Frencken Group Limited

ANNUAL REPORT 2023

The Annual Report's cover reflects the organization's strategic focus on achieving sustained profitable growth, targeting revenue growth and profit margin growth. The design elements meticulously manifest internally and externally, reflecting a collective commitment to success. The converging blocks in the design symbolize a united front aimed at leveraging team effort towards achieving higher margins, revenues, and overall business growth. Frencken's continued strength is shown in a more powerful weave of connectedness evolved from its dynamic digital mesh.

At its core, the Annual Report's cover strategically incorporates key elements represented by icons that align with the organization's goals. Profit margin, a central theme, represents the commitment to higher efficiencies and better margins. The collaboration showcases the importance of working together to unlock opportunities and address challenges. Sustainability and digital transformation reflect the organization's forward-thinking approach to business diversification and growth.

The Annual Report's cover encapsulates the visual testament to the organization's dedication to maximizing efforts, seizing opportunities, and manifesting success across various facets of its operations, from customer and sales to overall cash management.

Contents

Annual General Meeting of Frencken Group Limited

Thursday on
25 April 2024 at 2.30 p.m.

Pan Pacific Hotel, Ocean 6 (Level 2),
7 Raffles Boulevard, Marina Square, Singapore 039595

GROUP OPERATING STRUCTURE

Mechatronics Division

Europe
- Frencken Europe B.V.
  Eindhoven, The Netherlands
- Frencken Mechatronics B.V.
  Eindhoven, The Netherlands
- Machinefabriek Gebrs. Frencken B.V.
  Eindhoven, The Netherlands
- Optiwa B.V.
  Reuver, The Netherlands

America
- Frencken America Inc.
  Spokane, USA

Asia
- ETLA Limited
  Singapore
- Avimac Pte. Ltd.
  Singapore
- ETLA Technology (Wuxi) Co., Ltd.
  Wuxi, People's Republic of China
- Frencken Mechatronics (M) Sdn. Bhd.
  Bangi, Malaysia

Integrated Manufacturing Services Division

Asia
- Juken Technology Limited
  Singapore
- Juken Technology Engineering Sdn. Bhd.
  Selangor and Johor, Malaysia
- Juken (Thailand) Co., Ltd
  Bangkok, Thailand
- Juken (Zhuhai) Co., Ltd
  Zhuhai, People's Republic of China
- Frencken (Chuzhou) Co., Ltd
  Chuzhou, People's Republic of China
- Micro-Air (Tianjin) Technology Co., Ltd
  Tianjin, People's Republic of China
- Juken Uniproducts Pvt. Limited
  Noida, India

Europe
- Juken Swiss Technology AG
  Grenchen, Switzerland
- NTZ Nederland B.V.
  Rotterdam, The Netherlands

Other Division

Asia
- Penchem Technologies Sdn. Bhd.
  Penang, Malaysia

OUR BUSINESS

THE FRENCKEN ADVANTAGE

Frencken Group Limited ("Frencken") is a Global Integrated Technology Solutions Company that is listed on the Main Board of the Singapore Exchange.

We provide comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions for world-class multinational companies in the analytical life sciences, automotive, healthcare, industrial and semiconductor industries. We have also made our entry into the aerospace and materials engineering sectors.

Frencken has capabilities to offer end-to-end solutions to customers across the entire value chain - from product conceptualisation, integrated design, prototyping and new product introductions, to supply chain design and management, state-of-the-art value and volume manufacturing, and logistics services.

With 3,700 employees in 19 operating sites across Asia, Europe and the USA, Frencken offers global reach backed by local expertise to our growing base of customers. We unite the strengths of our strategically located businesses to create value for our customers.

INTEGRATED SOLUTIONS

Product Conceptualisation

Integrated Design

Prototyping

New Product Introductions

Supply Chain Design & Management

Value & Volume Manufacturing Services

Logistics Solutions

ONE-STOP GLOBAL INTEGRATED TECHNOLOGY SOLUTIONS PROVIDER

OUR BUSINESS (CONT'D)

MECHATRONICS DIVISION

Frencken designs and manufactures high precision and complex systems for renowned global Original Equipment Manufacturers in the analytical life sciences, healthcare, semiconductor and industrial automation markets. We serve market and technology leaders from our operating sites and global centres in Europe, Asia and the USA.

Our Mechatronics Division has core competencies in development & engineering, complex & high precision components, precision cleaning of parts, high level assembly, global supply chain management and process & quality control.

Build to customers' Product Design

- Optimise product design for manufacturability
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery

Develop and build to customers' Specifications

- Jointly develop product specification
- Product Conceptualisation
- Develop and build prototype
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery
- Supporting the product's life cycle

Build to customers' Roadmap

- Good grasp of market drivers and requirements, mapped to the customer's solutions roadmap
- Develop a solution / product from conceptualisation to serial production
- Product fitting into the customer's desired offering
- Production and managing the product's life cycle
- Frencken, your product design partner

GLOBAL CENTRES

oneMechatronics

Asia

- Bangi, Malaysia
- Singapore
- Wuxi, China

Europe

- Eindhoven, Netherlands
- Reuver, Netherlands

USA

- Spokane, USA

OUR BUSINESS (CONT'D)

IMS DIVISION

Frencken offers integrated contract design and manufacturing services to the automotive and consumer & industrial electronics segments. With over 30 years of experience, our IMS Division has developed extensive in-house capabilities at our operating sites worldwide.

