



ANNUAL REPORT

2022

CFM HOLDINGS LIMITED

Registration No.: 200003708R



CONTENTS

01	CORPORATE INFORMATION	11	CORPORATE GOVERNANCE
02	CORPORATE PROFILE	32	FINANCIAL STATEMENTS
03	CORPORATE STRUCTURE	90	STATISTICS OF SHAREHOLDINGS
04	CHAIRMAN'S STATEMENT	92	NOTICE OF THE TWENTY-SECOND MEETING ANNUAL GENERAL
06	BOARD OF DIRECTORS		PROXY FORM
08	KEY MANAGEMENT PERSONNEL		
09	FY2022 – OPERATIONAL AND FINANCIAL REVIEW		

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The contact person for the Sponsor is Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914
Telephone number: 6221 027

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

Chia Seng Hee
Lead Independent Director

Lo Kim Seng
Independent Director

Teo Kian Huat
Independent Director

AUDIT COMMITTEE

Chia Seng Hee (Chairman)
Lo Kim Seng
Teo Kian Huat

NOMINATING COMMITTEE

Lo Kim Seng (Chairman)
Chia Seng Hee
Lim Fong Li Janet
Teo Kian Huat

REMUNERATION COMMITTEE

Chia Seng Hee (Chairman)
Lo Kim Seng
Teo Kian Huat

AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road #05-01
Parkview Square
Singapore 188778

Partner: Ng Wei Lun
(appointed since financial year ended
30 June 2021)

COMPANY SECRETARY

Siau Kuei Lian

REGISTERED OFFICE

4 Ang Mo Kio Avenue 12
CFM Building
Singapore 569498
Tel: +65 6481 2888
Fax: +65 6481 1122
Email: irc@cfmholdings.com

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

PRINCIPAL BANKERS

United Overseas Bank Ltd
RHB Bank Singapore
DBS Bank Ltd

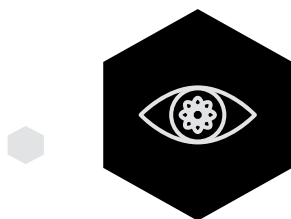
CORPORATE PROFILE

Established since 1979, CFM has evolved into a customer-focused manufacturer providing metal stamping services, design, fabrication and the sale of tool-and-die used for the manufacturing of stamped metal components. Backed by production facilities in Malaysia, the Slovak Republic and People's Republic of China, our Group supports a customer base of MNCs.

CFM reached an important milestone in our corporate history with the launch of our Initial Public Offering on 16 January 2004.

In FY 2015, the Group expanded into trading in disposable and wearable for use in pharmaceutical, cleanroom, bio-medical, laboratories and hospitals.

Today, we serve customers in the electronics industry as well as customers from the automotive, telecommunication, technology, M&E industries and pharmaceutical industries.



VISION

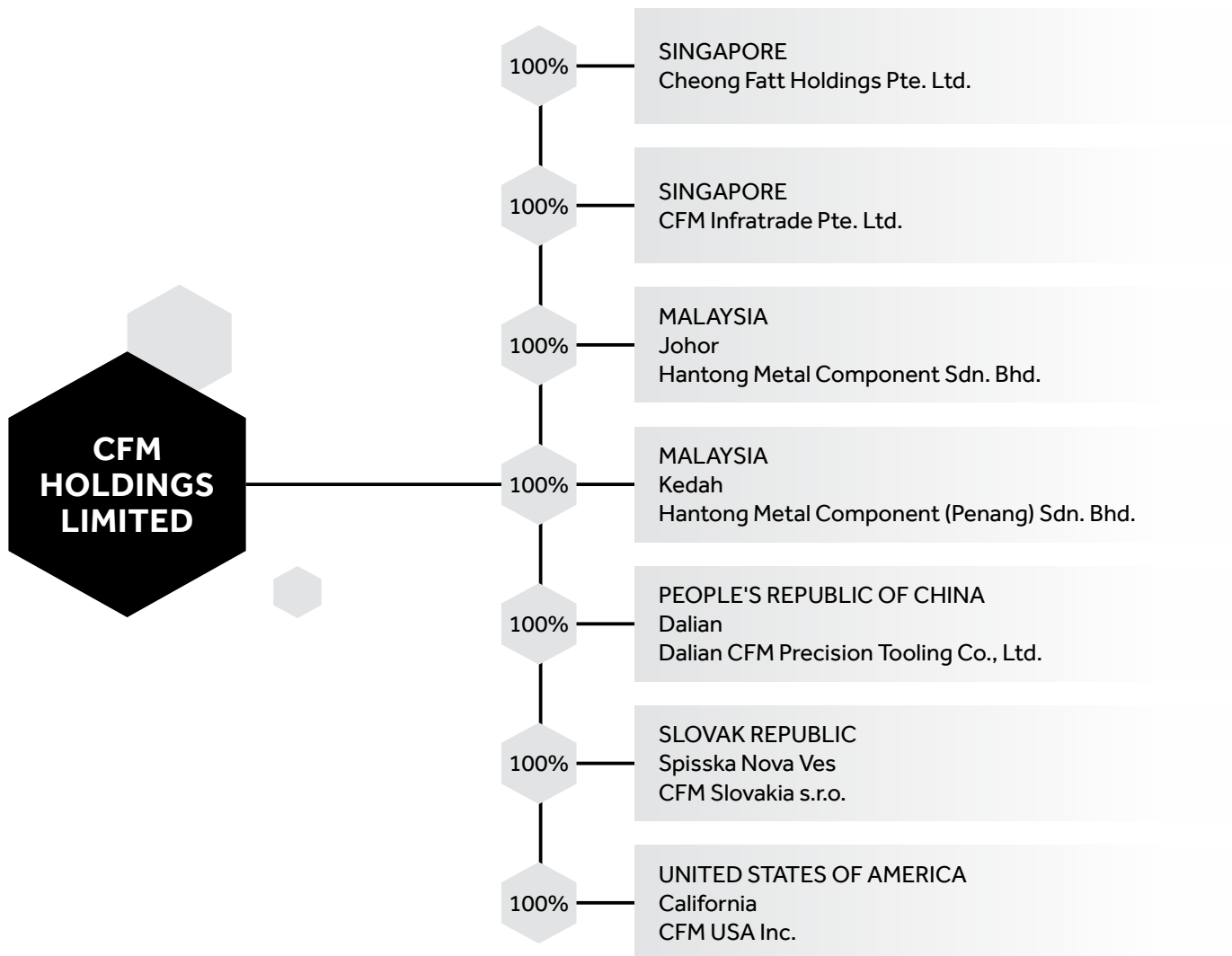
CFM envisions to be a global business name that delivers quality, performance, integrity, teamwork & innovation to the satisfaction of our customers.



MISSION

We aim to deliver high quality components to our customers by implementing stringent process control and deliver at the lowest cost possible. We strive to constantly upgrade our skills and keep abreast with technological advancement to satisfy beyond customers' requirements.

CORPORATE STRUCTURE



OUR GLOBAL FOOTPRINT

CFM Holdings Limited
 No. 4, Ang Mo Kio Avenue 12,
 #05-01 CFM Building,
 Singapore 569498
 Tel: +65 6481 2888
 Fax: +65 6481 1122
 Email: irc@cfmholdings.com
 www.cfmholdings.com

Subsidiaries
SINGAPORE
Cheong Fatt Holdings Pte. Ltd.
CFM Infratrade Pte. Ltd.

PEOPLE'S REPUBLIC OF CHINA
Dalian CFM Precision Tooling Co., Ltd.
 Room 1-1A
 No. 99, Huai He Zhong Road,
 Dalian Economic Development Zone,
 116600, Dalian,
 People's Republic of China

SLOVAK REPUBLIC
CFM Slovakia, s.r.o.
 Radlinskeho 17, 052 01,
 Spisska Nova Ves,
 Slovak Republic

Hantong Metal Component Sdn. Bhd.
 No.4 Jalan Haji Sa'at, Sungai Tiram,
 81800 Ulu Tiram, Johor, Malaysia

Hantong Metal Component (Penang) Sdn. Bhd.
 Lot 83 & 84, Jalan 1/8 PKNK, Kawasan Perindustrian Sungai Petani,
 08000 Sungai Petani, Kedah, Malaysia

Note: The Company holds interest in shareholdings of 14.67% in PT Hantong Precision Manufacturing Batam. The investment has been written off in FY2018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of CFM Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 30 June 2022.

The financial year opens with Covid-19 pandemic hovering globally. In July 2021, Singapore began to relax its restrictions for gatherings, however, working-from-home was still a default, some opt for staggering of working hours or work days for employees so that critical functions may continue to be fulfilled for customers. Travelling from one country to another was still very much restricted, and transiting was disallowed for some countries also. Antigen Rapid Test (ART) was introduced during that period to aid travellers, residents of the various countries to detect infection of Covid-19 and the follow-up actions to be taken.

Another variant of the Coronavirus, Omicron started in late November 2021 that spread very quickly to Asia, Europe and globally. Despite the new variant, many heads of government managed to contain this new variant promptly.

Towards the last quarter of the financial year end, various countries lifted up their restrictions, economies began to open up, work life was returning to a new norm.

PERFORMANCE HIGHLIGHTS

Despite the challenges faced by the Group due to the Covid-19 pandemic; the Group reported revenue of \$26.9 million for the financial year ended 30 June 2022, an increase of \$6.2 million in revenue from \$20.7 million in the previous financial year.

The Group's gross profit increased from \$4.5 million for the financial year ended 30 June 2021 to \$6.7 million for the financial year ended 30 June 2022. The improvement came from the metal stamping, tooling and cleanroom segments.

The Group reported a profit after tax of \$1.9 million for the financial year ended 30 June 2022 as compared to profit after tax of \$0.4 million in the previous financial year.

In view of this performance and as a way of rewarding our supporting shareholders, the Group is recommending a one-tier tax exempt cash dividend of 0.09924 Singapore cents per ordinary shares for FY2022.

FORWARD

PROPOSED DISPOSAL

On 16 June 2022, the Company granted an option to purchase to Hi-Beau Group Pte. Ltd. ("Buyer") for one of its subsidiaries property at 4 Ang Mo Kio Avenue 12, Singapore 569498, which was accepted by the Buyer on 28 June 2022, and the acceptance was announced on 28 June 2022. For details of the Proposed Disposal, kindly refer to the announcements of 16 June 2022, 28 June 2022, 17 August 2022 and 29 August 2022.

The Proposed Disposal is subject to and conditional upon, inter alia, the satisfaction of the following Conditions Precedent:

- (a) the Group and the Buyer obtaining JTC Confirmation and all other relevant Government Authorities ("Relevant Authorities"), if applicable, for the Group to sell and the Buyer to purchase all the interest of the Group in the property;
- (b) the Buyer obtaining approval from JTC and Relevant Authorities including National Environment Agency and Public Utilities Board (if required) for the Buyer's proposed change of use of the property;
- (c) a satisfactory road line plan and satisfactory replies to legal requisitions filed with the various government departments (including the Land Transport Authority - Rapid Transit Systems) being received by the Buyer and/or his solicitors; and
- (d) the Group obtaining the necessary approval(s) from the shareholders of the Group (if required under law and the relevant constitution of the Group) and shareholders of the Company (being the holding company of the Group) (collectively, the "Shareholders Approval") in accordance with Catalyst Rules and the Companies Act 1967.

CHAIRMAN'S STATEMENT

We have obtained the Shareholders' approval on 17 August 2022.

The targeted date of completion for this Proposed Disposal is expected to be on 20 December 2022.

PROPOSED ACQUISITION

Per the Company's announcement of 16 September 2022 and 21 September 2022 on the acquisition of 2 properties ("Properties") located at 3 Ang Mo Kio Street 62, #05-15 and #05-16, Link@AMK, Singapore 569139. The properties are purchased for own operational use.

The purchase of the Properties is subject to:-

- a) the various condition precedents being fulfilled;
- b) a definite purchase agreement to be agreed upon.

The Purchase Price ("Purchase Price") of \$2.1 million shall be satisfied in cash in three tranches and is payable as follows:

- 1 the first payment with the goods and services tax amounting to \$22,470 (the "**First payment**"), being one (1) per cent of the Purchase Price, to be paid by the Group in consideration for the entering into the Offer by the Group with the Sellers;
- 2 the second payment with the goods and services tax amounting to \$112,350 being five (5) per cent of the Purchase Price less the First payment is to be paid by the Group upon its exercise of the Offer (the "**Second Payment**"); and
- 3 the third payment, being the remaining amount of the Purchase Price together with the goods and services tax, is to be paid by the Group on the date of completion under the Offer.

The Proposed Acquisition will be twenty percent (20%) self-funded and eighty percent (80%) funded by the bank. The Properties are pledged as first charge to the bank coupled with personal guarantees by the two Executive Directors of the Company.

The Company did not issue equity securities as consideration for the Proposed Acquisition.

Based on the relative figures under Rule 1006(c) of the Catalist Rules, the Proposed Acquisition constitutes a disclosable transaction and therefore, Shareholders' approval is not required.

The targeted date of completion for this Proposed Acquisition is end November 2022.

We believe we are on target for the completion and do not foresee any material operational or financial impact from the disposal and acquisition of properties other than already disclosed.

MOVING ON

Though the global Covid-19 pandemic seems to have simmered down, the current rising interest rate environment would result in higher cost of borrowings and slower economy growth going forward.

Our Group will continue to look for new opportunities and also push for organic growth from the different geographical operations, to bring forth sustainable growth and returns to the shareholders.

The new norm global environment is untested; the Group would tread cautiously to ensure the Group's cash-flow is conserved and managed prudently.

APPRECIATION AND THANKS

As FY2022 reported better performance than prior years, we want to thank all the customers, suppliers, bankers and staff for their constant support and commitment.

We want to thank the Board for their constant guidance and advices during this challenging season.

We also want to thank the shareholders for your unwavering loyal support.

IP KWOK WING
EXECUTIVE CHAIRMAN

BOARD OF DIRECTORS

MR IP KWOK WING

EXECUTIVE CHAIRMAN

Mr Ip Kwok Wing is the Executive Chairman of our Group. Together with Mdm Lim Fong Li Janet, Mr Ip was a co-founder of our Group in 1979, and was appointed as Managing Director since the incorporation of our Group. Mr Ip was first appointed to the Board on 28 April 2000. He was last re-elected on 25 October 2019.

Mr Ip is responsible for the Group's strategic planning and development of new products and markets. He has been spearheading all the expansion and growth of our Group. He began his career in metal stamping, tool & dies

fabrication and has an aggregate of more than 40 years of working experience in the metal stamping and tooling industries.

He was last re-elected on 25 October 2019. He is standing for re-election in this coming AGM.

His present and past year's directorships can be found in the Additional Information of Directors standing for re-election in this Annual Report.

MDM LIM FONG LI JANET

CHIEF EXECUTIVE OFFICER

Mdm Lim Fong Li Janet is the Chief Executive Officer ("CEO") of our Group. Assisted by the Group Chief Financial Officer, she oversees day-to-day operations, finance and general management of our Group. Mdm Janet was first appointed to the Board on 28 April 2000 and last re-elected on 28 October 2021.

She is a member of the Nominating Committee.

She holds a Bachelor of Science in Business Administration and Master's Degree in Marketing Communication from the University of Canberra.

MR CHIA SENG HEE

LEAD INDEPENDENT DIRECTOR

Mr Chia Seng Hee is the Lead Independent Director and Chairman of both the Audit Committee and the Remuneration Committee; he is a member of the Nominating Committee.

Currently, he sits as an Independent Director on the Boards of several public companies listed in the Singapore Exchange. He brings to the Group significant experience in corporate governance and risk management.

Mr Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He also completed the General Manager Program at Harvard Business School. After some twenty years in various capacities

with Arthur Andersen, Singapore Technologies and the Government of Singapore Investment Corporation, he was appointed Senior Director, Enterprise Singapore (then the International Enterprise Singapore Board) covering China operations from Shanghai, based at the Consulate General of Singapore in Shanghai.

He is a fellow member of the Institute of Singapore Chartered Accountants.

He was appointed on 29 October 2021. He is standing for re-election in this coming AGM.

His present and past year's directorships can be found in the Additional Information of Directors standing for re-election in this Annual Report.

BOARD OF DIRECTORS

MR LO KIM SENG

INDEPENDENT DIRECTOR

Mr Lo Kim Seng is the Chairman of the Nominating Committee and a member of both the Audit Committee and the Remuneration Committee. He is the Lead Independent Director of No Signboard Holdings Ltd, listed on the Singapore Stock Exchange. He is also a Director in Bayfront Law LLC.

