vi) The Board's assessment of the recoverability of the remaining trade and other receivables.**

The Board has assessed the reasonableness of the recoverability of the remaining trade and other receivables and viewed that there is no indication of further impairment required as at 30 June 2021.

## **SGX Query 2 (c)**

For other payables disclosed on page 20 of the Financial Statements, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

### **Company Response**

These are as follows :-

<b>Other Payables</b>	<b>0 - 90 days</b>	<b>91 to 180 days</b>	<b>More than 180 days</b>	<b>Total</b>
	<b>S\$000</b>	<b>S\$000</b>	<b>S\$000</b>	<b>S\$000</b>
Loan from unrelated party (note 1)	1,000	-	-	1,000
Amount owing to director of subsidiary (note 2)	139	-	-	139
Deposits and prepayments from customers	986	-	46	1,032
Others	266	315	180	761
<b>Total</b>	<b>2,391</b>	<b>315</b>	<b>226</b>	<b>2,932</b>

#### **Note 1) Loan from unrelated party**

The unsecured loan bears interest at 9% per annum.

#### **Note 2) Amount owing to a director of a subsidiary**

The director is also a minority shareholder of the subsidiary. Interest is accrued on the amount owed at 7.25% per annum.

Except for the amount owing to a director of a subsidiary, all Other Payables are due to unrelated parties.

### **By Order of the Board**

Quek Sim Pin  
Executive Chairman  
23 August 2021