IMS	Proven track record in product design, tooling design & manufacturing, and manufacturing & finishing of hi-precision plastic injection parts conforming to stringent automotive standards. Secondary processes for automotive decorative finishing, modules and final assembly & test.
IMS Coating	Proprietary PVD (Physical Vapour Deposition) solution which was developed in-house and deployed across the IMS Division. "Sustainable Green" environmentally friendly PVD surface coating technologies for plastic. Cost effective surface coating for automotive functional parts and interior decorative parts using our "Green" coating processes. Metallisation of plastic to replace metal parts in automotive radar antenna.
IMS Filter	Conceptualisation, design and manufacture of high quality, reliable and efficient oil filtration solutions for automotive. Automotive gearbox oil filtration systems for Internal Combustion Engine (ICE), Mild Hybrid Electric Vehicle (MHEV) and Plug in Hybrid Electric Vehicle (PHEV) and engine filters. Designed to customers' needs and specifications for superior filtration. Delivering cost effective performance and superior reliability.

GLOBAL CENTRES

IMS

Asia

- Noida, India
- Bangkok, Thailand
- Selangor, Malaysia
- Johor, Malaysia
- Singapore
- Zhuhai, China
- Tianjin, China
- Chuzhou, China

Europe

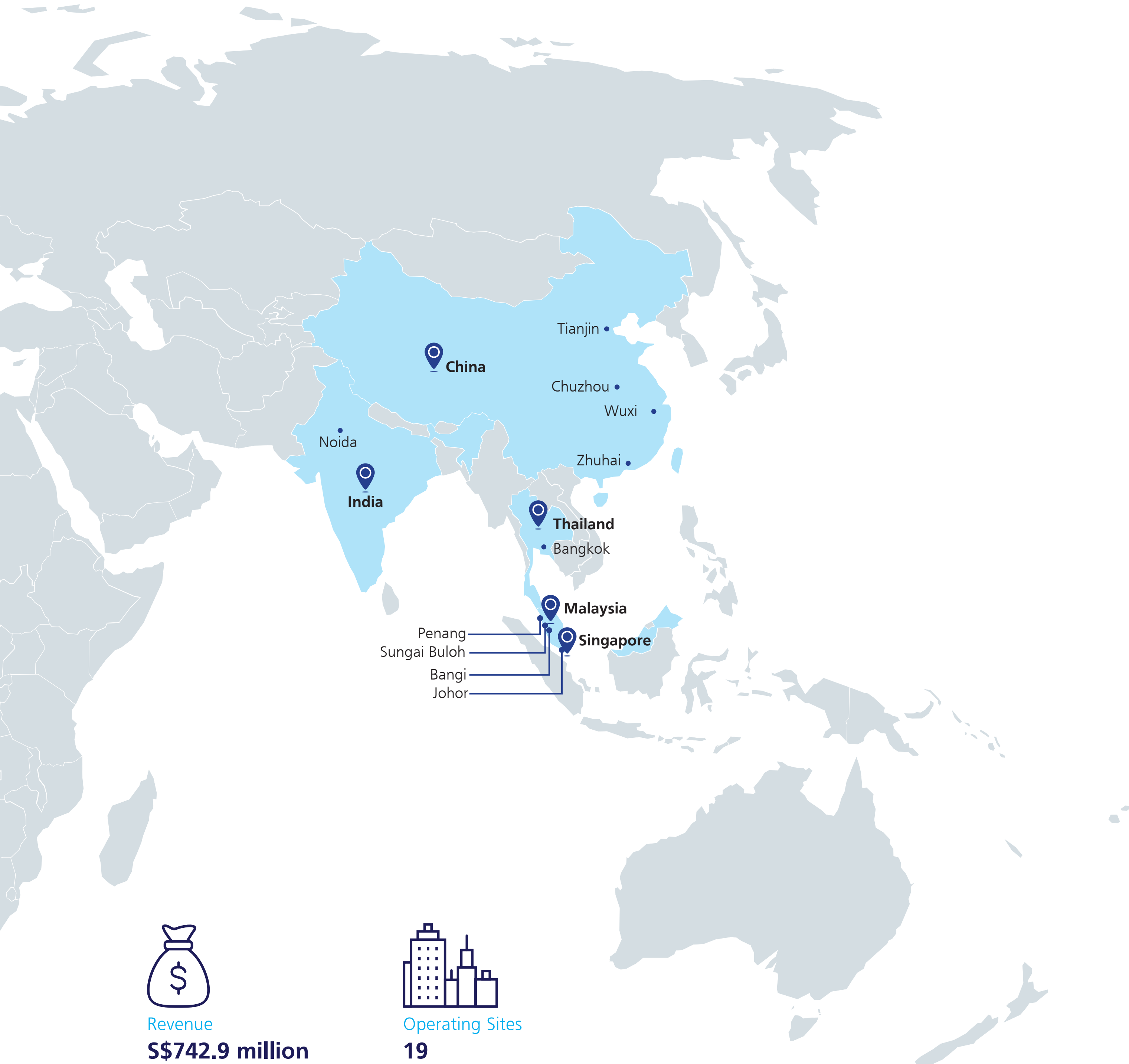
- Rotterdam, Netherlands
- Grenchen, Switzerland

OUR VALUE PROPOSITION

GLOBAL REACH, LOCAL EXPERTISE

Frencken has multiple engineering design centers and manufacturing sites spanning Asia, Europe and the USA. Our global footprint and local expertise enhance the value that we bring to customers by facilitating seamless engagement leading to faster time-to-profit.

United States	Netherlands	Switzerland	China	Thailand	Malaysia	Singapore	India
Spokane	Eindhoven Rotterdam Reuver	Grenchen	Tianjin Zhuhai - Jinding - Nanshui Chuzhou Wuxi	Bangkok	Sungai Buloh Bangi Johor Penang	Singapore	Noida



Revenue
S$742.9 million

Operating Sites
19

Employees
3,700

Public Corporation listed on
SGX

Countries Served
50+

OUR VALUE PROPOSITION (CONT'D)

DIVERSITY BRINGS RESILIENCE AND STABILITY

Frencken operates in a broad array of market segments, end-user markets and geographical regions. Our established presence in the analytical life sciences, automotive, healthcare, industrial and semiconductor markets has resulted in growth, resilience and stability for the Group.