He advises clients in a broad range of capital markets, mergers and acquisitions, corporate, and commercial matters. He has spent more than two decades practising different aspects of corporate law involving start-up ventures, SMEs and listed entities.

Mr Lo is admitted as an Advocate & Solicitor of Singapore, Solicitor of New South Wales, Australia, and Solicitor of England and Wales.

He graduated with LL.B (Hons) and LLM from London University, LLM from National University of Singapore and MBA from University of Hull, United Kingdom.

Mr Lo was appointed on 1 July 2020 and last re-elected on 28 October 2020. He is standing for re-election in this coming AGM.

His present and past year's directorships can be found in the Additional Information of Directors standing for re-election in this Annual Report.

MR TEO KIAN HUAT

INDEPENDENT DIRECTOR

Mr Teo Kian Huat is a member of the Audit Committee, Nominating Committee and the Remuneration Committee.

Mr Teo has over 25 years' experience in the financial services sector, spanning across investment management, corporate finance and audit. He has significant experience in the areas of private equity investments, initial public offerings (IPO) and merger and acquisition (M&A) transactions.

He is currently a Senior Director with iCapital Holdings (SG) Pte Ltd, a corporate finance advisory services firm. Prior to iCapital, he was an Executive Director with ZACD Capital Pte Ltd, a fund management company focusing on real estate investments. He was the founding Managing Director of Carrington RHT Investments Pte. Ltd. in 2018 and an Executive Director of Accion Capital Management Pte Ltd since 2010, focusing

on private equity investment opportunities. In that role, he originated and structured the investments and plan for exit of investments.

Prior to this, he was with various financial institutions where he provided corporate finance services such as IPO, M&A, and independent financial advisory work.

Mr Teo started his career as an auditor in KPMG in 1996. He graduated with a Bachelor of Accountancy degree from Nanyang Technological University.

He was appointed on 29 October 2021. He is standing for re-election in this coming AGM.

His present and past year's directorships can be found in the Additional Information of Directors standing for re-election in this Annual Report.

KEY MANAGEMENT PERSONNEL

MR KENNETH IP YEW WA

CHIEF OPERATING OFFICER

Mr Kenneth Ip Yew Wa joined the Group on 1 January 2009 and is currently the Chief Operating Officer of the Company. He is also the General Manager of Hantong Metal Component (Penang) Sdn. Bhd. and Executive Officer of CFM Slovakia s.r.o. Prior to joining the Group, Mr Ip was a

Marketing Executive in various corporations and as a tooling designer in an MNC.

Mr Ip obtained his Bachelor's Degree in Mechanical Engineering from Nanyang Technological University.

MS TAN LAY LEE

CHIEF FINANCIAL OFFICER

Ms Tan Lay Lee joined the Group on 10 January 2020 as the Chief Financial Officer. She is responsible for all key financial matters of the Group.

company in December 2015 as their Financial Controller. In both companies, she oversees the full spectrum of the finance and accounting functions, taxation and compliance.

She was with Informatics Education Ltd, a SGX mainboard listed company for more than 10 years and was their Group Financial Controller. She joined Mary Chia Holdings Limited, a SGX catalyst listed

She is a member of Institute of Singapore Chartered Accountants (ISCA) and Fellow member of Association of Chartered Certified Accountants (FCCA).

FY2022 – OPERATIONAL AND FINANCIAL REVIEW

REVENUE

The Group recorded revenue of approximately \$26.9 million for FY2022, which was an increase of approximately \$6.2 million or 29.8% from the previous corresponding financial period. The higher revenue was contributed by the metal stamping segment due to increase in customer's orders for Johor, Penang, Slovakia and China-Dalian operations. This ramp up of orders earlier and in greater volume was made by customers in anticipation of the in-transit time. There was a slight increase in revenue from the cleanroom segment which was offset by lower revenue from the warehousing and logistics segment.

GROSS PROFIT

The Group's gross profit increased by approximately \$2.2 million or 48.9% from \$4.5 million in FY2021 to approximately \$6.7 million in FY2022. The increase in gross profit was largely contributed by higher sales contribution, less operational consumables, resulting in higher gross profit. Gross profit margin improvement came from the metal stamping, tooling and cleanroom segments.

OTHER INCOME

Other income in FY2022 consists mainly of rental income of approximately \$0.5 million, gain on foreign currency exchange of approximately \$0.1 million, government grants of approximately \$29 thousand and other miscellaneous income of approximately \$52 thousand.

MARKETING EXPENSES

Marketing expenses decreased from approximately \$0.3 million in FY2021 to approximately \$0.2 million in FY2022 due to lower manpower cost in the cleanroom segment.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative expenses increased from approximately \$4.1 million in FY2021 to approximately \$4.2 million in FY2022 due to higher salaries and wages as different countries has its based wages requirement that is adjusted year-on-year, professional fees incurred for the proposed acquisition of Sing-Swe MM Technology Pte. Ltd., lower obsolete stock write back, higher depreciation offset by exchange gain instead of exchange losses.

FINANCE COSTS

Finance costs decreased slightly from approximately \$0.3 million in FY2021 to approximately \$0.2 million in FY2022, mainly due to repayment of borrowings and lower interest expense on lease liabilities.

TAX EXPENSE

The tax expense for the year is approximately \$0.5 million in FY2022 compared to approximately \$0.2 million in FY2021 due to higher revenue that generated a higher profit compared to last year resulting in higher tax expenses.

PROFIT FOR THE FINANCIAL YEAR

As a result of higher revenue generated, the Group recorded a profit after tax of approximately \$1.9 million for FY2022 as compared to a profit after tax of approximately \$0.4 million in FY2021.

NON-CURRENT ASSETS

The decrease in property, plant and equipment from approximately \$12.0 million to \$3.5 million was mainly due to depreciation charge for the financial year of approximately \$1.1 million and also due to the reclassification of approximately \$7.5 million of a property of a subsidiary that has been classified as non-current assets held for sale under the current assets, offset by new purchase of property, plant and equipment amounted to approximately \$0.3 million.

At the Company's level, the investments in subsidiaries improved from approximately \$10.7 million to \$16.4 million.

The Company had during the financial year reviewed the performance of its subsidiaries and performed impairment assessment on the following subsidiaries:

- 1) M/s Cheong Fatt Holdings Pte. Ltd. and had reversed impairment loss of \$3.2 million;
- 2) M/s CFM Infratrade Pte. Ltd. and had reversed impairment loss of \$0.3 million;
- 3) M/s Hantong Metal Component Sdn. Bhd. and had reversed impairment loss of \$0.7 million;
- 4) M/s Dalian Precision Tooling Co., Ltd and had reversed impairment loss of \$1.6 million.

FY2022 – OPERATIONAL AND FINANCIAL REVIEW

CURRENT ASSETS

Inventories increased from approximately \$3.5 million as at 30 June 2021 to approximately \$4.3 million as at 30 June 2022, due to increase in materials costs and increase in stock.

Trade receivables increased from approximately \$5.1 million as at 30 June 2021 to approximately \$5.9 million as at 30 June 2022. The increase was mainly due to higher receivables resulting from higher sales from the metal stamping segment.

Other receivables consist mainly of deposits and prepayments. Other receivables increased by approximately \$0.1 million from approximately \$0.2 million in FY2021 to approximately \$0.3 million in FY2022, mainly due to prepayment of rents and materials purchases.

CURRENT LIABILITIES

Trade payables increased from approximately \$2.2 million as at 30 June 2021 to approximately \$2.3 million as at 30 June 2022. This was mainly due to increase in purchases to fulfill increased sales orders.

Contract liabilities decreased from approximately \$0.3 million as at 30 June 2021 to approximately \$0.1 million as at 30 June 2022 as a result of billings being recognised as sales during the financial year.

Other payables increased from approximately \$1.8 million as at 30 June 2021 to approximately \$2.5 million as at 30 June 2022 mainly due accrued salaries and bonuses, increase in deposits for raw materials and tooling purchases, unpaid VAT, unpaid professional fees relating to Sing-Swe MM Technology Pte Ltd proposed acquisition which was terminated on 31 March 2022, higher provision and the initial 1% deposit for the exercise of the Option to Purchase by Hi-Beau Group Pte Ltd.

BORROWINGS AND LEASES

Total borrowings and lease liabilities for the Group decreased from \$8.3 million as at 30 June 2021 to \$5.6 million as at 30 June 2022. This was mainly due to repayment of bank borrowing and lease liabilities of \$0.6 million, and reclassification of the lease liabilities of \$2.3 million for a subsidiary's property that is under the procedural process of disposal, to liabilities directly associated with disposal of non-current asset classified as held for sale under the current liabilities.

REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022, the Group generated a net cash inflow of approximately \$1.9 million from operating activities as compared to net cash generated from operating activities of approximately \$0.8 million for FY2021.

The operating cash flow before working capital changes increased from approximately \$2.0 million in FY2021 to approximately \$4.1 million in FY2022. Contributed by profit before tax of approximately \$2.4 million despite higher depreciation of PPE, lower inventories write back and higher inventories written down resulting in the Group recording cash generated before working capital changes of approximately \$4.1 million.

The improved higher operating cash flow before working capital changes was negated by, higher inventory, lower trade payables offset by higher receivables and prepayments caused the cash generated from operations to increase from approximately \$0.9 million to approximately \$2.4 million.

Net cash used in investing activities amounted to approximately \$0.2 million in FY2022 (FY2021: \$0.2 million) was mainly due to purchase of property, plant and equipment of approximately.

Net cash used in financing activities was approximately \$0.7 million in FY2022, this was mainly attributed by:

- repayment of borrowings of \$0.4 million
- payment on lease liabilities \$0.2 million
- interest payment of \$0.2 million
- proceeds from bank \$0.1 million

As a result of the above, the Group's cash and cash equivalent increased from approximately \$3.1 million as at 30 June 2021 to approximately \$4.0 million as at 30 June 2022.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") and the management (the "Management") of CFM Holdings Limited (the "Company") are committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders' interests, and are pleased to inform that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 issued on 6 August 2018 ("the Code") by the Corporate Governance Committee, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the "Catalist Rules") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Guide"). Proper explanation would be given where there is a deviation from the recommended provisions.

This report describes the corporate governance practises of the Company for the financial year ended 30 June 2022 ("FY2022"), with specific reference to the principles and provisions of the Code. Where applicable, deviations from the Code have been explained. The Board and Management will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS 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.

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "Group"). Its primary role is to provide entrepreneurial leadership, set strategic aims for the Company, and protect and enhance long-term value and returns for the shareholders. It oversees the business affairs of the Group and approves the Group's strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- (a) ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- (b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
- (c) establish a framework of prudent effective control which enable risks to be assessed and managed including safeguarding of Shareholder's interests and Company's assets;
- (d) establish, together with the Management, the strategies and financial objectives to be implemented by the Management;
- (e) review the financial performance of the Group and performance of the Management, constructively challenge Management, approve the nominations of the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- (f) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;
- (g) ensure accurate, adequate and timely reporting to, and communication with shareholders;
- (h) assume responsibility for corporate governance;

CORPORATE GOVERNANCE

- (i) review and assist to set company's values and standard (including ethical standards), and to ensure transparency that obligations to shareholders and other stakeholders are understood and met;
- (j) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;
- (k) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- (l) ensure transparency and accountability to key stakeholder groups;
- (m) put in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements; and
- (n) establish appropriate tone-at-the-top, desired organisational culture and standards of ethical behaviour.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company and to make decision in the interest of the Company. To facilitate the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to three (3) Board Committees, comprising of an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC"). Each of these Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. These Board Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets three (3) times a year and as warranted by particular circumstances. The Constitution of the Company allows Board meetings to be conducted by way of telephone conference.

The attendance record of each director at meetings of the Board and Board Committees during FY2022 is set out below:

NAME OF DIRECTORS	BOARD MEETINGS	BOARD COMMITTEE MEETINGS		
		AUDIT	NOMINATING	REMUNERATION
Ip Kwok Wing	4	3*	1*	1*
Lim Fong Li Janet	4	3*	1*	1*
Chia Seng Hee ⁽¹⁾	2	2	0	0
Lo Kim Seng	4	3	1	1
Teo Kian Huat ⁽²⁾	2	2	0	0
Ross Yu Limjoco ⁽³⁾	2	1	1	1
Total No. of Meetings Held	4	3	1	1

* by way of invitation

(1) Mr Chia Seng Hee was appointed as the Lead Independent Director on 29 October 2021.

(2) Mr Teo Kian Huat was appointed as an Independent Director on 29 October 2021.

(3) Mr Ross Yu Limjoco ceased to be an Independent Director on 28 October 2021.

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions ("IPTs") (including, among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of companies or assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group. Directors facing conflict should disclose that he is faced with conflict of interest and recuse themselves from discussions and decisions involving the issue of conflict.

All newly appointed directors will be given appropriate training, if necessary including training as a director and how to discharge those duties when he is first appointed to the Board. All new directors will be briefed on the business activities of the Group and its strategic goals. Upon appointment of each director, the Company will provide a formal letter to the director, setting out the director's duties and obligations.

CORPORATE GOVERNANCE

Directors who are first-time directors, or who have no prior experience as directors of a listed company, will also undergo briefings on the roles and responsibilities as directors of a listed company. With the recommendation from Nominating Committee, all future appointment of directors will have both the Board Resolution and also formal letter of appointment. In addition, all first time directors will be provided with training in areas such as accounting, legal and industrial specific knowledge either internally or externally.

As and when necessary the directors would receive further relevant training especially in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Singapore Companies Act 1967, so as to update and refresh them on matters that affect or may enhance their performance as Board and Board committee members. The cost of training programs provided to directors will be borne by the Company.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the Directors continue to meet the demands of the Group and are discharging their duties effectively. The NC has also adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The NC determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. In making this determination, the NC took into account the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as a director.

To further ensure directors could carry out his duties adequately and effectively, the NC also places a maximum limit of ten (10) non-executive directorships an independent director can hold on the board of listed companies (excluding non-listed companies and other non-profit or non-commercial organizations) if he is not holding a full time job. In the event of a director holding a full time job, the maximum limit of his directorships in listed companies should not be more than six (6). During the financial year, the NC has reviewed and confirmed that all the directors have met the criteria and are able to carry out their duties as a director.

While some Directors have multiple board representations and other principal commitments, the NC is satisfied that the Directors are able to adequately carry out their duties as directors for FY2022 based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

- (i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;
- (ii) Geographical location of Directors;
- (iii) Size and composition of the Board;
- (iv) Nature and scope of the Group's operations and size; and
- (v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.
- (vi) Similar financial year end/reporting timeline

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and
- Attention to the Company's affairs, having regard to his other commitments.

Currently, the Company does not have any alternate Director.

CORPORATE GOVERNANCE

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. The management approves and monitors operational budgets, variances from budget are explained to the management and the management accounts of each subsidiary are reported to the AC and Board.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interests in transactions involving the Company, prohibitions on dealings in Company's securities and restrictions on disclosure of price-sensitive information.

The Board has separate and independent access to the Company Secretary and Management at all times. The role of the Company Secretary includes responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board and Board Committees and assists the Board in ensuring that the Company complies with the relevant statutory requirements. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each Director has access to the Group's independent professional advisors as and when necessary to enable each Director to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

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.

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's definition. In respect of the review of the independence of each director, the NC assessed the independence of each director and had considered that Mr. Lo Kim Seng, Mr. Chia Seng Hee and Mr. Teo Kian Huat to be independent.

As at the date of this Annual Report, the Board comprises five (5) directors, of whom two (2) are Executive Directors and three (3) are Independent Directors. The composition is in compliance with the Code's guidelines where Independent Directors make up at least half of the Board when the Chairman of the Board and the Chief Executive Officer ("CEO") are immediate family members. Nevertheless, as the Group continues to face a challenging environment in the industry it operates in and is in the process of looking at new business opportunities, the Board will continue to require accountability and responsibility. Accordingly, Mr. Ip Kwok Wing will be retained as the Executive Chairman for the Board to tap on his numerous years of experience in manoeuvring the Company through its current challenges.

The nature of the current directors' appointments and membership on the Board committees is as follows:

NAME OF DIRECTORS	POSITION HELD ON THE BOARD	BOARD COMMITTEE MEMBERSHIP		
		AUDIT	NOMINATING	REMUNERATION
Ip Kwok Wing	Executive Chairman	–	–	–
Lim Fong Li Janet	Executive Director & CEO	–	Member	–
Chia Seng Hee ⁽¹⁾	Lead Independent Director	Chairman	Member	Chairman
Lo Kim Seng	Independent Director	Member	Chairman	Member
Teo Kian Huat ⁽²⁾	Independent Director	Member	Member	Member
Ross Yu Limjoco ⁽³⁾	Independent Director	Member	Member	Chairman

(1) Mr Chia Seng Hee was appointed as the Lead Independent Director on 29 October 2021. Subsequent to his appointment as the Lead Independent Director of the Company, he was also appointed as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.

