



SGX QUERIES PERTAINING TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the "Board") of Acma Ltd (the "Company") wishes to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited with respect to the Company's Financial Statements for the financial year ended 31 December 2020.

SGX Query 2 (a)

We note that the Company disclosed on page 3 of the Financial Statements, an allowance on impairment of other receivables amounting to S\$1.3 million. Please disclose: (a) a breakdown of the other receivables; (b) the aging of the other receivables; (c) how the quantum of the allowance was determined; and (d) the Board's assessment on the reasonableness of the methodology used to determine the amount of the allowance.

Company Response

(a) **The breakdown of allowance on impairment of other receivables are as follows:**

Description	Amounts (S\$'000)
Amount due from a minority shareholder of a subsidiary	280
Amount due from a former subsidiary company, AL&W Limited ("ALW")	703
Prepayment arising on sale and leaseback of property pursuant to SFRS(I) 15 and 16	355
Total	1,338

(b) **The aging of allowance on impairment of other receivables are as follows:**

Descriptions	0 - 1 Year (S\$'000)	> 1 Year (S\$'000)	Total (S\$'000)
Amount due from a minority shareholder of a subsidiary	-	280	280
Amount due from a former subsidiary company, ALW	-	703	703
Prepayment arising on sale and leaseback of property pursuant to SFRS (I) 15 and 16	355	-	355
Total	355	280	1,338

(c) **How the quantum of the allowance was determined:**

Amount due from a minority shareholder of a subsidiary

The impairment relates to an amount owed by a minority corporate shareholder ("Chimico") of our Vietnam based metal printing and packaging business ("MPPL"). Chimico's principal assets comprised its shareholding interest in MPPL and as such, the recoverability of the Chimico debt is premised on MPPL's financial position and performance.

MPPL had incurred significant losses in FY2019. Due to the Covid-19 pandemic, MPPL continued to incur losses in FY2020. These losses have depleted a significant portion of MPPL's shareholders' equity. As the Covid-19 pandemic is still ongoing at the end of FY2020 and there was no visibility as to when MPPL may be able to return to profitability. In view of the deterioration in MPPL's financial position noted aforesaid, management has, after consultation with the Group auditors, deemed it prudent to consider the entire amount owed by Chimico as at 31 December 2020 as being impaired.

Amount due from a former subsidiary, ALW

The Group disposed of its entire shareholding interest in ALW in December 2020 (“the Transaction”). As set out in the Company’s announcement dated 3 January 2021, it was agreed for reasons set out therein, that the inter-company balance owed by ALW of S\$0.7 million shall be waived or assigned to the purchaser at the purchaser’s option. Accordingly, as the inter-company debt owed by ALW would not be recoverable pursuant to the terms of the sale agreement, full impairment was made on the outstanding debt owed by ALW as at 31 December 2020.

Prepayment arising on sale and leaseback of property pursuant to SFRS (I) 15 and 16

In FY2020, MPPL disposed of its leasehold factory premises (“the Premises”) which it leased back from the purchaser. As the sale price of the Premises was deemed to be below its estimated fair value, a Prepayment (and a corresponding increase in Right of use revenue was computed in accordance with SFRS (I) 15 and 16. Such Prepayment would normally be charged out over the term of the lease.

However, based on management’s evaluation of the carrying value of the Prepayment pursuant to SFRS (I) 36 (in consultation with the Group auditors), it was deemed appropriate to fully impair the Prepayment.

(d) the Board’s assessment on the reasonableness of the methodology used to determine the amount of the allowance.

The Board has reviewed and discussed with management the rationale and methodology used to determine the amount of the allowance. The Board is satisfied with the reasonableness of the impairment made.

By Order of the Board

Quek Sim Pin
Executive Chairman
15 March 2021