The Group's business is built on a model of market diversity and strong partnerships with global companies that are market leaders in their respective industries. This has provided Frencken with a strong foundation to weather headwinds from global economic uncertainties and cyclical fluctuations of certain business sectors.

We take pride in our partnerships with customers to create world-class products. Our solutions, while not immediately visible to end-users, enable many of the products that surround us in our everyday lives.

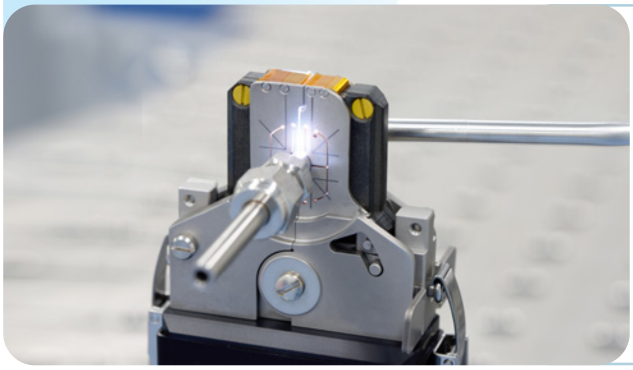
The smart devices you use, the water you drink, the food you eat, the car you drive and even your medical diagnostic tests. These are examples of customers' products to which Frencken has contributed in the design, technology or manufacturing of components, sub-assemblies, or the entire product.

BREADTH OF CAPABILITIES

AUTOMOTIVE

- Filters
- Interior plastic decorative parts
- Dashboard clusters, pointers and clocks
- Radar Antenna

ANALYTICAL LIFE SCIENCES



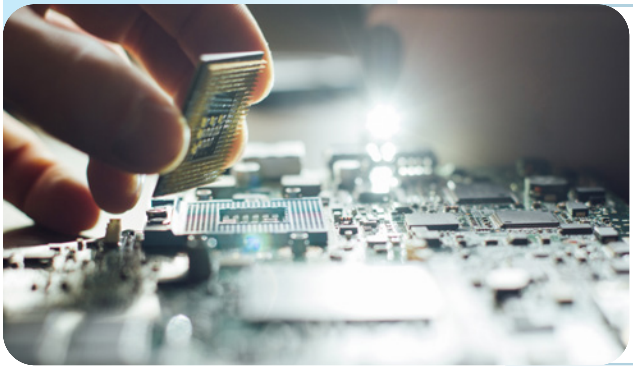
Components and sub-assemblies for
- Scanning electron microscope
- Mass spectrometry
- Gas / Liquid chromatography
- Spectroscopy
- Vacuum systems

OUR VALUE PROPOSITION (CONT'D)

HEALTHCARE

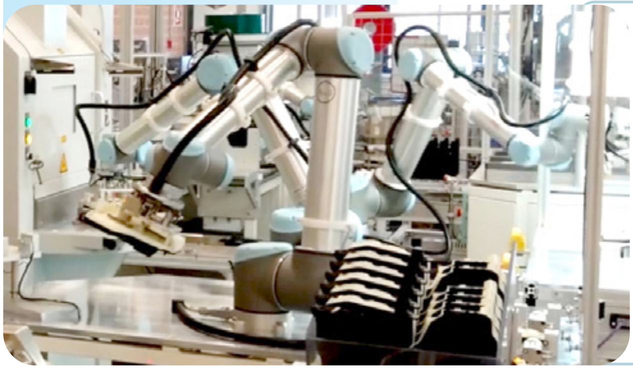
Components and sub-assemblies for
- CV (cardiovascular) patient table
- Histopathology digital scanner
- X-Ray gantry and telescopic tube
- Micro motor for heart implants

SEMICONDUCTOR



Components, sub-assemblies and complete equipment build-up for
- Wafer fabrication equipment
- Die bonding
- IC testers and manipulators
- Wafer and semiconductor inspection, metrology tools
- Assemblies for repair & maintenance and consumables for wafer fabrication equipment
- Customised motors for semiconductor wafer fabrication equipment

INDUSTRIAL



Components and sub-assemblies for
- Industrial automation
- Electric motors for custom applications
- Semiconductor wafer transfer robots
- Electrical switch-gear for industrial and home applications

OUR SOLUTIONS SURROUND AND ENABLE THE PRODUCTS AROUND YOU

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I wish to present Frencken Group Limited's annual report for the 12 months ended 31 December 2023 ("FY2023").

The business environment during FY2023 posed challenges for companies operating in the technology sector due to the steep cyclical downturn in the semiconductor industry, continuing inflationary cost pressures, elevated interest rates and heightened global geopolitical uncertainties. Moreover, the Group's strategic investments in the prior two years to expand our production capacity and upgrade our global manufacturing facilities had a near-term impact on our financial results.

Despite the challenges, the Group still reported a profitable performance in FY2023 albeit a softer result when compared to the previous financial year. On a positive note, the Group witnessed sequentially higher revenue and net profit in the second half of FY2023 ("2H23") as compared to 1H23. This was due mainly to continued demand for existing products and incremental sales of new programs at our Europe operations from key customers in the semiconductor and analytical life sciences segments.

Dato' Gooi Soon Chai
Non-Executive Non-Independent Chairman

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance for FY2023

As a consequence of the slower global economy and steep downturn of the semiconductor industry, the Group registered a 5.5% decrease in revenue to S$742.9 million in FY2023 from S$786.1 million in FY2022.

For FY2023, the Group registered net profit attributable to equity holders ("PATMI") of S$32.5 million, a decrease of 37.4% from S$51.9 million in FY2022. The softer bottom line was due mainly to lower revenue, inflationary cost pressures particularly at our Europe operations and higher depreciation expenses from capital investments to upgrade and expand our global manufacturing facilities.