(2) Mr Teo Kian Huat was appointed as an Independent Director on 29 October 2021. Subsequent to his his appointment as an Independent Director of the Company, he was also appointed as a member of the Audit Committee, Remuneration Committee and Nominating Committee.

(3) Mr. Ross Yu Limjoco ceased to be an Independent Director on 28 October 2021. Subsequent to the cessation of Mr. Ross Yu Limjoco as an Independent Director, he also ceased to be the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee on 28 October 2021.

CORPORATE GOVERNANCE

The NC is satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective in decision making.

Independent Directors constructively challenge and help develop proposals on strategy; and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings. The outcome/feedback will either be brought to the Chairman's attention or discussed at Board meetings.

The NC is of the view that the current Board and Board Committees comprise persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. There is no formal diversity policy adopted by the Company and it will adopt a formal Board diversity policy in due course in compliance with Rule 710A of the Catalist Rules.

Notwithstanding there is no formal diversity policy adopted by the Company, the Board is of the view that 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.

The Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience, investment, mergers and acquisitions and customer-based experience or knowledge, which are required for the Board to be effective in decision making.

The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. The diversity in the age, gender, nationality and race of the current Board as at the date of this Annual Report is as follows:-

Gender	Male	4
	Female	1
Race	Chinese	5*
	Others	0
Nationality	Singaporean	5
	Others	0
Age Group	40-50	1
	51-60	0
	61-70	4

* includes Singapore Citizen

The Board has taken the following steps to maintain and to enhance its balance and diversity:-

1. Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
2. Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

CORPORATE GOVERNANCE

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.

Different individuals assume the roles of the Chairman of the Board ("Executive Chairman" or "Chairman") and the Chief Executive Officer ("CEO"). The Executive Chairman is Mr. Ip Kwok Wing.

As the Executive Chairman, Mr. Ip Kwok Wing sets guidelines on and is responsible for the exercise of control over the quantity and quality, and the timeliness of the flow of information between the Management and the Board, so that the directors receive accurate, timely and clear information for them to make sound decisions.

He also schedules Board meetings and oversees the preparation of the meeting agenda in particular strategic issue to enable the Board to perform its duties effectively and responsibly. In addition, the Chairman also promotes a culture of openness and debate at the Board.

The Executive Chairman also encourages constructive relations between the Board and Management and between the executive directors and independent directors, as well as effective communication with shareholders. To facilitate effective contribution of directors, and in particular, the independent directors, the Executive Chairman ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the independent directors and the Board as a whole.

The Executive Chairman takes a leading role in the Company's drive to achieve, promote and maintain a high standard of corporate governance with the support of the directors, the Management and the Company Secretary.

Mr. Ip Kwok Wing is assisted by Mdm. Lim Fong Li Janet, who assumes the role of the CEO. Mdm. Lim Fong Li Janet, together with the Management comprising the Chief Operating Officer, general managers and Chief Financial Officer, are responsible for the day-to-day management, and implementing the strategic goals of the Group.

Although Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet are husband and wife, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Chairman and the CEO is independent without any influence from each other, and there is no compromise in accountability for the following reasons:

- (a) the independent directors actively participate during Board meetings and challenge the assumptions and proposals of the Management unreservedly, both during and outside of Board meetings on pertinent issues affecting the affairs and business of the Group. Their view and opinion provide alternative perspective to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflict of interest and other complexity. The independent directors review the management performance and management reporting frameworks on quarterly interval. They are also involved in the development and evaluation of strategy proposals proposed by Management from time to time; and
- (b) all major decisions made by the Executive Chairman and CEO of the Company are reviewed and approved by the Board.

The role of Lead Independent Director is to lead and co-ordinate activities of Independent Directors and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration. The Lead Independent Director may chair Board meetings in the absence of the Chairman, working with the Chairman in leading the Board.

The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve. Led by the Lead Independent Director, the independent directors meet periodically without the presence of the other directors, and the Lead Independent Director provides feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

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

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments. The NC currently comprises four (4) directors, majority of whom, including the Chairman are independent. The NC members are:-

Mr. Lo Kim Seng	Chairman
Mdm. Lim Fong Li Janet	Member
Mr. Chia Seng Hee	Member
Mr. Teo Kian Huat	Member

Role of the NC

The role of the NC is to establish a formal and transparent process for the appointment of new directors and the re-appointment of directors retiring by rotation as well as to assess the effectiveness of the Board and the overall contribution of each director towards the effectiveness of the Board.

- (a) to make recommendations to the Board on all Board appointments, including re-nominations having regard to that director's contribution and performance;
- (b) to review the independence of the directors on an annual basis;
- (c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;
- (d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment or reappointed to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;
- (e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (f) to develop a process for evaluation of the performance of the Board, its committees and directors and address how the Board has enhanced long-term shareholders' value;
- (g) to assess the effectiveness of the Board as a whole;
- (h) to review board succession plans for directors, in particular, the Chairman and for the CEO; and
- (i) to review training and professional development programs for the Board.

CORPORATE GOVERNANCE

Process for appointment of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new directors as follows:

- (a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on, among others, the following objective criteria:

- (a) Integrity;
- (b) Independent mindedness;
- (c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;
- (d) Able to commit time and effort to carry out duties and responsibilities effectively;
- (e) Experience in the relevant field of business of the Company or industries in which it operates; and
- (f) Financially literate.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one-third of the Board for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("AGM") of the Company. In addition, the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-election at the AGM of the Company immediately following his appointment.

Mr. Ip Kwok Wing, Mr. Lo Kim Seng, Mr. Chia Seng Hee and Mr. Teo Kian Huat will be retiring at the forthcoming AGM pursuant to the Company's Constitution. Mr. Ip Kwok Wing, Mr. Lo Kim Seng, Mr. Chia Seng Hee and Mr. Teo Kian Huat being eligible, had each consented to stand for re-election as Directors of the Company at the forthcoming AGM.

The following key information regarding directors is set out on the following pages of this Annual Report:

- (a) page 31 Academic and professional qualifications, date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) page 32 Shareholdings in the Company and its related companies.

CORPORATE GOVERNANCE

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.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria are approved by the Board and address how the Board has enhanced long-term shareholders' value.

The NC has in place a performance evaluation process whereby the Board and individual directors will complete confidential group and individual assessment questionnaires to assess the effectiveness of the Board, its committees and the contributions of each director, including the Chairman. The Board and committee assessment parameters include areas such as Board composition, Board processes in managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective committee. The individual assessment areas include attendance and contributions during Board and committee meetings as well as commitment to their role as directors. Individual directors are also evaluated on their respective areas of expertise across business, industry, finance and legal. The Company secretary had been requested to collate the Board's and directors' evaluation and to provide the summary observations for the NC Chairman and Board Chairman. The Board Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed, or resignation of directors may be sought.

Following the review of the assessment of the Board, its committees and individual directors, including the Chairman for FY2022, both the NC and the Board are of the view that the Board and its committees have operated effectively and each director has contributed to the overall effectiveness of the Board in FY2022. No external facilitator was used in the evaluation process.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his/her performance.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2022, one (1) NC meeting was held.

(B) 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.

The RC comprises the following three (3) Directors, all of whom, including the Chairman are Independent Directors:-

Mr. Chia Seng Hee	Chairman
Mr. Lo Kim Seng	Member
Mr. Teo Kian Huat	Member

CORPORATE GOVERNANCE

RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management. The principal functions of the RC include the following:

- (a) to review and recommend to the Board a framework of remuneration for the Executive Chairman, directors, and key management personnel of the Company. The framework will cover all aspects of remuneration, including without limitation, directors' fees, basic salaries, allowances, bonuses, options and benefits-in-kind;
- (b) RC reviews and recommends the specific remuneration packages for each director as well as for the key management personnel.
- (c) to review the remuneration packages of all managerial staff who are related to any of the executive directors or CEO;
- (d) in the case of directors' service contracts, to consider what compensation or commitments the directors' contracts of service, if any, would entail in the event of early termination;
- (e) to recommend to the Board in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long-term incentive schemes; and
- (f) consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the directors and executives of the Company, in addition (if appropriate) to those required by law or by the Code.

The RC also administers the CFM Holdings Performance Share Scheme, which was approved at the Company's extraordinary general meeting ("EGM") held on 30 April 2015.

The RC has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary. In accessing the professional advice from experts outside the Company, the RC will ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company. The Company did not appoint any remuneration professionals to advise on the executive remuneration during the financial year ended 30 June 2022.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.

In addition to the above, the RC will also review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

The RC meets at least once a year, and as warranted by circumstances, to discharge its function. In FY2022, one (1) RC meeting was held.

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.

The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

CORPORATE GOVERNANCE

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance, as well as taking into consideration the risk policies of the Company to be symmetric with risk outcomes and sensitive to the time horizon of such risk. The performance related remuneration elements of the executive directors and key management personnel does not incentivise short termism- based business decisions.

The RC also reviews all matters concerning the remuneration of independent directors to ensure that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the directors. The Company will submit the quantum of directors' fees for each year to the shareholders for approval at each AGM.

The Board and RC note the recommendation by the Code on the long-term incentive scheme for executive directors and key management personnel. The RC had reviewed and recommended to the Board the adoption of a performance share scheme for directors, key management personnel and employees. The Company had adopted the CFM Performance Share Plan on 30 April 2015.

Only the executive directors have entered into service contracts with the Company, which are for a fixed appointment period and thereafter renewed annually, unless earlier terminated by either party by not less than six (6) months written notice, or payment of an amount equal to six (6) months' salary in lieu of notice. The RC reviews what compensation commitments the executive directors' contracts of service would entail in the event of early termination, and aims to be fair and avoid rewarding poor performance. Through the use of contractual provisions, the Group has the ability to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

During FY2022, the RC reviewed the compensation and remuneration packages and believes that the directors and Management are sufficiently compensated.

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.

Policy in respect of independent directors' remuneration

The independent directors do not enter into service contracts with the Company. They are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each independent director is paid a basic fee and variable allowance. In addition, independent directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the AC is also paid a higher fee compared to members of that committee in view of the greater responsibilities carried by that office. The amount of directors' fees payable to independent directors is subject to shareholders' approval at the Company's AGMs.

Remuneration policy in respect of executive directors and other key management personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

CORPORATE GOVERNANCE

Remuneration of the directors and key management personnel (who are not directors) for the financial year ended 30 June 2022.

The level and mix of each of the directors' remuneration, and that of each of the key management personnel (who are not also directors), in bands of \$250,000 for the financial year ended 30 June 2022, are set out below:

	BASE SALARY	VARIABLE/ PERFORMANCE RELATED INCOME	DIRECTOR FEES	BENEFIT IN KIND/ ALLOWANCE	TOTAL
Remuneration Band Name of Director					
\$250,000 and below					
Mr. Ip Kwok Wing [^]	73%	13%	–	14%	100%
Mdm. Lim Fong Li Janet [^]	76%	17%	–	7%	100%
Mr. Chia Seng Hee ⁽¹⁾	–	–	100%	–	100%
Mr. Lo Kim Seng	–	–	100%	–	100%
Mr. Teo Kian Huat ⁽²⁾	–	–	100%	–	100%
Mr. Ross Yu Limjoco ⁽³⁾	–	–	100%	–	100%
Remuneration Band Name of Top 5 Existing Key Management Personnel					
\$250,000 to \$500,000					
Mr. Kenneth Ip Yew Wa	80%	12%	–	8%	100%
\$250,000 and below					
Ms. Tan Lay Lee	86%	7%	–	7%	100%

Notes:

[^] Ip Kwok Wing and Lim Fong Li Janet are husband and wife.

* The Group has only two (2) Key Management Personnel who are not a Director, and the remuneration paid to such key management personnel are \$250,000 to \$500,000 and below \$250,000.

(1) Mr. Chia Seng Hee was appointed as the Lead Independent Director on 29 October 2021.

(2) Mr. Teo Kian Huat was appointed as an Independent Director on 29 October 2021.

(3) Mr. Ross Yu Limjoco ceased as an Independent Director on 28 October 2021.

The Company has not disclosed exact details of the remuneration of its CEO, directors and key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The Group does not have other Key Management Personnel save for those disclosed above.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel for the financial year ended 30 June 2022.

Apart from Mr. Kenneth Ip Yew Wa (Chief Operating Officer) and Mr. Andrew Ip Jowa, being the sons of Mr. Ip Kwok Wing (Executive Chairman) and Mdm. Lim Fong Li Janet (CEO), who holds the position of Chief Operating Officer with a remuneration band between \$200,000 to \$300,000 and Assistant General Manager of Hantong Metal Component and Management Trainee for CFM Infratrade and CFM Holdings with a remuneration between \$200,000 to \$300,000 respectively for the financial year ended 30 June 2022. The Company does not have any employees who are immediate family members of any director or the CEO, during the financial year ended 30 June 2022. The RC was of the view that the remuneration is in line with the staff remuneration guidelines and commensurate with their job scope and level of responsibilities.

"Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister or parent.

CORPORATE GOVERNANCE

CFM Performance Share Plan

The Company had undertaken a comprehensive review of employee remuneration and benefits and introduced a new employee share performance scheme on 30 April 2015 (the "Plan") that is intended to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. In line with this, the Company believes that the Plan will strengthen the overall effectiveness of performance-based compensation schemes. The Plan applies to executive directors, non-executive directors (including independent Directors) and group employees.

The Plan allows the Company to target specific performance objectives and to provide an incentive for who are awarded shares under the Plan ("Participants") to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Directors believe that the Plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group.

The Company believes that attracting and retaining outstanding individuals as employees is paramount to the Group's long-term objective of achieving continuous growth, expansion and profitability in its business and operations. It is hoped that through the implementation of the Plan, the Company will be able to remain an attractive and competitive employer and be better positioned to manage its fixed overhead costs without compromising on performance standards and efficiency.

Through the Plan, the award of fully-paid Shares, free of charge, to the Participants (the "Awards") is intended to be a more attractive form of bonus from the Company to the Participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies.

The Plan will serve as an additional and flexible incentive tool. With the Plan, the Company would be able to tailor share-based incentives according to the objectives to be achieved.

The Awards granted under this Plan will be determined at the sole discretion of the RC which will oversee and administer the Plan. In considering the grant of an Award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected Employee. In respect of the grant of an award to a participant who is also a member of the RC, the participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of New Shares which may be issued pursuant to Awards granted under the Plan shall not exceed 15% of the issued Shares of the Company (excluding any Shares held in treasury) on the day Shareholders approve the Plan, provided always that the total number of New Shares which may be issued pursuant to Awards granted under the Plan when aggregated with the aggregate number of Shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST. Further details of the Plan can also be found on page 33 of the Directors' Statement.

There were no performance shares issued by the Company since the commencement of the performance share scheme on 30 April 2015.

CORPORATE GOVERNANCE

(C) 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 control, to safeguard the interests of the company and its shareholders.

The Board recognises that it is responsible for maintaining a system of risk management and internal controls including those addressing financial, operational, compliance and information technology risk (collectively "internal controls") to safeguard shareholders' interests and the Group's businesses and assets. Together with Management, the Board identifies and evaluates significant risks applicable to the Group's business, taking into consideration the Group's risk tolerance level and policies; as well as establishes and designs an appropriate internal control system and the Management is tasked to operate and implement the internal control procedures. These risks are assessed on a regular basis.

Through the reports from Management and external auditors on any material non-compliance and internal control weaknesses, the AC oversees and monitors the implementation of any improvements thereto and reviews the adequacy and effectiveness of risk management system and the internal control system annually. An independent internal audit firm was engaged in previous financial years to undertake the review of material internal controls, including financial, operational, compliance controls on a significant business unit of the Group.

For FY2022, the AC reviewed with the external auditors its findings on internal control recommendations. The Group had appointed Messrs. PKF Slovensko s.r.o. as an outsourced internal audit function. The IA had presented its internal audit findings and recommendations to the AC for FY2022.

With the assistance from the outsourced internal audit function and through the AC, the Board also notes that all risk management system and internal control system contain inherent limitations and cost effective system of risk management system and or internal controls could only provide reasonable and not absolute assurance against the occurrence of material errors, financial misstatement, poor judgement in decision making, human error, losses and or other irregularities.

For the financial year ended 30 June 2022, the Board had received assurance from the CEO and CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) there were no significant internal control issues or incidents to be brought to the attention of the Audit Committees' or the Directors of the Company in respect of the Group's adequacy and effectiveness in terms of the risk management; and internal control systems addressing financial, operational compliance and information technology risks.