The Mechatronics Division registered a 6.1% decrease in revenue to S$646.2 million in FY2023 from S$688.5 million in FY2022. Higher revenue from the semiconductor, medical and analytical life sciences segments of our operations in Europe helped to offset lower revenue from the industrial automation and semiconductor businesses of our operations in Asia. Revenue at the IMS Division eased 2.7% to S$93.8 million in FY2023 from S$96.4 million attributed mainly to lower revenue of the automotive segment.

Against this uncertain business backdrop, Frencken has maintained a sound financial position. As at 31 December 2023, the Group had cash and cash equivalents of S$142.6 million and shareholders' equity of S$401.2 million which is equivalent to a net asset value of 93.96 cents per share.

In line with our longstanding practice to reward shareholders for their continuous support, the Group has recommended the payment of a final tax-exempt (one-tier) dividend of 2.28 cents per share in respect of FY2023, representing a pay-out ratio of 30% of the Group's PATMI for FY2023. The dividend will be paid on 15 May 2024 after receiving approval from shareholders at our Annual General Meeting on 25 April 2024. Since listing on the Singapore Exchange in 2005, Frencken has consistently distributed dividends representing at least 30% of PATMI every year.

Reinforcing Our Core Capabilities

During FY2024, Frencken remained focused on our long-term goal to elevate our market position as a premier Global Integrated Technology Solutions Company. In spite of the slower market conditions, we continued to work on strategic initiatives to raise our value proposition, operational excellence and capabilities to ensure the Group delivers best-in-class quality and market timeliness. This entailed making astute investments to improve our capital resources, as well as in programs to enhance our human talent.

At the Mechatronics Division, we have continued to upgrade the capabilities of our manufacturing facilities in both Europe and Asia to support the demand requirements of customers. For our plants in the Netherlands, we invested in new machining equipment, clean rooms and ultraclean manufacturing. In Asia, capital investments were made at our plant in Singapore to enhance our competencies in sub-micron manufacturing. To expand the Group's mechatronics business in the USA, we have also drawn up plans to relocate our existing operations in Spokane, Washington to a larger manufacturing facility this year.

The IMS Division is also continuing with its transformation strategy to become an innovative and sustainable automotive solutions provider. In FY2023, we strengthened the division's operations in China by investing in additional capacity and new capabilities for production of automotive radar antennas. In addition, we have established new R&D centres in Zhuhai and Tianjin to advance our eco-PVD (Physical Vapour Deposition) technology.

While these expansion initiatives have a near-term effect on operating costs, we believe these strategic investments are integral to prepare the Group for future growth. Indeed, the greater capabilities of both divisions have already yielded positive results during FY2023. The Mechatronics Division has continued to increase its wallet share with key customers in the semiconductor and medical segments while the IMS Division has made greater strides in transforming its solutions for the automotive business.

CHAIRMAN'S STATEMENT (CONT'D)

Outlook and Strategy

Looking forward, Frencken will continue to adopt a cautious stance given the uncertain global economic climate, ongoing conflict in Ukraine and the Middle East, and prevailing challenges in the business environment. Nonetheless, the Group is confident of our ability to weather the current headwinds on the back of our financial strength, diverse exposure to multiple market segments and entrenched relationships with key customers who are among the market leaders in the high technology industry.

Furthermore, we believe the global technology sector remains on a long-term growth trajectory. Leveraging our global footprint and the strategic investments that we have made to enhance our manufacturing capabilities, Frencken offers an attractive and unique value proposition that should enable the Group to ride on the continued growth of the technology sector.

By creating innovative and sustainable integrated solutions, the Mechatronics Division will continue to focus on supporting and growing with our key customers in the semiconductor, analytical life sciences and medical sectors. With our advanced capabilities, the division is also looking to expand the scope of its solutions with the aim of increasing wallet share with our key customers.

The Group will also continue working on the transformation of the IMS Division. The new R&D centres in Zhuhai and Tianjin are expected to provide opportunities to make further inroads with our customers while the close partnership we have developed with Sweden-based Gapwaves should lead to further growth of our radar antenna business. As part of its transformation, the division will be expanding VA/VE (Value Analysis/Value Engineering) activities to optimise processes, as well as to drive efficiencies and continuous improvements.

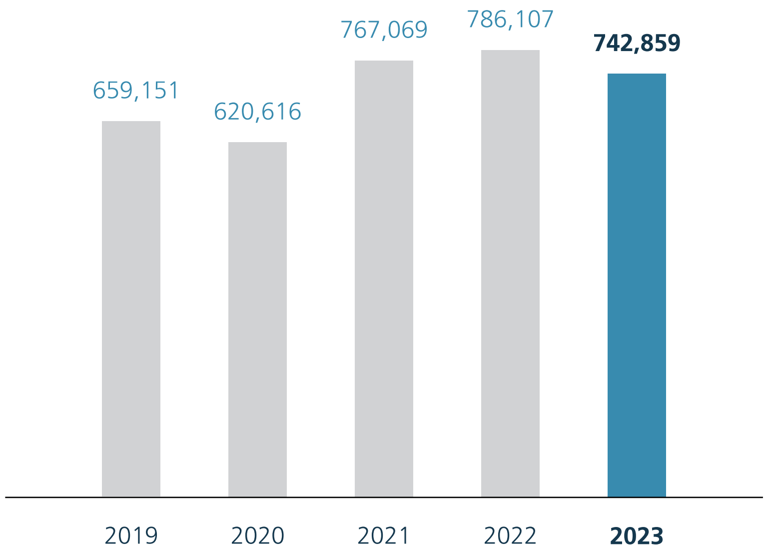
Our aim at Frencken is to continue working to deliver ethical, sustainable, profitable growth that creates value for all our stakeholders in the long term.

Appreciation

On behalf of the Board of Directors, I wish to thank the management and staff at our operations around the globe for their commitment and valuable contributions to the Group. We would also like to express our appreciation to our valued customers, shareholders, business partners and suppliers for their continuing support and patronage of Frencken.