The Board, with the assistance of the AC, will continue to review, monitor and take appropriate steps to maintain effectiveness or strengthen the Group's overall internal control system.

Based on the various control systems put in place and maintained by the Company, the report from the external auditors and IA and follow-up implementation action taken by the Management based on IA's recommendations, periodic reviews by the Management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management systems were adequate and effective in addressing financial, operational, compliance and information technology controls risks.

More details of the Group's risk management is set out in page 30 of this Annual Report.

CORPORATE GOVERNANCE

AUDIT COMMITTEE ("AC")

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC currently comprises the following three (3) Independent Directors:

Mr. Chia Seng Hee	Chairman
Mr. Lo Kim Seng	Member
Mr. Teo Kian Huat	Member

The Board is of the view that the members of the AC have sufficient financial management knowledge and experience to discharge their responsibilities as members of the AC. The primary functions of the AC are as follows:

- (a) to review the financial and operating results and accounting policies of the Group;
- (b) to review the scope and results of the internal and external audits and its cost effectiveness;
- (c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;
- (d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- (e) to review the half-yearly and annual announcement of results of the Group to SGX-ST before submission to the Board for approval;
- (f) to consider and review the assistance given by the Management to the auditors;
- (g) to review and discuss with the external auditors before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (h) to review the external audit plan and the results of the external auditors' examination and evaluate the effectiveness of the Group's internal control system including review of the internal auditor's internal audit plan and internal audit findings;
- (i) to review and report to the Board the adequacy and effectiveness of the Company's risk management and internal controls system, including financial, operational, compliance and information technology controls once a year;
- (j) to review the independence and objectivity of the external auditors;
- (k) to recommend the appointment or re-appointment of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;
- (l) to review IPTs to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules of the SGX-ST);
- (m) to review the adequacy, independence, effectiveness, scope and the results of internal audit procedures and the evaluation of the overall internal control systems by the internal auditors;
- (n) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;
- (o) to undertake such other functions and duties as may be required by law or the Catalist Rules of the SGX-ST and by such amendments made thereto from time to time; and

CORPORATE GOVERNANCE

(p) to review the assurance from the CEO and CFO on the financial records and financial statements.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC met up with the internal and external auditors without the presence of Management at least once annually and reviews the adequacy of the internal control established by the Management annually on the basis of work down by the external auditors on the internal control environment of the Group.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's half year and full year results. The AC also reviewed and approved both the Company's external auditors' plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook a half yearly review of the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the external auditors would not affect their independence. Fees paid or payable by the Group to external auditors for audit services for the financial year ended 30 June 2022 amounted to \$66,400 and non-audit fees paid was \$20,200.

The Company appointed Messrs. Baker Tilly TFW LLP as auditors of the Company. The Company confirmed that Rule 712 and Rule 716 of the Catalist Rules of the SGX-ST in relation to the auditors of the Company have been complied with. The Board and AC are satisfied that the appointment of different auditing firms for subsidiaries companies would not compromise the standard and effectiveness of the audit of the Group.

The AC has recommended to the Board that Messrs. Baker Tilly TFW LLP be nominated for re-appointment as the auditors of the Company at the forthcoming AGM of the Company to be held on 28 October 2022. None of the AC members are former partners or Directors of the Company's external firm within the last twenty-four (24) months and none of the AC members hold any financial interest in the external audit firm. The AC has evaluated the performance of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA).

The Company has implemented a "Whistle-Blower Policy" ("Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters to the AC Chairman. An independent function has been designated to investigate whistleblowing reports made in good faith and the identity of the whistleblower is kept confidential. The Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment and the AC is responsible for the oversight and monitoring of the whistleblowing. The AC will review the Policy to ensure arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. There was a whistle-blowing case reported during the financial year ended 30 June 2022. The whistleblow incident was reviewed by the AC and subsequently by the Board and there was no adverse findings on that incident.

On a half yearly basis, the Management reports to the AC on any Interest Person Transactions.

As part of efforts by the AC in keeping abreast of changes to accounting standards and issues, the AC is kept updated by the external auditors on new financial reporting standards during the year.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The primary line of reporting of the internal auditors is to the AC Chairman.

CORPORATE GOVERNANCE

The IA was engaged in FY2022 to undertake the review of material internal controls on a significant subsidiary of the Group. All findings and recommendations of the IA were submitted to the AC for deliberation with copies of these reports extended to the CEO and the relevant senior management officers. The Group has implemented the recommendations of the IA based on its internal audit work performed for FY2022 and continues to maintain sufficient safeguards and controls over the Group's operations. The AC also continues to monitor that such safeguards and controls are in place.

The AC reviews the adequacy and effectiveness of the internal audit function of the Group annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. For FY2022, the AC noted that the IA had carried out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA is an outsourced professional firm with persons who are engaged in the Group's internal audit, possessing the relevant internal audit qualifications and experience. The AC is satisfied that the IA is independent and adequately resourced to perform its function effectively. The AC has assessed and is satisfied with the adequacy, effectiveness and independence of the internal audit function.

(D) SHAREHOLDERS 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.

The Board is committed to provide clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, half-yearly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNET.

Shareholders are encouraged to attend the AGM of the Company to ensure a greater level of shareholder participations and for them to be kept up to date as to the strategies and goals of the Group. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. The documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at <https://cfmholdings.com/>, the SGX website at <https://www.sgx.com/securities/company-announcements> and the notice is also advertised in a newspaper.

To facilitate participation of the shareholders, the Company's Constitution allow a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings.

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the Board Committees, are in attendance to answer queries from shareholders. Shareholders are given the opportunity to submit their views and questions to the Directors and Management on matters relating to the Group and its operations in advance of the AGM. The Board members also avail themselves after general meetings to solicit and understand the view of the shareholders. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management would be published on the SGXNET and the Company's website within one (1) month from the AGM.

All resolutions are put to vote by poll and the voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNET upon the conclusion of the general meetings.

The Company does not practice bundling of resolutions. Each resolution is separately tabled at the general meeting.

The Company's Constitution does not allow for absentia voting at the general meetings of shareholders.

CORPORATE GOVERNANCE

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. However, the Company will establish and maintain regular dialogue with shareholders to gather views or inputs and their concerns.

DIVIDEND POLICY

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make an appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNET.

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.

It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcement via SGXNET and such announcement made and press releases of the Group are available on the Company's website at <https://cfmholdings.com/>.

The Company's half-yearly and full year results announcement are issued via SGXNET. The Company also publishes the presentation slides used during the briefings on SGXNET and on its website <https://cfmholdings.com/>. Once the annual report for FY2022 is completed, a copy of the same will be made available on the website and published via SGXNet.

The Company does not have a formal investor relations policy due to its size and operations but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet. The Company will consider the appointment of a professional investor relation officers to manage the function should the need arises. Investor may reach the Company through the email : irc@cfmholdings.com for any published matters of the Company.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

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 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. Such stakeholders include employees, community, government, regulators, shareholders and investors. The Company engages its stakeholders through various channels including the Company's website at <https://cfmholdings.com> to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

CORPORATE GOVERNANCE

The Company engaged with stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve management strategies, as well as to sustain business operations for long-term growth.

The stakeholders are entities or individuals who are either directly or indirectly involved in the Company are aligned with those of the stakeholders the Company and may be significantly impacted by how the Group operates. The key stakeholders include the financial institutions, investors, shareholders, government, regulators, employees, customers and vendors. The Company identified and prioritised the factors and ranked them in accordance with importance to the stakeholders and importance to the Group.

The Group has undertaken a process to determine the environmental, social and governance ("ESG") factors which are important to these stakeholders. A more detailed elaboration on the Company's sustainability strategy and key areas of focus in relation to the management of stakeholder relationship is set out in the Sustainability Report 2022 which is published separately from the annual report.

DEALINGS IN SECURITIES

The Company has adopted its own guidelines based substantially on the provisions of Rule 1204(19) of the Catalist Rules of the SGX-ST. These internal guidelines apply to dealings in securities by certain employees (including directors and other officers) of the Group. The Company send notification via email to notify all its officers and directors one (1) month prior to the close of window for trading of the Company's securities. In addition, the directors and officers of the Company are advised not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities & Futures Act, Chapter 289 of Singapore at all times even when dealing in securities within the permitted trading period.

The Company, its directors and officers should not deal in the listed securities of the Company for a period of one (1) month before the half year and full year results, or if they are in possession of unpublished price-sensitive information.

INTERESTED PERSON TRANSACTION ("IPT")

The Company has established procedures to ensure that all transaction with IPT is reported on a timely manner to the AC. All IPTs are subject to review by the AC to ensure that all such transactions are conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the SGX-ST's Catalist Rules on Interested Person Transactions. To ensure compliance, the Company has taken the following steps:

- (a) Compliance with Chapter 9 is an integral part of the credit approval process for the Company; and
- (b) An annual update of directors' personal particulars is obtained.

There was no IPT transaction exceeding \$100,000 conducted during the financial period under review.

CORPORATE GOVERNANCE

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

Risk Appetite of the Group The Group relies on Management to monitor day to day operations. Key corporate decisions, such as investments or acquisitions of businesses are subjected to the Board approval. The Group's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Group has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence.

Risk Assessment and Monitoring The nature and extent of risks to the Group will be assessed regularly by key management personnel and risk reports covering top risks to the Group will be submitted to the AC when it arises. The Board has also received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

MATERIAL CONTRACTS

Save for the executive directors' service contracts, there were no material contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Company and its subsidiaries involving the interest of the CEO, any director or controlling shareholder of the Company during the period under review.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, Asian Corporate Advisors Pte. Ltd. during the financial year ended 30 June 2022.

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE

NAME	ACADEMIC/ PROFESSIONAL QUALIFICATIONS/ AFFILIATIONS	BOARD APPOINTMENT EXECUTIVE/ NON- EXECUTIVE/ INDEPENDENT	DATE OF APPOINTMENT	DATE LAST RE-ELECTED	DIRECTORSHIP/ CHAIRMANSHIPS IN OTHER LISTED COMPANIES IN SINGAPORE (PRESENT & HELD OVER THE PRECEDING THREE YEARS) & OTHER PRINCIPAL COMMITMENTS
Ip Kwok Wing	Hong Kong Secondary School	Executive Chairman	28 April 2000	25 October 2019	Other Listed Companies Nil Other principal commitments Nil
Lim Fong Li Janet	Bachelor of Science in Business Administration and Master's Degree in Marketing Communication	Chief Executive Officer	28 April 2000	28 October 2021	Other Listed Companies Nil Other principal commitments Nil
Chia Seng Hee	Bachelor of Accountancy, National University of Singapore Masters of Arts in International Relations, International University of Japan General Manager Program, Harvard Business School	Non-Executive Lead Independent Director	29 October 2021	Not Applicable	Other Listed Companies Present : MM2 Asia Limited Ying Li International Real Estate Limited CDW Holdings Ltd Over preceding 3 years: Combine Will International Holdings Ltd Debao Property Development Ltd China Shenshan Holdings Ltd Other principal commitments Nil
Lo Kim Seng	Advocate & Solicitor of Singapore, Solicitor of New South Wales (non-practising), Australia and Solicitor of England and Wales (non-practising)	Non-Executive Independent Director	1 July 2020	28 October 2020	Other Listed Companies Present: No Signboard Holdings Ltd Over preceding 3 years: Fragrance Group Limited Ecowise Holdings Limited Other principal commitments Director, Bayfront Law LLC
Teo Kian Huat	Bachelor of Accountancy	Non-Executive Independent Director	29 October 2021	Not Applicable	Other Listed Companies Present: Nil Over preceding 3 years: Nil Other principal commitments Senior Director, iCapital Holdings (SG) Pte Ltd

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of CFM Holdings Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the balance sheet of the Company for the financial year ended 30 June 2022.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 39 to 89 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 30 June 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) 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.

DIRECTORS

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

Ip Kwok Wing	-	Executive Chairman	
Lim Fong Li Janet	-	Chief Executive Officer	
Chia Seng Hee	-	Lead Independent Director	(Appointed on 29 October 2021)
Teo Kian Huat	-	Independent Director	(Appointed on 29 October 2021)
Lo Kim Seng	-	Independent Director	

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

NAME OF DIRECTOR	NUMBER OF ORDINARY SHARES			
	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR		SHAREHOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF THE FINANCIAL YEAR	AT END OF THE FINANCIAL YEAR	AT BEGINNING OF THE FINANCIAL YEAR	AT END OF THE FINANCIAL YEAR
The Company				
Ip Kwok Wing	74,319,300	74,319,300	61,601,150	61,601,150
Lim Fong Li Janet	61,601,150	61,601,150	74,319,300	74,319,300

Ip Kwok Wing and Lim Fong Li Janet are deemed to have interest in each other shares held by virtue of their relationship as spouses.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2022.

By virtue of Section 7 of the Act, Ip Kwok Wing and Lim Fong Li Janet are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

CFM PERFORMANCE SHARE PLAN

The Company has an employee performance share plan which was implemented on 30 April 2015 (the "PS Plan"). The PS Plan allows the Company to target specific performance objectives and to provide an incentive for participants who are awarded fully-paid shares under the PS Plan ("Participants") for free of charge. The PS Plan applies to executive directors, non-executive directors (including Independent Directors) and group employees.

The awards granted under this PS Plan will be determined at the sole discretion of the Remuneration Committee ("RC"), comprising of Chia Seng Hee, Lo Kim Seng and Teo Kian Huat, which will oversee and administer the PS Plan. In considering the grant of an award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected employee. In respect of the grant of an award to a Participant who is also a member of the RC, the Participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of new shares which may be issued pursuant to awards granted under the PS Plan shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) on the day shareholders approve the PS Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the PS Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST").

At the end of the financial year, there were no performance shares issued by the Company since the implementation of the PS Plan on 30 April 2015.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") during the year and at the date of this statement are:

Chia Seng Hee - Chairman	(Appointed on 29 October 2021)
Lo Kim Seng	
Teo Kian Huat	(Appointed on 29 October 2021)
Ross Yu Limjoco	(Retired on 28 October 2021)

The AC carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the AC met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

The AC also reviewed the following:

- (a) assistance provided by the Company's management to the internal and independent auditors;
- (b) half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (c) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

3 October 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CFM Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 39 to 89, which comprise the balance sheets of the Group and the Company as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 Auditor's 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 for our opinion.

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 period. 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 matters.

Impairment review of investment in subsidiaries in Company's financial statements

As disclosed in Note 12 to the financial statements, the net carrying amount of the investment in subsidiaries is stated at \$16,435,000 after deducting impairment loss of \$6,142,000 as at 30 June 2022. During the financial year, the Company recognised reversal of impairment loss of \$5,779,000.

The assessment of recoverable amount of the Company's investment in subsidiaries is considered to be significant to our audit as the carrying amount of investment in subsidiaries is material to the Company's financial statements and the assessment requires application of judgement and use of subjective assumptions by management.

Management assessed the recoverable amount of its investment in subsidiaries based on value in use ("VIU") of the investment in subsidiaries. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant judgement for the key assumptions in the forecasted revenue and forecasted gross profit margin. The DCF model also include other assumptions on terminal growth rate and weighted average cost of capital ("WACC"). A small change in the key assumptions used in VIU could affect the recoverable amount of investment in subsidiaries.

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment review of investment in subsidiaries in Company's financial statements (cont'd)

How the matter was addressed in our audit:

We obtained an understanding of management's impairment assessment process for their assessment of the recoverable amount of the Company's investment in subsidiaries.

We obtained management's assessment of the VIU and the key inputs to the DCF model which includes forecasted revenue, forecasted gross profit margin, forecasted expenditures, forecasted terminal growth rate and WACC. We have assessed these key inputs by comparing the forecasts to recent performance as well as involving our internal valuation specialist in assessing the WACC computation for reasonableness.

We assessed the sensitivity of the key assumptions on the impairment assessments based on reasonably possible changes in the key assumptions.

We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2022, but does not include the financial statements and our auditor's report thereon.

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 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, 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), and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's 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 auditor's 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.

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 auditor's 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 auditor's 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 auditor's 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 AUDITOR'S REPORT

To the Members of CFM Holdings Limited

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 of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

3 October 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

	NOTE	GROUP	
		2022 \$'000	2021 \$'000
Revenue	4	26,851	20,694
Cost of sales		(20,136)	(16,183)
Gross profit		6,715	4,511
Other income	5	679	818
Marketing and distribution expenses		(241)	(270)
Administrative and other expenses		(4,204)	(4,113)
Impairment allowance for trade receivables	29(b)	(290)	–
Finance costs	6	(226)	(293)
Profit before tax	7	2,433	653
Tax expense	9	(545)	(236)
Profit for the financial year		1,888	417
Other comprehensive (loss)/income for the financial year, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(533)	123
Total comprehensive income for the financial year		1,355	540
		CENTS	CENTS
Earnings per share (EPS)	10		
Basic and diluted		0.94	0.21

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At 30 June 2022

	NOTE	GROUP		COMPANY	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Property, plant and equipment	11	3,501	12,028	–	–
Investment in subsidiaries	12	–	–	16,435	10,656
Total non-current assets		3,501	12,028	16,435	10,656
Current assets					
Inventories	13	4,343	3,541	–	–
Trade receivables	14	5,903	5,084	–	–
Other receivables and prepayments	15	334	172	4	5
Amounts due from subsidiaries	16	–	–	319	470
Cash and bank balances	17	4,214	3,330	69	161
		14,794	12,127	392	636
Non-current asset classified as held for sale	18	7,487	–	–	–
Total current assets		22,281	12,127	392	636
Total assets		25,782	24,155	16,827	11,292
Non-current liabilities					
Borrowings	19	783	4,983	–	–
Lease liabilities	20	89	2,391	–	–
Deferred tax liabilities	21	260	338	45	45
Total non-current liabilities		1,132	7,712	45	45
Current liabilities					
Trade payables		2,332	2,184	–	–
Contract liabilities	22	134	282	–	–
Other payables	23	2,481	1,751	307	203
Amounts due to subsidiaries	16	–	–	692	336
Lease liabilities	20	126	272	–	–
Borrowings	19	4,537	655	–	–
Income tax payable		449	389	37	188
		10,059	5,533	1,036	727
Liabilities directly associated with disposal of non-current asset classified as held for sale	18	2,326	–	–	–
Total current liabilities		12,385	5,533	1,036	727
Total liabilities		13,517	13,245	1,081	772
Net assets		12,265	10,910	15,746	10,520
Equity					
Share capital	24	22,963	22,963	22,963	22,963
Accumulated losses	25	(10,253)	(12,141)	(7,217)	(12,443)
Foreign currency translation reserve		(445)	88	–	–
Total equity		12,265	10,910	15,746	10,520

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

	SHARE CAPITAL \$'000	ACCUMULATED LOSSES \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	TOTAL EQUITY \$'000
2022				
Balance at 1 July 2021	22,963	(12,141)	88	10,910
Profit for the financial year	–	1,888	–	1,888
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising on consolidation	–	–	(533)	(533)
Total comprehensive income/(loss) for the financial year	–	1,888	(533)	1,355
Balance at 30 June 2022	22,963	(10,253)	(445)	12,265
2021				
Balance at 1 July 2020	22,963	(12,558)	(35)	10,370
Profit for the financial year	–	417	–	417
Other comprehensive income for the financial year, net of tax				
- Currency translation differences arising on consolidation	–	–	123	123
Total comprehensive income for the financial year	–	417	123	540
Balance at 30 June 2021	22,963	(12,141)	88	10,910

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	NOTE	GROUP	
		2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit before tax		2,433	653
Adjustments for:			
Depreciation on property, plant and equipment		1,099	1,093
(Gain)/loss on disposal of property, plant and equipment		(2)	2
Inventories written down		105	93
Inventories written off		71	108
Inventories written back		(109)	(237)
Impairment allowance for trade receivables		290	–
Interest expenses		226	293
Interest income		(4)	–
Gain on lease termination		(4)	–
Unrealised (gain)/loss on foreign currency exchange		(35)	2
Operating cash flows before working capital changes		4,070	2,007
Inventories		(1,054)	(618)
Receivables and prepayments		(1,439)	(1,593)
Trade and other payables and contract liabilities		859	1,137
Foreign currency translation adjustments		(5)	(19)
Cash generated from operations		2,431	914
Interest received		4	–
Income tax paid		(513)	(143)
Net cash generated from operating activities		1,922	771
Cash flows from investing activities			
Purchases of property, plant and equipment	11(d)	(187)	(188)
Proceeds from disposal of property, plant and equipment		2	–
Net cash used in investing activities		(185)	(188)
Cash flows from financing activities			
Repayment of borrowings		(354)	(695)
Repayment of lease liabilities		(228)	(198)
Interest paid		(226)	(293)
Proceeds from borrowings		110	–
Fixed deposits pledged with financial institutions		–	(127)
Net cash used in financing activities		(698)	(1,313)
Net increase/(decrease) in cash and cash equivalents		1,039	(730)
Cash and cash equivalents at beginning of the financial year		3,119	3,813
Effect of exchange rate changes on cash and cash equivalents		(155)	36
Cash and cash equivalents at end of the financial year	17	4,003	3,119

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

1. CORPORATE INFORMATION

The Company (Co. Reg. No. 200003708R) is incorporated and domiciled in Singapore and is a public limited company listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST").

The address of its registered office and principal place of business is at 4 Ang Mo Kio Avenue 12, CFM Building, Singapore 569498.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

The ultimate controlling party of the Group is Ip Kwok Wing and his spouse, Lim Fong Li Janet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency and all information presented in Singapore dollar are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables (other than lease liabilities and non-current borrowings) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Revenue recognition

Sales of metal components and cleanroom products

Revenue from sales of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is the amount of consideration in the sales contract to which the Group expects to be entitled in exchange for transferring the promised goods. Revenue is recognised at the point when the goods are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability upon cash receipts from customers and recognised as revenue when the Group satisfies the performance obligation under its contract.

Rendering of logistics services

Revenue from logistics services are recognised at a point in time when control over the goods to be delivered is transferred to the customer and the timing of which is determined by the delivery. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. The Group will bill the customer when the service has been performed and the customer is given a credit term of 30 days, which is consistent with market practice.

Sales of tooling products

Revenue from sales of tooling products is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability at the time of the initial sales transaction and recognised as revenue when the Group satisfies the performance obligation under its contract.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Storage services

Revenue from storage services is recognised over time on a monthly basis when the services are rendered and billed at the commencement of each month.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue recognition (cont'd)

Rental income

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other components of non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(e) Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is 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 asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land. Depreciation is calculated on a straight-line method to allocate the depreciable amounts of other property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Freehold buildings	20
Leasehold land and buildings	18 - 20
Renovation	5
Office equipment	3 - 5
Machinery and equipment	5
Furniture and fittings	3 - 5
Toolings	5
Motor vehicles	3 - 5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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

(f) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an 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.

Recoverable amount is higher of fair value less costs of disposal and value in use. In estimating 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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 previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and conditions are accounted for as follow:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f).

The Group applies SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* to the right-of-use assets and lease liabilities that meet the criteria to be classified as held for sale.

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct cost incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liability is provided on all taxable temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments for the Group include trade receivables, other receivables (excluding prepayments and goods and services tax) and cash and bank balances.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

(k) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value and exclude pledged deposits.

(l) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave, and goods and services tax), lease liabilities and borrowings. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

(n) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(p) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

(q) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised 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 balance sheet date.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

(t) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(v) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the entity's accounting policies (cont'd)

Determining the lease term (cont'd)

For leases of leasehold land and building, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease; and
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment assessment of investment in subsidiaries - Company level

The Company reviews the investment in subsidiaries at the balance sheet date to determine whether there is any indication of impairment.

Management assessed the recoverable amount of the Company's investment in subsidiaries based on value in use ("VIU") of the investment in subsidiaries. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant judgement for the key assumptions in the forecasted revenue and forecasted gross profit margin. The DCF model also include other assumptions on terminal growth rate and weighted average cost of capital ("WACC"). A small change in the key assumptions used in VIU could affect the recoverable amount of investment in subsidiaries.

The carrying amount of the Company's investment in subsidiaries as at 30 June 2022 is disclosed in Note 12.

Property, plant and equipment and right-of-use assets

The Group reviews the useful lives and residual values of property, plant and equipment and right-of-use assets at each reporting date in accordance with the accounting policy in Notes 2(e) and 2(h). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment and right-of-use assets at 30 June 2022 and the annual depreciation charge for the financial year ended 30 June 2022 are disclosed in Note 11.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and right-of-use assets, and the depreciation charge for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Write-down of inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to estimate the net realisable value and to determine any write down is to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements.

At 30 June 2022, the carrying amount of inventories of the Group after the write-down is disclosed in Note 13.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying value of trade and other receivables at balance sheet date are disclosed in Note 29(b).

Income taxes

The Group has exposures to income taxes in various jurisdictions. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determined is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be 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 year in which such determination is made.

At 30 June 2022, the carrying amounts of the Group's and the Company's current tax payables were \$449,000 (2021: \$389,000) and \$37,000 (2021: \$188,000) respectively and deferred tax liabilities were \$260,000 (2021: \$338,000) and \$45,000 (2021: \$45,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

4. REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by service lines and timing of revenue recognition.

	GROUP	
	2022 \$'000	2021 \$'000
Revenue stream and timing of revenue recognition		
<i>At a point in time</i>		
- Sales of metal components	23,101	16,958
- Logistic services	70	264
- Sales of cleanroom products	1,977	1,876
- Sales of tooling products	1,332	1,300
<i>Over time</i>		
- Storage services	371	296
	26,851	20,694
Revenue recognised during the financial year from:		
Amounts included in contract liabilities at the beginning of the financial year	148	182

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5. OTHER INCOME

	GROUP	
	2022 \$'000	2021 \$'000
Government grants	29	195
Interest income	4	–
Rental income	488	503
Unrealised gain on foreign currency exchange	35	–
Realised gain on foreign currency exchange	71	–
Others	52	120
	679	818

Government grant income included \$Nil (2021: \$147,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government co-funded gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. FINANCE COSTS

	GROUP	
	2022	2021
	\$'000	\$'000
Interest expenses:		
- Lease liabilities	86	88
- Bank loans and banker's acceptances	140	205
	226	293

7. PROFIT BEFORE TAX

	GROUP	
	2022	2021
	\$'000	\$'000
Profit before tax is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
- auditor of the Company	66	64
- other auditors*	51	62
Non-audit fees paid/payable to:		
- auditors of the Company	20	-
- other auditors*	-	-
Depreciation of property, plant and equipment (Note 11)	1,099	1,093
Directors' fees paid/payable to non-executive directors of the Company	67	57
Inventories written back (Note 13)	(109)	(237)
Inventories written down (Note 13)	105	93
Inventories written off (Note 13)	71	108
Unrealised (gain)/loss on foreign currency exchange	(35)	2
Realised (gain)/loss on foreign currency exchange	(71)	54
(Gain)/loss on disposal of property, plant and equipment	(2)	2
Gain on lease termination	(4)	-
Lease expense - short term leases (Note 20)	213	73
Professional fees	339	224
Staff costs (Note 8)	8,141	7,306

* Includes independent member firms of the Baker Tilly International network.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. STAFF COSTS

	GROUP	
	2022	2021
	\$'000	\$'000
Salaries and bonuses	6,632	5,873
Contributions to defined contribution plans	358	335
Other benefits	1,151	1,098
	8,141	7,306

9. TAX EXPENSE

	GROUP	
	2022	2021
	\$'000	\$'000
Tax expense attributable to profits is made up of:		
- Current income tax provision	781	275
- Deferred tax	(4)	(22)
	777	253
Over provision in respect of previous financial years		
- current income tax	(186)	(2)
- deferred tax	(46)	(15)
	(232)	(17)
	545	236

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic statutory rate of income tax applicable to the countries where the Group operates due to the following factors:

	GROUP	
	2022	2021
	\$'000	\$'000
Profit before tax	2,433	653
Tax at the domestic rates applicable to profit in the countries where the Group operates	629	188
Income not subject to tax	(40)	(128)
Expenses not deductible for income tax purposes	331	98
Tax rebates and exemptions	(6)	(1)
Over provision of tax in prior years	(232)	(17)
Current year loss for which no deferred tax asset is recognised	-	77
Change in unrecognised temporary differences	(127)	19
Others	(10)	-
	545	236

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. TAX EXPENSE (CONT'D)

The reconciliation is prepared by aggregating separate reconciliations using the domestic rate in each individual jurisdiction under which the Group's major components operate. For these components which are located in Singapore, Malaysia, Slovak Republic and The People's Republic of China, the applicable domestic tax rates used are 17% (2021: 17%), 24% (2021: 24%), 21% (2021: 21%) and 25% (2021: 25%) respectively.

At the balance sheet date, the Group has unutilised tax losses and unabsorbed capital allowances amounting to \$4,545,000 (2021: \$4,810,000) and \$Nil (2021: \$111,000) respectively that are available for carry forward to offset against future taxable income subject to the compliance with the tax regulations of the respective countries in which the Group companies are incorporated and the approval by the relevant tax authorities.

The potential deferred tax assets on the following temporary differences have not been recognised at the balance sheet date as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised:

	GROUP	
	2022	2021
	\$'000	\$'000
<i>Unrecognised deductible temporary differences:</i>		
Unabsorbed capital allowances	–	111
Unutilised tax losses	4,545	4,810
Other deductible temporary differences	1,702	1,977
	6,247	6,898

The income tax benefits from tax losses carried forward is available for an unlimited period subject to the conditions imposed by law, except for unrecognised tax losses of \$316,000 (2021: \$681,000) which will expire progressively over the next 10 years, subject to the conditions imposed by the Malaysian tax authorities.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following:

	GROUP	
	2022	2021
Net profit attributable to equity holders of the Company (\$'000)	1,888	417
Number of shares ('000)		
Weighted average number of ordinary shares in issue	201,535	201,535

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to shareholders of the Company by the weighted average number of fully-paid ordinary shares in issue during the financial year.

The denominators used are the same as those detailed above for both basic and diluted earnings per share as there is no dilutive share outstanding during the relevant period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND		LEASEHOLD LAND AND BUILDINGS		RENOVATION		OFFICE EQUIPMENT		MACHINERY AND EQUIPMENT		FITTINGS AND TOOLS		MOTOR VEHICLES		TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2022															
Cost															
At 1.7.2021	750	3,066	12,900	1,059	1,243	16,980	207	488	913						37,606
Additions	-	-	40	1	29	229	18	-	-	-	-	-	-	-	317
Lease modification	-	-	(37)	-	-	-	-	-	-	-	-	-	-	-	(37)
Reclassified as held for sale	-	-	(10,753)	-	-	-	-	-	-	-	-	-	-	-	(10,753)
Disposals/ write-off	-	-	-	(31)	(49)	-	(24)	-	-	(5)	-	-	-	-	(109)
Exchange differences	(46)	(313)	(46)	(17)	(33)	(654)	(3)	(43)	(20)	-	-	-	-	-	(1,175)
At 30.6.2022	704	2,753	2,104	1,012	1,190	16,555	198	445	888						25,849
Accumulated depreciation															
At 1.7.2021	-	1,913	3,471	1,041	945	16,480	157	477	797						25,281
Depreciation charge (Note 7)	-	135	710	9	33	160	4	4	44						1,099
Reclassified as held for sale	-	-	(3,266)	-	-	-	-	-	-	-	-	-	-	-	(3,266)
Lease modification	-	-	(18)	-	-	-	-	-	-	-	-	-	-	-	(18)
Disposals/ write-off	-	-	-	(31)	(41)	-	(24)	-	(5)	-	-	-	-	-	(101)
Exchange differences	-	(207)	(17)	(17)	(34)	(600)	(2)	(40)	(19)	-	-	-	-	-	(936)
At 30.6.2022	-	1,841	880	1,002	903	16,040	135	441	817						22,059
Accumulated impairment losses															
At 1.7.2021	-	-	-	-	133	137	27	-	-	-	-	-	-	-	297
Disposals/ write-off	-	-	-	-	(8)	-	-	-	-	-	-	-	-	-	(8)
At 30.6.2022	-	-	-	-	125	137	27	-	-	-	-	-	-	-	289
Carrying amount															
At 30.6.2022	704	912	1,224	10	162	378	36	4	71						3,501

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	FREEHOLD LAND		FREEHOLD BUILDINGS		LEASEHOLD LAND AND BUILDINGS		RENOVATION		OFFICE EQUIPMENT		MACHINERY AND EQUIPMENT		FURNITURE AND FITTINGS		TOOLINGS		MOTOR VEHICLES		TOTAL	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
2021																				
Cost																				
At 1.7.2020	748	3,006	12,857	1,059	1,228	16,626	207	479	910	37,120										
Additions	-	-	66	-	23	165	-	-	-	254										
Lease modification	-	-	(30)	-	-	-	-	-	-	(30)										
Disposals/ write-off	-	-	-	-	(14)	-	-	-	-	(14)										
Exchange differences	2	60	7	-	6	189	-	9	3	276										
At 30.6.2021	750	3,066	12,900	1,059	1,243	16,980	207	488	913	37,606										
Accumulated depreciation																				
At 1.7.2020	-	1,821	2,799	991	909	16,137	146	467	742	24,012										
Depreciation charge (Note 7)	-	52	707	50	43	175	11	2	53	1,093										
Lease modification	-	-	(37)	-	-	-	-	-	-	(37)										
Disposals/ write-off	-	-	-	-	(12)	-	-	-	-	(12)										
Exchange differences	-	40	2	-	5	168	-	8	2	225										
At 30.6.2021	-	1,913	3,471	1,041	945	16,480	157	477	797	25,281										
Accumulated impairment losses																				
At 1.7.2020 and 30.6.2021	-	-	-	-	133	137	27	-	-	297										
Carrying amount																				
At 30.6.2021	750	1,153	9,429	18	165	363	23	11	116	12,028										