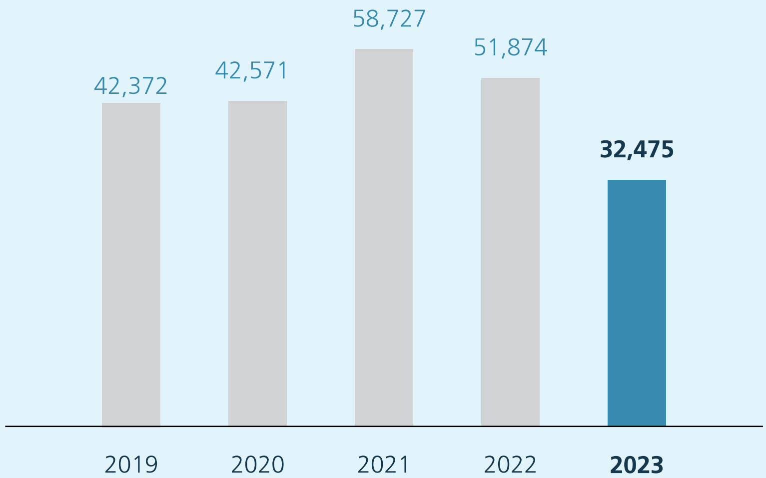
Dato' Gooi Soon Chai
Non-Executive Non-Independent Chairman

FINANCIAL SUMMARY



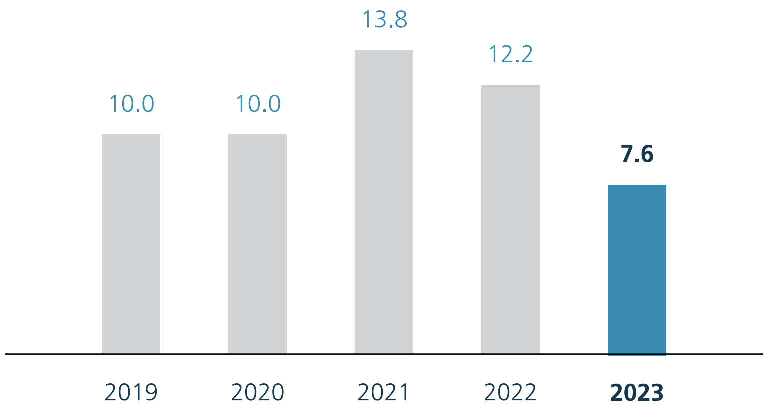
Revenue
($'000)

742,859



Profit attributable to equity holders
($'000)

32,475



Earnings per share - basic (cents)

7.6

FINANCIAL SUMMARY (CONT'D)

FINANCIAL YEAR	2019	2020	2021	2022	2023
Operating Results	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	659,151	620,616	767,069	786,107	**742,859**
Operating profit [1]	59,353	58,929	71,924	66,643	**46,338**
Profit attributable to equity holders	42,372	42,571	58,727	51,874	**32,475**
Financial Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	506,196	563,793	688,145	725,208	**735,286**
Total liabilities	208,045	227,510	309,116	328,789	**330,008**
Shareholders' equity	295,373	333,955	376,162	391,888	**401,246**
Key Ratios					
Net profit on turnover (%)	6.4	6.9	7.7	6.6	**4.4**
Return on average equity (%)	15.1	13.5	16.5	13.5	**8.2**
Net cash to equity (%)	23.4	32.1	25.4	14.8	**12.6**
Earnings per share - basic (cents)	10.0	10.0	13.8	12.2	**7.6**
- diluted (cents)	10.0	10.0	13.7	12.1	**7.6**
Net assets value per share (cents)	69.6	78.3	88.1	91.8	**94.0**
Dividend per share (cents)	3.00	3.00	4.13	3.64	**2.28**
Share Price and Market Capitalisation	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Highest	97.5	132.0	249.0	197.0	**137.0**
Lowest	39.0	47.5	120.0	77.5	**80.0**
Average	64.2	91.9	182.5	127.0	**103.7**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Average market capitalisation	272,383	391,928	779,321	542,322	**442,825**
Average shareholders' equity	280,133	314,664	355,059	384,025	**396,567**
Market value differential [2]	(7,750)	77,264	424,262	158,297	**46,258**

(1) Operating profit represents profit before interest, share of results of an associate (net of tax), tax and exceptional items
(2) This represents the difference between the average market capitalisation and average shareholders' equity for the year

FINANCIAL HIGHLIGHTS

		2022	2023	CHANGE
1.	**Operating Results**	$'000	$'000	%
	Revenue	786,107	**742,859**	(5.5)
	Profit attributable to equity holders	51,874	**32,475**	(37.4)
	Net profit on turnover (%)	6.6	**4.4**	(33.3)
2.	**Divisional Performance**	$'000	$'000	%
	Mechatronics - Revenue	688,452	**646,219**	(6.1)
	- Operating profit [1]	55,356	**36,267**	(34.5)
	IMS - Revenue	96,351	**93,781**	(2.7)
	- Operating profit [1]	4,642	**4,164**	(10.3)
3.	**Solvency Profile**	$'000	$'000	%
	Cash and cash equivalents	166,989	**142,631**	(14.6)
	Borrowings	108,811	**92,049**	(15.4)
	Net cash	58,178	**50,582**	(13.1)
	Interest cover ratio [2]	16.1	**7.9**	(50.9)
4.	**Shareholders' Value**			
	Shareholders' equity ($'000)	391,888	**401,246**	2.4
	Earnings per share - basic (cents)	12.2	**7.6**	(37.7)
	- diluted (cents)	12.1	**7.6**	(37.2)
	Return on average equity (%)	13.5	**8.2**	(39.3)
	Net asset value per share (cents)	91.8	**94.0**	2.4
	Dividend payout ratio (%)	30.0	**30.0**	N.M.