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	OFFICE EQUIPMENT \$'000
2022	
Cost	
At 1.7.2021 and 30.6.2022	4
Accumulated depreciation	
At 1.7.2021 and 30.6.2022	4
Carrying amount At 30.6.2022	–
2021	
Cost	
At 1.7.2020	11
Write-off	(7)
At 30.6.2021	4
Accumulated depreciation	
At 1.7.2020	11
Write-off	(7)
At 30.6.2021	4
Carrying amount	
At 30.6.2021	–

- (a) Included in property, plant and equipment are right-of-use assets with carrying value of \$1,340,000 (2021: \$3,893,000) (Note 20).
- (b) The net carrying amounts of property, plant and equipment which have been charged to financial institutions for credit facilities and borrowings granted to the Group are as follows:

	GROUP	
	2022 \$'000	2021 \$'000
Freehold land	522	542
Freehold buildings	329	316
Leasehold land and buildings	1,175	9,277
	2,026	10,135

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Details of land and buildings of the Group are as follows:

LOCATION	DESCRIPTION	TENURE	APPROXIMATE BUILD-UP AREA (SQM)	HELD BY
No. 4 Ang Mo Kio Avenue 12, Singapore 569498 ¹	Office/factory	Leasehold	5,733	Cheong Fatt Holdings Pte. Ltd.
No. 4, Jalan Haji Sa'at, Sungai Tiram 81800 Ulu Tiram, Johor Darul Takzim Malaysia	Office/factory	Freehold	4,905	Hantong Metal Component Sdn. Bhd.
Radlinskeho 17, 052 01 Spisska Nova Ves Slovak Republic	Office/factory	Freehold	5,253	CFM Slovakia s.r.o.
Lot no.83 & 84 Jalan PKNK 1/8 Kawasan Perusahaan Sungai Petani LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah, Malaysia	Office/factory	Leasehold	8,391	Hantong Metal Component (Penang) Sdn. Bhd.
Batu 14 ¾ Jalan Sungai Tiram, Johor Darul Takzim Malaysia	Vacant land	Freehold	–	Hantong Metal Component Sdn. Bhd.

Note

1 As disclosed in Note 32(i), this leasehold building has been reclassified to non-current asset classified as held for sale.

(d) Net cash outflow for additions of property, plant and equipment are as follows:

	GROUP	
	2022 \$'000	2021 \$'000
Aggregate cost of property, plant and equipment acquired	317	254
Less: Acquired through new lease arrangement (Note 20(a))	(130)	(66)
Net cash outflow for purchase of property, plant and equipment	187	188

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	22,577	22,577
Less: Impairment losses	(6,142)	(11,921)
	16,435	10,656
Movements in the impairment losses are as follows:		
Balance at beginning of the financial year	11,921	11,221
Additional impairment loss	–	700
Reversal of impairment loss	(5,779)	–
Balance at end of the financial year	6,142	11,921

(a) Details of the subsidiaries held by the Company are:

Name	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EQUITY INTEREST	
			2022	2021
			%	%
<i>Held by the Company</i>				
Cheong Fatt Holdings Pte. Ltd. ⁽²⁾	Singapore	Warehousing and logistics services	100	100
Hantong Metal Component Sdn. Bhd. ⁽¹⁾	Malaysia	Manufacturing of metal plates and metal stamping	100	100
Hantong Metal Component (Penang) Sdn. Bhd. ⁽¹⁾	Malaysia	Manufacturing of metal plates and metal stamping	100	100
CFM Slovakia s.r.o. ⁽⁵⁾	Slovak Republic	Manufacturing of metal plates and metal stamping	100	100
CFM (USA), Inc. ⁽⁴⁾	The United States of America	Dormant	100	100
Dalian CFM Precision Tooling Co., Ltd ⁽³⁾	The People's Republic of China	Manufacturing and fabricating engineering tools	100	100
CFM Infratrade Pte. Ltd. ⁽²⁾	Singapore	Trading and supplying disposable and wearable for use in clean room, bio-medical, laboratories and hospitals	100	100

(1) Audited by independent member firms of Baker Tilly International in the respective countries.

(2) Audited by Baker Tilly TFW LLP, Singapore.

(3) Audited by Huanyu Certified Public Accountants, The People's Republic of China.

(4) Not required to be audited by law of country of incorporation.

(5) Audited by Kreston Slovakia, Slovakia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Company level - Impairment review of investment in subsidiaries

- (i) During the financial year, management performed an impairment test for the investment in CFM Infratrade Pte. Ltd. ("CFM Infratrade") as this subsidiary showed improved performance. The recoverable amount of the investment in CFM Infratrade has been determined based on a value in use calculation using cash flow projections approved by management covering a five-year period and taking into consideration the market uncertainty. The compound annual growth rate for revenue and pre-tax discount rate applied to the cash flow projections are 2% (2021: 6%) and 15.5% (2021: 13.0%) respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 1.5% (2021: Nil%). A reversal of impairment loss of \$250,000 is recognised for the financial year ended 30 June 2022 as the recoverable amount of \$1,683,000 is higher than the carrying amount. In 2021, an impairment loss of \$500,000 was recognised to reduce the carrying amount to its recoverable amount of \$1,433,000.

With regards to the value in use calculation, a reasonably possible 2% (2021: 2%) increase/decrease in forecasted revenue growth rate would increase/decrease the recoverable amount by \$357,000 (2021: \$114,000).

- (ii) During the financial year, management performed an impairment test for the investment in Hantong Metal Component Sdn. Bhd. ("HTJB") as this subsidiary showed improved performance. The recoverable amount of the investment in HTJB has been determined based on value-in-use calculation using cash flow projections from forecasts approved by management covering a five-year period. The compound annual growth rate for revenue and pre-tax discount rate applied to the cash flow projections are 4% and 16.9% respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 4%. A reversal of impairment loss of \$735,000 is recognised for the financial year ended 30 June 2022 as the recoverable amount of \$1,379,000 is higher than the carrying amount.

With regards to the value in use calculation, a reasonably possible 0.5% increase/decrease in gross profit margin would increase/decrease the recoverable amount by \$203,000.

In 2021, management performed an impairment test for the investment in HTJB due to loss incurred in the financial year and the negative impact of the COVID-19 pandemic on its operations. The recoverable amount of the investment in HTJB was computed based on fair value less cost of disposal ("FVLCD"). The FVLCD was determined based on fair valuation of HTJB taking into account the fair values of underlying assets and liabilities of HTJB, which mainly comprised freehold land and building. An impairment loss of \$200,000 was recognised to reduce the carrying amount to its recoverable amount of \$644,000.

- (iii) During the financial year, the management performed an impairment test for the investment in Cheong Fatt Holdings Pte. Ltd. ("Cheong Fatt") due to its proposed disposal of a property at No. 4 Ang Mo Kio Avenue 12 Singapore 569498. The recoverable amount of the investment in Cheong Fatt has been determined based on a value in use calculation using cash flow projections approved by management covering a two-year period and taking into consideration the sale of property in the next financial year. The cash flow projection takes into consideration the pre-tax discount rate of 9.3% used to extrapolate cash flow projections. A reversal of impairment loss of \$3,156,000 is recognised for the financial year ended 30 June 2022 as the recoverable amount of \$7,847,000 is higher than the carrying amount.

- (iv) During the financial year, management performed an impairment test for the investment in Dalian CFM Precision Tooling Co., Ltd ("CFM Dalian") as this subsidiary showed improved performance. The recoverable amount of the investment in CFM Dalian has been determined based on a value-in-use calculation using cash flow projections from forecasts approved by management covering a five-year period. The compound annual growth rate for revenue and pre-tax discount rate applied to the cash flow projections are 1% and 13.2% respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 2%. A reversal of impairment loss of \$1,638,000 is recognised for the financial year ended 30 June 2022 as the recoverable amount of \$1,638,000 is higher than the carrying amount.

With regards to the value in use calculation, a reasonably possible 2% increase/decrease in forecasted revenue growth rate would increase/decrease the recoverable amount by \$179,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. INVENTORIES

	GROUP	
	2022	2021
	\$'000	\$'000
Raw materials	2,141	1,459
Work in progress	510	638
Finished goods	1,692	1,444
	4,343	3,541

Raw materials, consumables and changes in finished goods and work in progress included as cost of sales during the financial year amounted to \$19,057,000 (2021: \$15,423,000).

Inventories are stated at net realisable value after deducting inventories write-down of \$105,000 (2021: \$93,000) (Note 7) and inventories write-off of \$71,000 (2021: \$108,000) (Note 7).

The Group had recognised a reversal of \$109,000 (2021: \$237,000) (Note 7) as the inventories were sold above their carrying amounts. The reversal was included in cost of sales.

14. TRADE RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Third parties	6,193	5,084	–	–
Less: Impairment allowance for trade receivables (Note 29(b))	(290)	–	–	–
	5,903	5,084	–	–

15. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Deposits	148	93	–	–
Prepayments	149	48	2	1
Sundry debtors	40	34	2	4
	337	175	4	5
Less: Impairment allowance for other receivables (Note 29(b))	(3)	(3)	–	–
	334	172	4	5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	GROUP	
	2022 \$'000	2021 \$'000
<i>Current assets</i>		
Receivables due from subsidiaries (non-trade)	297	449
Loan to a subsidiary - interest at 6.0% per annum	22	21
	319	470
<i>Current liabilities</i>		
Amounts due to subsidiaries	(692)	(336)

Current assets

The non-trade receivables amounting to \$297,000 (2021: \$449,000) are unsecured, interest-free and repayable on demand.

Loan to a subsidiary is unsecured and repayable on demand. During the financial years ended 30 June 2022 and 30 June 2021, the Company has agreed to waive the interest charges on loan to a subsidiary.

Current liabilities

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and payable on demand.

17. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	4,003	3,119	69	161
Fixed deposits	211	211	-	-
	4,214	3,330	69	161

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2022 \$'000	2021 \$'000
Cash and bank balances	4,003	3,119
Fixed deposits	211	211
	4,214	3,330
Fixed deposits pledged	(211)	(211)
	4,003	3,119

Group

Fixed deposits amounting to \$211,000 (2021: \$211,000) are pledged with financial institutions as securities for loans and credit facilities granted to the Group. At the balance sheet date, the fixed deposits earn interest ranging 0.58% to 2.10% (2021: 2.10%) per annum and mature within 10 to 12 months (2021: 10 to 12 months) from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL OF NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

As disclosed in Note 32(i), the Group has entered into an option to sell the leasehold property to a third party and the third party had exercised the option on 28 June 2022. The related assets and liabilities have been reclassified and presented separately on the consolidated balance sheet as "non-current asset classified as held for sale" and "liabilities directly associated with disposal of non-current asset classified as held for sale" respectively.

	GROUP
	2022
	\$'000
Details of disposal of leasehold property classified as held for sale are as follows:	
Property, plant and equipment	5,256
Right-of-use assets	2,231
	7,487
Liabilities directly associated with disposal of non-current asset classified as held for sale:	
Lease liabilities	2,326

19. BORROWINGS

		GROUP	
	NOTE	2022	2021
		\$'000	\$'000
Current			
<i>Secured</i>			
Bank loan I	(a)	–	210
Bank loan II	(b)	105	108
Bank loan III	(c)	4,035	–
Bankers' acceptances	(d)	397	337
		4,537	655
Non-current			
<i>Secured</i>			
Bank loan I	(a)	–	4,072
Bank loan II	(b)	783	911
		783	4,983
		5,320	5,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

19. BORROWINGS (CONT'D)

Details of the borrowings are as follows:

- (a) Bank loan I bears interest at Nil% (2021: 0.95%) per annum below the Enterprise Base Rate ("EBR"). The EBR as at 30 June 2022 is Nil% (2021: 5.85%) per annum. This construction loan has been converted into mortgage loan on 1 January 2016, which is repayable over 20 years.

The mortgage loan is secured by:

- (i) Fixed and floating charge on all present and future property at No.4 Ang Mo Kio Avenue 12, Singapore 569498, including assets and liabilities of the Company;
- (ii) Undertakings in connection with the operations of the leasehold property as approved by Housing Development Board;
- (iii) Corporate guarantee by the Company; and
- (iv) First legal mortgage of a property of two directors.

During the financial year, the outstanding loan amount was refinanced by bank loan III.

- (b) Bank loan II bears interest at 3.90% (2021: 3.40%) per annum and is repayable in 180 monthly instalments commencing August 2015. It is secured by a first charge over the subsidiary's leasehold land and building with a net carrying amount of \$1,175,000 (2021: \$1,296,000) and fixed deposits of a subsidiary.
- (c) Bank loan III bears interest at 1.18% (2021: Nil%) per annum above 3-month Singapore Interbank Offered Rates ("SIBOR") and is repayable over 15 years.

The mortgage loan is secured by:

- (i) Fixed deposit pledged with financial institutions;
- (ii) All-monies legal mortgage over the property at 4 Ang Mo Kio Avenue 12, Singapore 569498; and
- (iii) Undertakings in connection with the operations of the leasehold property as approved by Housing Development Board.

The mortgage loan relates to the non-current asset classified as held for sale. As disclosed in Note 32(i), the Group has entered into an option to sell the leasehold property to a third party and the third party had exercised the option on 28 June 2022. Therefore, the outstanding balance of the loan was expected to be settled within the next 12 months from the balance sheet date and accordingly, the loan was presented as a current liability as at 30 June 2022.

- (d) Bankers' acceptances bear interest at 2.59% to 3.55% (2021: 2.67% to 3.23%) per annum and are secured by a first and legal charge over the subsidiary's freehold land and building with a net carrying amount of \$851,000 (2021: \$858,000) and a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

19. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	LEASE LIABILITIES (NOTE 20) \$'000	BORROWINGS \$'000	TOTAL \$'000
Balance at 1 July 2020	2,782	6,338	9,120
Changes from financing cash flows:			
- Repayment	(198)	(695)	(893)
- Interest paid	(88)	(205)	(293)
Non-cash changes:			
- Interest expense	88	205	293
- Addition	66	-	66
- Lease modification	7	-	7
Effect of changes in foreign exchange rates	6	(5)	1
Balance at 30 June 2021	2,663	5,638	8,301

	LEASE LIABILITIES (NOTE 20) \$'000	LOAN FROM A THIRD PARTY (NOTE 23) \$'000	BORROWINGS \$'000	TOTAL \$'000
Balance at 1 July 2021	2,663	-	5,638	8,301
Changes from financing cash flows:				
- Proceeds	-	40	70	110
- Repayment	(228)	-	(354)	(582)
- Interest paid	(86)	-	(140)	(226)
Non-cash changes:				
- Interest expense	86	-	140	226
- Addition	130	-	-	130
- Lease termination	(23)	-	-	(23)
- Reclassification to liabilities directly associated with disposal of non-current asset classified as held for sale	(2,326)	-	-	(2,326)
Effect of changes in foreign exchange rates	(1)	-	(34)	(35)
Balance at 30 June 2022	215	40	5,320	5,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

20. LEASES

(a) The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- (i) The Group leases various motor vehicles, machinery and equipment and office equipment and also makes annual lease payments for leasehold land. The right-of-use of these assets are classified as property, plant and equipment (Note 11).
- (ii) In addition, the Group leases certain other office equipment. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 29(b).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in consolidated balance sheet

	GROUP	
	2022 \$'000	2021 \$'000
<i>Carrying amount of right-of-use assets classified within property, plant and equipment</i>		
Leasehold land and building	1,224	3,811
Machinery and equipment	66	19
Motor vehicles	38	63
Office equipment	12	–
	1,340	3,893
<i>Carrying amount of right-of-use assets classified within non-current asset classified as held for sale</i>		
Leasehold land	2,231	–
<i>Carrying amount of lease liabilities</i>		
Current	126	272
Non-current	89	2,391
	215	2,663
<i>Carrying amount of lease liabilities classified within liabilities directly associated with disposal of non-current asset classified as held for sale</i>		
Current	2,326	–
<i>Additions to right-of-use assets</i>		
Leasehold land and building	41	66
Machinery and equipment	76	–
Office equipment	13	–
	130	66

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

20. LEASES (CONT'D)

(a) The Group as a lessee (cont'd)

Amounts recognised in profit or loss

	GROUP	
	2022 \$'000	2021 \$'000
<i>Depreciation charge for the financial year</i>		
Leasehold land and building	307	255
Machinery and equipment	9	–
Motor vehicles	24	31
Office equipment	1	3
	341	289
<i>Lease expense not included in the measurement of lease liabilities</i>		
Lease expense - short term leases (Note 7)	213	73
Interest expense on lease liabilities	86	88

Total cash flow for leases during the financial year amounted to \$527,000 (2021: \$359,000).

(b) The Group as a lessor

Nature of the Group's leasing activities - Group as a lessor

The Group leased out its leasehold building to various third parties for monthly lease payments. The leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasehold building are disclosed in Note 5.

Maturity analysis of lease payments - the Group as a lessor

Undiscounted lease payments from the operating leases to be received after the balance sheet date are as follows:

	GROUP	
	2022 \$'000	2021 \$'000
Less than one year	266	261

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

21. DEFERRED TAX LIABILITIES

Deferred tax liabilities arising from:

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Excess of net carrying amount over tax written down value of property, plant and equipment	250	324	–	–
Other temporary differences	10	14	45	45
	260	338	45	45

The movements in the deferred tax account are as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	338	362	45	45
Tax credit to profit or loss (Note 9)	(50)	(37)	–	–
Exchange differences	(28)	13	–	–
Balance at end of the financial year	260	338	45	45

22. CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers:

	GROUP			COMPANY		
	2022	2021	1.7.2020	2022	2021	1.7.2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables from contracts with customers (Note 14)	5,903	5,084	3,213	–	–	3
Contract liabilities	134	282	353	–	–	–

Contract liabilities for services rendered has decreased significantly due to lesser contracts in which the Group billed and received consideration ahead of provision of services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

23. OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Sundry creditors	466	237	92	55
Loan from a third party	40	–	40	–
Accrued operating expenses	1,909	1,457	109	90
Accrual for directors' fee	66	57	66	58
	2,481	1,751	307	203

The loan from a third party is non-trade in nature, unsecured, interest-free and repayable on demand.

24. SHARE CAPITAL

	GROUP AND COMPANY	
	2022	2021
	\$'000	\$'000
Issued and fully paid capital		
201,535,276 ordinary shares with no par value	22,963	22,963

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

25. ACCUMULATED LOSSES

Group

Included in accumulated losses of the Group is an amount of \$318,000 (2021: \$318,000) relating to legal reserve fund of a subsidiary. In accordance with the Slovak Commercial Code applicable to the subsidiary in the Slovak Republic, the subsidiary is required to make appropriation to a legal reserve fund based on a minimum amount of 5% of net profit annually, until the legal reserve fund exceeds at least 10% of the registered share capital. This fund can be used for covering the subsidiary's losses only and thus not available for dividend distribution to shareholders. No appropriation was made during the financial years ended 30 June 2021 and 2022 as the legal reserve fund is at least 10% of the registered share capital of the subsidiary.

	COMPANY	
	2022	2021
	\$'000	\$'000
Balance at beginning of the financial year	(12,443)	(11,634)
Income/(loss) and total comprehensive income/(loss) for the financial year	5,226	(809)
Balance at end of the financial year	(7,217)	(12,443)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

26. CONTINGENT LIABILITIES

Guarantees

	COMPANY	
	2022 \$'000	2021 \$'000
Corporate guarantees provided by the Company to financial institutions for banking facilities granted to subsidiaries	505	7,125
Amount utilised by the subsidiaries	397	4,619

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results and the accumulated losses of the Company for the financial years ended 30 June 2022 and 30 June 2021.

27. KEY MANAGEMENT PERSONNEL COMPENSATION

Total key management personnel compensation is analysed as follows:

	GROUP	
	2022 \$'000	2021 \$'000
Salaries and bonus	661	631
Directors' fees	67	57
Contributions to defined contribution plan	49	47
Other short-term benefits	19	21
	796	756

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products in the respective markets. The Group has four reportable operating segments as follows:

- i) Metal stamping - manufacturing of metal plates and metal stamping
- ii) Tooling - manufacturing and fabricating of engineering tools and die
- iii) Components and parts and others - trading of other components and parts, and warehousing and service logistic business
- iv) Cleanroom products - trading of disposables and wearables for use in cleanroom, bio-medical, laboratories and hospitals

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows:

	METAL STAMPING		TOOLING		COMPONENTS AND PARTS AND OTHERS		CLEANROOM PRODUCTS		ELIMINATIONS		CONSOLIDATED	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	23,101	16,958	1,332	1,300	441	560	1,977	1,876	-	-	26,851	20,694
- Sales to external customers	-	-	-	-	108	108	-	-	(108)	(108)	-	-
- Intersegment sales	2,742	1,098	285	(12)	301	364	443	333	-	-	3,771	1,783
Segment result												
Unallocated expenses											(1,112)	(837)
Finance costs											(226)	(293)
Profit before tax											2,433	653
Tax expense											(545)	(236)
Profit after tax											1,888	417
Group assets and liabilities												
Segment assets	18,936	16,431	59	14	7,537	8,268	2,202	2,035	(3,024)	(2,759)	25,710	23,989
Unallocated assets											72	166
Total assets											25,782	24,155
Segment liabilities	5,700	5,557	-	80	-	-	269	241	(999)	(1,661)	4,970	4,217
Unallocated liabilities											8,547	9,028
Total liabilities											13,517	13,245

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. SEGMENT INFORMATION (CONT'D)

	METAL STAMPING		TOOLING		COMPONENTS AND PARTS		CLEANROOM PRODUCTS		CONSOLIDATED	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other segment information										
Capital expenditure	180	171	–	–	–	3	7	14	187	188
Depreciation of property, plant and equipment	548	500	4	4	515	557	32	32	1,099	1,093
Impairment allowance for trade receivables	290	–	–	–	–	–	–	–	290	–

Segment results

Performance of each segment is evaluated based on segment profit which is measured differently from the net profit before tax in the consolidated financial statements. Corporate and finance expenses are not allocated to segments as these are managed on a Group basis.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than corporate assets and deferred tax assets which are classified as unallocated assets.

Corporate assets included assets from investment holding company.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than corporate liabilities, deferred tax liabilities, income tax payables, lease liabilities and borrowings which are classified as unallocated liabilities.

Corporate liabilities included liabilities from investment holding company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. SEGMENT INFORMATION (CONT'D)

Geographical information

The revenue and non-current assets by geographical segments are based on the geographical location of customers and assets.

	SINGAPORE		MALAYSIA		UNITED STATES OF AMERICA		SLOVAK REPUBLIC		REST OF EUROPE*		OTHERS**		GROUP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	3,709	2,825	6,721	4,861	3,562	2,507	3,300	2,695	6,274	5,101	3,285	2,705	26,851	20,694
Non-current assets	19	8,085	2,052	2,094	–	–	1,306	1,629	–	–	124	220	3,501	12,028
Other geographical information:														
Capital expenditure	13	17	92	101	–	–	58	69	–	–	24	1	187	188

* Rest of Europe comprise Czech Republic, Germany, Hungary, Italy, Netherland, Poland, Portugal, Romania and Switzerland.

** Others comprise substantially from The People's Republic of China and remaining from Indonesia and South Korea.

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding financial instruments and deferred tax assets.

Revenue is derived from one (2021: three) external customers who contributed more than 10% of the Group's revenue and are attributable to the segments as detailed below:

	GROUP	
	2022	2021
	\$'000	\$'000
Customer 1	5,462	3,546
Customer 2	–*	2,101
Customer 3	–*	2,129
	5,462	7,776

* Less than 10% of the Group's revenue

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts as at balance sheet date are as follows:

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Financial assets</i>				
At amortised costs	10,295	8,517	388	631
<i>Financial liabilities</i>				
At amortised costs	12,561	12,122	989	532

(b) Financial risk management

The Group, in its normal course of business, is exposed to credit risk, interest rate risk, foreign currency risk and liquidity and cash flow risk. The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risks as compared to previous financial year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the balance sheets, except for a notional amount of \$505,000 (2021: \$7,125,000) relating to corporate guarantees provided by the Company to financial institutions for banking facilities extended to subsidiaries as disclosed in Note 26.

The Group's and the Company's major classes of financial assets are cash and bank balances, and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

The credit risk for trade receivables and amounts due from subsidiaries based on the information provided to key management is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
By geographical areas				
Singapore	1,036	563	2	2
Malaysia	1,511	1,049	–	153
Slovak Republic	1,294	1,424	–	–
The People's Republic of China	1,058	1,541	317	315
United States of America	1,002	506	–	–
Others	2	1	–	–
	5,903	5,084	319	470
By types of debtors				
Subsidiaries	–	–	319	470
Non-related parties				
- Multi-national companies	4,460	3,559	–	–
- Other companies	1,443	1,525	–	–
	5,903	5,084	319	470

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

DESCRIPTION OF EVALUATION OF FINANCIAL ASSETS	BASIS FOR RECOGNITION AND MEASUREMENT OF ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 1 year past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors; and
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available).

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower 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 borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Movements in credit loss allowance

Movements in allowance for expected credit losses are as follows:

GROUP	TRADE	OTHER
	RECEIVABLES	RECEIVABLES
	\$'000	\$'000
2022		
Balance as at 1 July 2021	–	3
Loss allowance recognised in profit or loss during the year on:		
Lifetime ECL		
- simplified approach	29	–
- credit impaired	261	–
Balance at 30 June 2022	290	3
2021		
Balance as at 1 July 2020	149	3
Receivables written off as uncollectible	(149)	–
Balance at 30 June 2021	–	3

Trade receivables and other financial assets at amortised cost

The Group has applied the simplified approach in SFRS(I) 9 to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Group's financial assets:

GROUP	12-MONTH OR LIFETIME ECL	GROSS CARRYING AMOUNT \$'000	LOSS ALLOWANCE \$'000	NET CARRYING AMOUNT \$'000
2022				
Trade receivables	Lifetime ECL	6,193	(290)	5,903
Other receivables	Not applicable (Exposure limited)	181	(3)	178
Cash and bank balances	Not applicable (Exposure limited)	4,214	–	4,214
2021				
Trade receivables	Lifetime ECL	5,084	–	5,084
Other receivables	Not applicable (Exposure limited)	106	(3)	103
Cash and bank balances	Not applicable (Exposure limited)	3,330	–	3,330

The expected credit loss on other receivables and cash and bank balances are immaterial at 30 June 2022 and 30 June 2021.

The table below details the credit quality of the Company's financial assets:

COMPANY	12-MONTH OR LIFETIME ECL	GROSS CARRYING AMOUNT \$'000	LOSS ALLOWANCE \$'000	NET CARRYING AMOUNT \$'000
2022				
Amounts due from subsidiaries	12-month ECL	319	–	319
Cash and bank balances	Not applicable (Exposure limited)	69	–	69
2021				
Amounts due from subsidiaries	12-month ECL	470	–	470
Cash and bank balances	Not applicable (Exposure limited)	161	–	161

The expected credit loss on the Company's financial assets is immaterial at 30 June 2022 and 30 June 2021.

Financial guarantees

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries are financially able to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate risk exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 30 June 2022, there were no such arrangements, interest rate swap contracts or other derivative instruments that were outstanding.

The following table sets out the carrying amounts, by maturity of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Within one year-variable rates</i>				
Borrowings	4,537	655	–	–
<i>More than one year-variable rates</i>				
Borrowings	783	4,983	–	–

The Group's and the Company's certain borrowings are variable-rate financial instruments. No disclosure of the impact of a reasonably possible 100 basis point increase/decrease is made as insignificant.

Foregion currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Malaysian Ringgit ("MYR"), Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR"). There is no formal hedging policy with respect to foreign currency exposure. The Group's exposure to foreign currency risk is not significant.

At the balance sheet date, the Group and the Company have the following financial assets and financial liabilities which are denominated in USD:

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	266	410	23	76
Trade receivables	1,617	711	–	–
Trade payables	(62)	(38)	–	–
Other payables	(35)	(10)	–	–
Amounts due from subsidiaries	–	–	22	22
Net financial assets denominated in foreign currencies	1,786	1,073	45	98

No disclosure of the impact of a reasonably possible 10% change in USD/SGD rate is made as it is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Liquidity and cash flow risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	REPAYABLE ON DEMAND OR WITHIN 1 YEAR \$'000	WITHIN 2 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL \$'000
Group				
2022				
Trade payables	2,302	–	–	2,302
Other payables	2,397	–	–	2,397
Borrowings	5,378	553	347	6,278
Lease liabilities	133	94	–	227
Liabilities directly associated with disposal of non-current asset classified as held for sale	2,326	–	–	2,326
	12,536	647	347	13,530
2021				
Trade payables	2,158	–	–	2,158
Other payables	1,664	–	–	1,664
Borrowings	886	2,150	3,937	6,973
Lease liabilities	288	673	2,759	3,720
	4,996	2,823	6,696	14,515
Company				
2022				
Other payables	297	–	–	297
Amount due to subsidiaries	692	–	–	692
	989	–	–	989
2021				
Other payables	196	–	–	196
Amount due to subsidiaries	336	–	–	336
	532	–	–	532

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Liquidity and cash flow risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	COMPANY	
	2022 \$'000	2021 \$'000
Repayable on demand or not later than 1 year Financial guarantee contract (Note 26)	397	4,619

The Company does not consider it probable a claim will be made against the Company under the intragroup financial guarantee.

30. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, amounts due from subsidiaries, cash and bank balances, trade and other payables, amounts due to subsidiaries and current borrowings approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of non-current borrowings approximate their fair values as these financial instruments bear interest rates which approximate the market interest rates at the balance sheet date. These fair value measurements for disclosure purposes are categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return on capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 2021.

As disclosed in Note 25, a subsidiary of the Group is required to make appropriation to a legal reserve fund. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 30 June 2022 and 2021.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial liabilities, less cash and bank balances. Total capital is calculated as equity plus net debt. Equity includes equity attributable to equity holders of the Company less legal reserve fund.

	GROUP	
	2022	2021
	\$'000	\$'000
Net debt	6,021	8,792
Equity	11,947	10,592
Total capital	17,968	19,384
Gearing ratio	34%	45%

32. SUBSEQUENT EVENTS

- (i) On 16 June 2022, the Group entered into an option to sell the property at No. 4 Ang Mo Kio Avenue 12 Singapore 569498 ("the Option") for consideration price of \$13.35 million. The Option was exercised by the buyer, Hi-Beau Group Pte. Ltd. ("the Buyer") on 28 June 2022 and an announcement was released on 28 June 2022. The estimated gain from the sale of the property is approximately \$5.6 million.

The sale of the property is subject to:

- the Group and the Buyer obtaining JTC Confirmation and all other relevant Government Authorities ("Relevant Authorities"), if applicable, for the Group to sell and the Buyer to purchase all the interest of the Group in the property;
- the Buyer obtaining approval from JTC and Relevant Authorities including National Environment Agency and Public Utilities Board (if required) for the Buyer's proposed change of use of the property; and
- a satisfactory road line plan and satisfactory replies to legal requisitions filed with the various government departments (including the Land Transport Authority - Rapid Transit Systems) being received by the Buyer and/or his solicitors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

32. SUBSEQUENT EVENTS (CONT'D)

The property is owned by a subsidiary of the Company, Cheong Fatt Holdings Pte. Ltd.. The gross floor area and site area of the property are 6,551sqm and 2,620.4sqm respectively. The property is used for its business office, subletting of some units and floors, warehousing and logistics.

On 13 June 2022, an independent valuer, TEHO Property Consultants Pte. Ltd. was commissioned to establish the market value for the property and the property was valued at \$13,200,000. The valuation report has been prepared in accordance with the International Valuation Standards Council ("IVSC") (2017 Edition) definition of market value and adopted by Singapore Institute of Surveyors and Valuers ("SISV"). The methodology used is comparable sale method.

Based on the Catalist Rule 1006(a) and (c), the proposed disposal constitutes a major transaction as defined in Rule 1014 of the Listing Manual as it exceeds 50% of the total net assets of the Group and shareholders' approval of the proposed disposal is required in general meeting. The shareholders' approval was subsequently obtained on 17 August 2022 at the Extraordinary General Meeting ("EGM") of the Company and the result of the EGM was published on SGXnet on the same day.