[1] Operating profit represents profit before interest, share of results of an associate (net of tax), tax and exceptional items
[2] Interest cover ratio = Profit before interest on borrowings, share of results of an associate (net of tax), tax and exceptional items/interest on borrowings

N.M. Not meaningful

FINANCIAL CALENDAR

FINANCIAL YEAR	31 December 2023	31 December 2024
Announcement of Results		
First half results announcement	14 August 2023	**August 2024**
Second half results announcement	27 February 2024	**February 2025**
Delivery of Annual Report	10 April 2024	**April 2025**
Annual General Meeting	25 April 2024	**April 2025**

BUSINESS REVIEW

GROUP FINANCIAL PERFORMANCE IN FY2023

Amid a challenging macroeconomic environment and slower business conditions for companies operating in the technology sector, the Group registered a 5.5% decrease in revenue to S$742.9 million for the 12 months ended 31 December 2023 ("FY2023").

The Group's gross profit in FY2023 decreased 17.6% to S$98.0 million, translating into a lower gross profit margin of 13.2% compared to 15.1% in FY2022. This decline was attributed mainly to lower revenue, inflationary cost pressures, and increased depreciation expenses from capital investments to upgrade and expand the Group's global manufacturing facilities.

Other income, net of other operating expenses, decreased 12.0% to S$7.6 million in FY2023, due mainly to reductions in foreign exchange gain and government grants.

Selling and distribution expenses decreased 9.0% to S$9.7 million in FY2023, owing mainly to lower transportation and freight costs. Administrative and general expenses decreased slightly to S$49.5 million in FY2023 due to lower staff-related costs. Finance costs increased 44.0% to S$6.0 million in FY2023 due mainly to higher interest rates.

As a result of the above, the Group reported net profit attributable to equity holders of S$32.5 million in FY2023, down 37.4% from S$51.9 million in FY2022.

As at 31 December 2023, the Group had shareholders' equity of S$401.2 million, equivalent to a net asset value of 93.96 cents per share based on the total number of issued shares of 427.0 million shares.

Total assets as at 31 December 2023 increased to S$735.3 million from S$725.2 million as at 31 December 2022. This was attributable mainly to increases in property, plant and equipment, right-of-use assets, and trade receivables.

Revenue

S$742.9 million

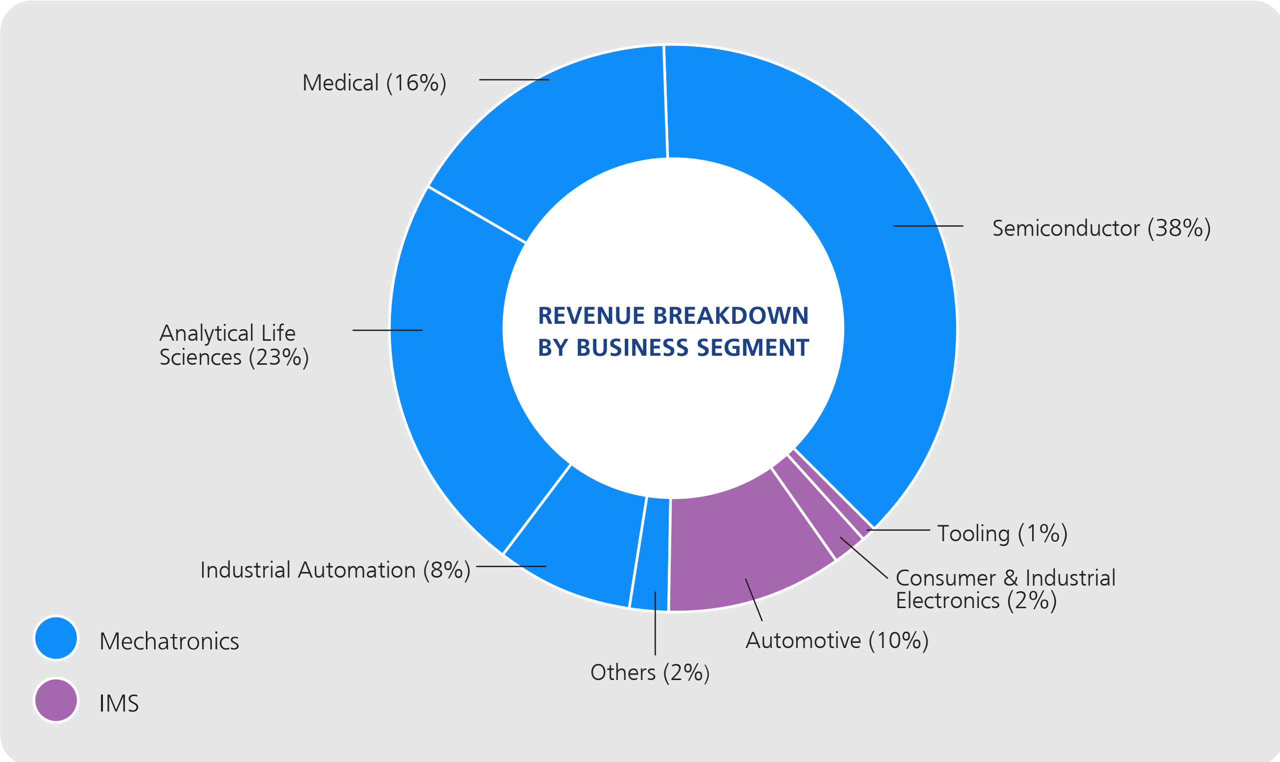
Gross profit

S$98.0 million

Profit before income tax

S$41.5 million

BUSINESS REVIEW (CONT'D)



Property, plant and equipment as at 31 December 2023 increased to S$129.8 million from S$127.5 million as at 31 December 2022. During FY2023, the Group incurred capital expenditures of S$26.8 million. Depreciation of property, plant, and equipment amounted to S$21.9 million for FY2023.

As at 31 December 2023, the Group's right-of-use assets increased to S$49.3 million from S$39.0 million as at 31 December 2022 due mainly to lease extensions and renewals.

Inventories as at 31 December 2023 decreased to S$203.4 million from S$228.8 million as at 31 December 2022 due mainly to improved inventory management and adjustments to stock levels in response to slower conditions in the semiconductor industry. Trade receivables as at 31 December 2023 increased to S$171.2 million from S$123.2 million as at 31 December 2022 in tandem with higher sales from new semiconductor programs in the fourth quarter of FY2023. Cash and cash equivalents decreased to S$142.6 million as at 31 December 2023 from S$167.0 million as at 31 December 2022.

Total liabilities as at 31 December 2023 increased to S$330.0 million from S$328.8 million as at 31 December 2022. This was due mainly to higher trade payables and lease liabilities, partially offset by a reduction in borrowings.

The Group's lease liabilities increased to S$50.0 million as at 31 December 2023 compared to S$41.6 million as at 31 December 2022 in tandem with higher right-of-use assets. Total borrowings decreased to S$92.0 million as at 31 December 2023 from S$108.8 million as at 31 December 2022. As a result, the Group had net cash of S$50.6 million as at 31 December 2023. The total debt-to-equity ratio was 22.9% at the end of FY2023.

During FY2023, the Group generated net cash of S$49.0 million from operating activities. Net cash used in investing activities amounted to S$27.3 million in FY2023, attributable mainly to capital expenditure. Net cash used in financing activities amounted to S$35.9 million in FY2023 due primarily to payment of dividends to shareholders, net repayment of bank borrowings and lease liabilities. As a result, the Group recorded a net decrease in cash and cash equivalents of S$14.2 million during FY2023.

BUSINESS REVIEW (CONT'D)

REVIEW OF BUSINESS SEGMENTS

MECHATRONICS DIVISION

The Mechatronics Division registered a 6.1% decrease in revenue to S$646.2 million in FY2023. Higher sales from the semiconductor, medical, and analytical life sciences segments of its Europe operations helped offset lower sales of the industrial automation and semiconductor businesses of the Asia operations.

In FY2023, the semiconductor segment's revenue decreased 7.4% to S$282.4 million. This segment registered robust sales in Europe in FY2023, which were driven primarily by increased orders from a key customer. This increased demand partially cushioned the impact of lower sales in Asia, which was affected by the industry slowdown and contributed to a significant portion of the semiconductor segment's revenue in FY2022.

The medical segment's revenue climbed 11.4% to S$120.2 million in FY2023, driven by higher sales to a significant customer in Europe. The analytical life sciences segment also recorded a 15.2% increase in revenue to S$169.8 million in FY2023, led by higher sales in Europe.

The industrial automation segment's revenue decreased 45.2% to S$60.1 million in FY2023 due to a marked slowdown in orders from a key customer in data storage solutions. This segment's revenue is typically lumpy and dependent on the capital expenditure of this key customer.

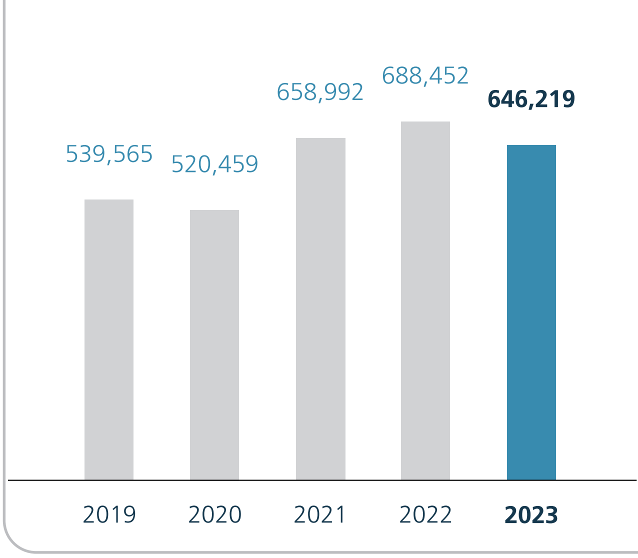
In FY2023, the semiconductor segment contributed 38.0% of the Group's total revenue, while the analytical life sciences segment contributed 22.9%. The medical and industrial automation segments accounted for around 16.2% and 8.1% of the Group's revenue respectively.

The Mechatronics Division reported a lower operating profit of S$36.3 million in FY2023 compared to S$55.4 million in FY2022 due mainly to lower revenue, inflationary cost pressures and higher depreciation expenses.

MECHATRONICS DIVISION'S PERFORMANCE (FY2019 - FY2023)

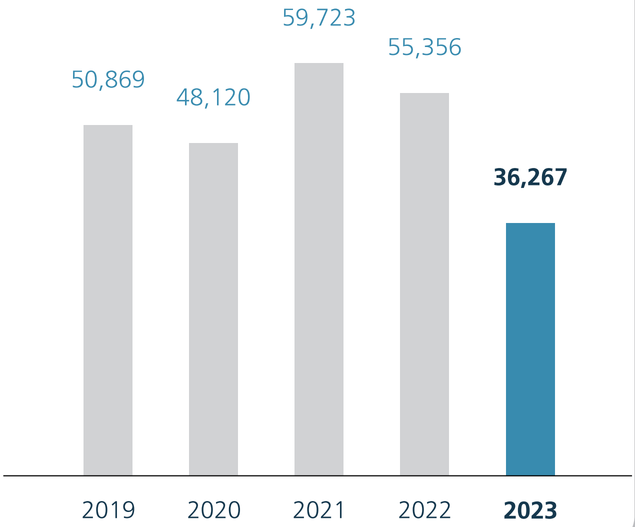
Revenue ($'000)

646,219



Operating Profit ($'000)