- (ii) In respect of current financial year, the directors have proposed a final exempt dividend of 0.09924 cents per share amounting to a total of \$200,000. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.
- (iii) On 16 September 2022, a subsidiary of the Company, CFM Infratrade Pte. Ltd. entered with two sellers (the "Sellers") an offer to purchase (the "Offer") 2 properties located at 3 Ang Mo Kio Street 62, #05-15 and #05-16, Link@AMK, Singapore 569139 (the "Properties") for total consideration of \$2.1 million. The Properties are purchased for CFM Infratrade's daily operational use.

The Sellers have exercised the Offer on 21 September 2022. The Company has made 5% payment with goods and services tax amounting to \$112,350 and have signed the option for completion by 25 November 2022.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors dated 3 October 2022.

STATISTICS OF SHAREHOLDINGS

As at 26 September 2022

Issued and fully Paid-up Capital	:	\$23,099,267
Number of Ordinary Shares in issue (excluding treasury shares)	:	201,535,276
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.41	86	0.00
100 - 1,000	117	12.11	98,578	0.05
1,001 - 10,000	209	21.64	1,488,000	0.74
10,001 - 1,000,000	626	64.80	50,475,132	25.04
1,000,001 AND ABOVE	10	1.04	149,473,480	74.17
TOTAL	966	100.00	201,535,276	100.00

Substantial Shareholders

As shown in the Register of Substantial Shareholders:

	NO. OF ORDINARY SHARES	
	DIRECT INTEREST	DEEMED INTEREST
Ip Kwok Wing	74,319,300	61,601,150
Lim Fong Li Janet	61,601,150	74,319,300

Note:

Mr. Ip Kwok Wing and Mdm Lim Fong Li Janet are deemed interested in shares held by the other by virtue of their relationship as spouses.

STATISTICS OF SHAREHOLDINGS

As at 26 September 2022

TWENTY LARGEST SHAREHOLDERS

NO.		NO. OF SHARES	%
1	IP KWOK WING	74,319,300	36.88
2	LIM FONG LI JANET	61,601,150	30.57
3	OCBC SECURITIES PRIVATE LIMITED	3,264,900	1.62
4	PHILLIP SECURITIES PTE LTD	2,294,731	1.14
5	DBS NOMINEES (PRIVATE) LIMITED	1,642,714	0.82
6	IFAST FINANCIAL PTE. LTD.	1,639,800	0.81
7	UOB KAY HIAN PRIVATE LIMITED	1,353,471	0.67
8	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,287,400	0.64
9	YAP HUI MENG @ SIN HUI MENG	1,070,000	0.53
10	CHAN TIN JOR	1,000,014	0.50
11	NG BEE KEOW	1,000,000	0.50
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	999,500	0.50
13	HSBC (SINGAPORE) NOMINEES PTE LTD	821,000	0.41
14	TAN SIEW CHOO	795,000	0.39
15	RAFFLES NOMINEES (PTE.) LIMITED	677,100	0.34
16	LUO JINPING	670,000	0.33
17	CHIN SIEW LING	600,000	0.30
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	535,400	0.27
19	TAN WHYE DIEN	518,300	0.26
20	TAN KHEE BOON	512,600	0.25
		156,602,380	77.73

PUBLIC FLOAT

Based on the information available to the Company as at 26 September 2022, approximately 32.55% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Manual Section B: Rules of Catalyst.

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

CFM HOLDINGS LIMITED
(Company Registration No. 200003708R)
(Incorporated in The Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of CFM Holdings Limited (the "Company") will be held at SAFRA Toa Payoh 293 Lor 6 Toa Payoh, Singapore 319387 on Friday, 28 October 2022 at 2:00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

- To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2022 together with the Independent Auditors' Report thereon. **(Resolution 1)**
- To approve a tax exempt (one-tier) final cash dividend of 0.09924 Singapore cents per ordinary share for the financial year ended 30 June 2022. **(Resolution 2)**
- To re-elect the following Directors of the Company who retire pursuant to Article 107 of the Constitution of the Company, and being eligible, offered themselves for re-election.

(a) Mr. Ip Kwok Wing **(Resolution 3)**
(b) Mr. Lo Kim Seng **(Resolution 4)**
[See Explanatory Note (i)]
- To re-elect the following Directors of the Company who retire pursuant to Article 117 of the Constitution of the Company, and being eligible, offered themselves for re-election.

(a) Mr. Chia Seng Hee **(Resolution 5)**
(b) Mr. Teo Kian Huat **(Resolution 6)**
[See Explanatory Note (ii)]
- To approve the payment of Directors' fees of \$66,500 for the financial year ended 30 June 2022. (2021: \$58,350) **(Resolution 7)**
- To re-appoint Messrs. Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
- To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

- Authority to allot and issue shares and/or convertible securities

That pursuant to Section 161 of the Singapore Companies Act 1967 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalyst (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (a) or (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution, for the time being, of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 9)

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

9. Authority to allot and issue shares under the CFM Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act 1967, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the CFM Performance Share Plan (the "Plan") 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 vesting of awards under the Plan, provided the total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued shares of the Company (excluding any shares held in treasury and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 10)

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore,
13 October 2022

Explanatory Notes:

(i) Mr. Ip Kwok Wing, upon re-election as a Director of the Company, will remain as the Executive Chairman of the Company. Mr. Ip Kwok Wing is also a controlling shareholder of the Company. Please refer to page 97 to page 105 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Lo Kim Seng, upon re-election as a Director of the Company, will remain as Independent Director, the Chairman of the Nominating Committee, a member each of the Audit Committee and Remuneration Committee and the Board considers him Independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to on page 97 to page 105 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

(ii) Mr. Chia Seng Hee, upon re-election as a Director of the Company, will remain as Lead Independent Director, the Chairman each of the Audit Committee and Remuneration Committee, a member of the Nominating Committee and the Board considers him Independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to on page 97 to page 105 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Teo Kian Huat, upon re-election as a Director of the Company, will remain as Independent Director a member each of the Audit Committee, Remuneration Committee and Nominating Committee and the Board considers him Independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to on page 97 to page 105 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

(iii) The Ordinary Resolution 9, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) The Ordinary Resolution 10, if passed, will authorise the Directors of the Company to grant awards under the Plan in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act 1967, to allot and issue shares under the Plan.

The total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued Shares of the Company (excluding any shares held in treasury and subsidiary holdings) on the day shareholders approve the Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST.

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. (a) A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote at the annual general meeting ("Meeting") of the Company.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company.
4. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf.
5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 4 Ang Mo Kio Avenue 12 #05-01 Singapore 569498 or via email to irc@cfmholdings.com, not less than forty-eight (48) hours before the time appointed for holding the Meeting of the Company.

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM. In view of Section 81SJ(4) of the Securities and Futures Act 2001, Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least -seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM.

This notice has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

All documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at <https://cfmholdings.com/> and the SGX website at <https://www.sgx.com/securities/company-announcements>. The Company will mail Annual Report to the shareholders accordingly.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders may submit questions related to the resolutions to be tabled at the AGM via email to irc@cfmholdings.com or by post to No. 4 Ang Mo Kio Avenue 12 #05-01 Singapore 569498. Questions must be submitted not later than 2:00 p.m. on 21 October 2022 so that relevant and substantial queries may be addressed during the AGM proceedings. The responses would be published on SGX-Net and, if available, the Company's corporate website on 25 October 2022.

Any relevant and subsequent queries received after 21 October 2022 will be addressed at the AGM through the publication of the minutes of the AGM on SGXNet and the Company's website. Shareholders or their corporate representative must state his/her full name and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

The Company shall address relevant and substantial questions before or during the AGM and publish the minutes of the AGM on the SGXNet, and the Company's website within one (1) month after the date of AGM.

ATTENDANCE AT THE AGM

As the venue has limited sitting capacity, only shareholders whose names appear in the Depository Register as at 72 hours before the time appointed for holding the AGM shall be entitled to attend the AGM of the Company or appoint a proxy(ies) on his or her behalf.

Personal data privacy:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) or the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Ip Kwok Wing, Mr. Chia Seng Hee, Mr. Teo Kian Huat and Mr. Lo Kim Seng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 October 2022 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Catalist Rule 720(5) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F is set out below:

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
Date of Appointment	28 April 2000	29 October 2021	29 October 2021	1 July 2020
Date of last re-appointment	25 October 2019	NIL	NIL	28 October 2020
Age	70	61	50	61
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Ip Kwok Wing for re-appointment as Executive Chairman of the Company.</p> <p>The Board have reviewed and concluded that Mr Ip Kwok Wing possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Chia Seng Hee for re-appointment as Lead Independent Non-Executive Director of the Company, Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.</p> <p>The Board have reviewed and concluded that Mr Chia Seng Hee possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Teo Kian Huat for re-appointment as Independent Non-Executive Director, a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.</p> <p>The Board have reviewed and concluded that Mr Teo Kian Huat possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Lo Kim Seng for re-appointment as Independent Non-Executive Director, Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.</p> <p>The Board have reviewed and concluded that Mr, Lo Kim Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the overall management, strategic planning and technical activities of the Company	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Lead Independent Non-Executive Director, Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee	Independent Non-Executive Director, a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.	Independent Non-Executive Director, Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee
Working experience and occupation(s) during the past 10 years	Appointed as the Managing Director since the incorporation of the Group and is responsible for the Group's strategic planning and development of new products and markets.	See present directorships below.	<p>June 2021 to Present iCapital Holdings (SG) Pte. Ltd. Director</p> <p>April 2019 to August 2021 ZACD Capital Pte. Ltd. Executive Director</p> <p>September 2018 to March 2019 Carrington RHT Investments Pte. Ltd. (formerly known as RH Investments Pte. Ltd.) Managing Director</p> <p>January 2018 to March 2019 RHT Strategic Advisory Pte. Ltd. Advisor</p> <p>May 2010 to December 2017 Accion Capital Management Pte. Ltd. Partner</p>	<p>April 2018 to present: Bayfront Law LLC Director</p> <p>March 2013 to March 2018: Morgan Lewis Stamford LL Director</p> <p>2004 to February 2013: Duane Morris and Selvam LLP Director</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 74,319,300 ordinary shares and deemed interest 61,601,150 ordinary shares (held by Mdm Lim Fong Li Janet wife of Mr. Ip Kwok Wing and substantial shareholder of CFM Holdings Limited)	Nil	Nil	Nil
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	Spouse of Mdm Lim Fong Li Janet, who is the Chief Executive Officer and substantial shareholder of the Company Father of Mr. Kenneth Ip Yew Wa, the Company's Chief Operating Officer	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
Other Principal Commitments* Including Directorships# (for the last 5 year Present	<p><u>Other principal Commitments</u></p> <p>Nil</p> <p><u>Past Directorships (for the last 5 years)</u></p> <p>Nil</p> <p><u>Present Directorships</u></p> <ul style="list-style-type: none"> • CFM Holdings Limited • Cheong Fatt Holdings Pte. Ltd. • CFM Infratrade Pte. Ltd. • Hantong Metal Component Sdn. Bhd. • Hantong Metal Component (Penang) Sdn. Bhd. • Dalian CFM Precision Tooling Co., Ltd. 	<p><u>Other Principal Commitments</u></p> <p>Nil</p> <p><u>Past Directorships (for the last 5 years)</u></p> <ul style="list-style-type: none"> • China Shenshan Orchard Holdings Co. Ltd. • Debao Property Development Limited • Combine Will International Holdings Limited • Shanghai Turbo Enterprises Limited • Lifebrandz Limited • AGV Group Limited • Derong Real Estate Holdings Pte. Ltd. • Dynamic Real Estate Holdings Pte. Ltd. • Jack Global Consulting Pte. Ltd. • Legami Pte. Ltd. • Best Success (Hong Kong) Ltd. <p><u>Present Directorships</u></p> <ul style="list-style-type: none"> • CFM Holdings Limited • CDW Holding Limited • Ying Li International Real Estate Limited • MM2 Asia Limited • Jieyu Business Consulting (Chongqing) Limited Liability Company 	<p><u>Other Principal Commitments</u></p> <p>iCapital Holdings (SG) Pte. Ltd. Director</p> <p><u>Past Directorships (for the last 5 years)</u></p> <ul style="list-style-type: none"> • ZACD Capital Pte. Ltd. • Carrington RHT Investments Pte. Ltd. • Bixbite Pte. Ltd. • Laserblue Holdings Pte. Ltd. • ZACD (BBEC) Pte. Ltd. • ZACD LV Development Pte. Ltd. • ZACD LV Holdings Pte. Ltd. <p><u>Present Directorships</u></p> <ul style="list-style-type: none"> • CFM Holdings Limited • iCapital Holdings (SG) Pte. Ltd. • Anthea Holdings 1 Pte. Ltd. • Anthea Holdings Pte. Ltd. • One Raffles Partners LLP • Pivot Medical Pte. Ltd. • Soleil Venture Capital Pte. Ltd. • Red Eminent Limited 	<p><u>Other Principal Commitments</u></p> <p>Bayfront Law LLC Director</p> <p><u>Past Directorships (for the last 5 years)</u></p> <ul style="list-style-type: none"> • Morgan Lewis Stamford LLC • Ecowise Holdings Limited • Fragrance Group Limited • Bruxelles Investments Private Limited, • SGA Kaltim Pte. Ltd <p><u>Present Directorships</u></p> <ul style="list-style-type: none"> • Bayfront Law LLC • CFM Holdings Limited • No Signboard Holdings Ltd • Vidor Services Pte Ltd • Age Intertrade Singapore Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
<p>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.</p>				
(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 or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	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 was a director or an equivalent person or a key executive, at the time when he 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 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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he 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 is aware) for such purpose?	No	No	No	No
(e) Whether he 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 is aware) for such breach?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
(f) Whether at any time during the last 10 years, judgment has been entered against him 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 part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he 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	No	No
(h) Whether he 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	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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 was so concerned with the entity or business trust?</p>	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR. IP KWOK WING	MR. CHIA SENG HEE	MR. TEO KIAN HUAT	MR. LO KIM SENG
(k) Whether he 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	Yes On 16 Feb 2022, Debao Property Development Limited board collectively was reprimanded by the SGX for breaches in Listing Rules.	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

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CFM HOLDINGS LIMITED

Company Registration No. 200003708R
(Incorporated In The Republic of Singapore)

PROXY FORM

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is **NOT VALID** for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors should contact their respective CPF Agents Banks or SRS Operators to submit their votes and specify their voting instructions and to ensure that their votes are submitted, at least seven (7) working days by 2.00 p.m. on 18 October 2022 before the AGM and should contact their CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies.
2. By submitting an instrument appointing a proxy(ies) and/or representatives, a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We,* _____ (Full Name) _____ (NRIC no./Passport No./Company No.*)
of _____ (Full Address)
being a member/members* of CFM Holdings Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at SAFRA Toa Payoh 293 Lor 6 Toa Payoh, Singapore 319387 on Friday, 28 October 2022 at 2:00 p.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against, or to abstain from voting on the resolution(s) proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

The Proxy Form is made available on SGX-Net and the Company's corporate website.

(Please indicate your vote "For" or "Against" with a tick "✓" within the box provided. Alternatively, please indicate the no. of votes as appropriate.)

No.	Resolutions relating to:	By way of poll		
		For**	Against**	Abstain**
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2022 together with the Independent Auditors' Report thereon.			
2	To approve a tax exempt (one tier) final cash dividend of 0.09924 Singapore cents per ordinary share for the financial year ended 30 June 2022.			
3	Re-election of Mr. Ip Kwok Wing as a Director.			
4	Re-election of Mr. Lo Kim Seng as a Director.			
5	Re-election of Mr. Chia Seng Hee as a Director.			
6	Re-election of Mr. Teo Kian Huat as a Director.			
7	Approval of Directors' fees amounting to \$66,500 for the financial year ended 30 June 2022			
8	Re-appointment of Messrs. Baker Tilly TFW LLP as the Company's Auditors			
9	Authority to Issue New Shares			
10	Authority to Grant Awards and to Allot and Issue Shares under the CFM Performance Share Plan			

** If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____, 2022

Signature of Member(s) and/or,
Common Seal of Corporate Member

* Delete where inapplicable

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you 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 you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead.
3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.
4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" means:

- (a) A banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A proxy need not be a member of the Company.
 6. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
 7. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 4 Ang Mo Kio Avenue 12 #05-01 Singapore 569498 or via email to irc@cfmholdings.com or by post to No. 4 Ang Mo Kio Avenue 12 #05-01 Singapore 569498 not less than 48 hours before the time set for the AGM.
 8. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the AGM if he so wishes. Any appointment of a proxy or proxies by a member shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
 9. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorized. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.
 10. 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.
 11. The Company shall be entitled to reject an instrument of proxy or proxies 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 or proxies. 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 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 a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) 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 proxies and representative appointed for the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



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