36,267

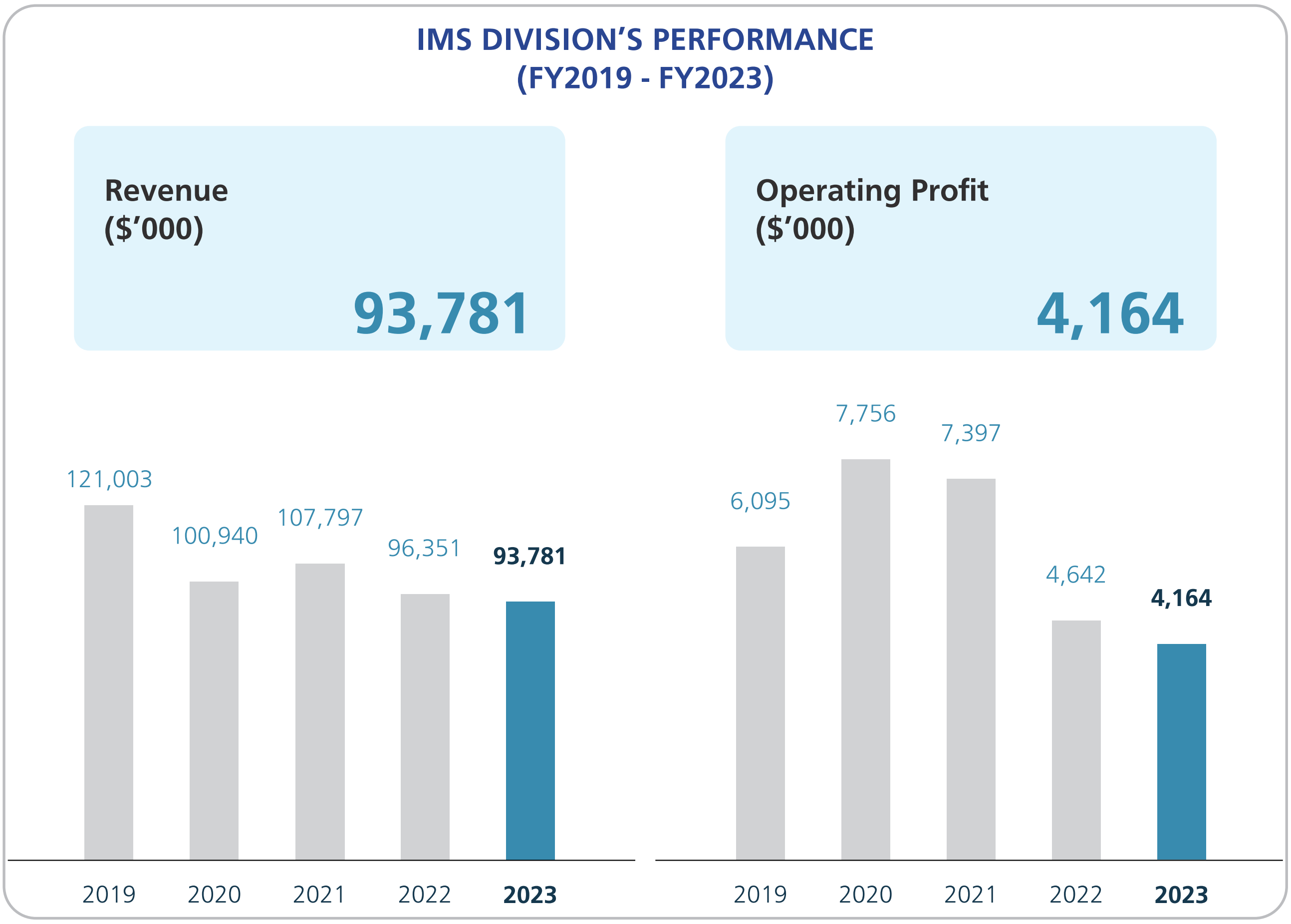


BUSINESS REVIEW (CONT'D)

IMS DIVISION

The IMS Division's revenue softened 2.7% to S$93.8 million in FY2023. This was due mainly to the automotive segment, which registered a 3.4% decline in sales to S$69.5 million in FY2023. The automotive segment accounted for around 9.4% of the Group's revenue in FY2023. The consumer and industrial electronics segment recorded slightly higher revenue of S$17.9 million, compared to S$17.5 million in FY2022, and contributed 2.4% to the Group's revenue in FY2023.

The IMS Division reported a lower operating profit of S$4.2 million in FY2023, compared to S$4.6 million in FY2022.



OPERATIONAL INITIATIVES

MECHATRONICS DIVISION

<u>Customer Programs</u>

Our Europe operations experienced robust business during FY2023, thanks to buoyant orders from our top customers in the semiconductor, analytical life sciences, and medical segments. We benefited from higher demand for existing products as well as incremental revenue from several NPI (New Product Introduction) programs.

While business momentum in Asia was slower in FY2023 as a consequence of the semiconductor industry downturn and reduced demand in the Industrial Automation segment, our Asia operations remained active in supporting the expansion roadmap of a key semiconductor customer in Europe to grow its business in Asia. Our operations in Asia also worked on new First Articles (FAs), NPIs and production for a USA-headquartered semiconductor equipment manufacturer. Some of these new modules have entered production in FY2023, albeit in small volumes amid slower industry conditions.

Our Asia operations also continued enhancing their capacity and capabilities to facilitate product transfers from Europe to Asia for a key customer in the analytical life sciences segment.

BUSINESS REVIEW (CONT'D)

OPERATIONAL INITIATIVES (CONT'D)

MECHATRONICS DIVISION (CONT'D)

Customer Programs (cont'd)

This customer is a leading instrumentation company in the analytical life sciences industry, with whom our Europe operations have established a long-term strategic partnership. We take pride in the fact that this key customer has continued to award our operations in Europe with new programs in FY2023, including a new portfolio of high-precision parts and assembly.

In addition, the Europe operations also secured new businesses with our significant customers in the semiconductor and medical segments, which underscore Frencken's unrelenting focus on building and growing wallet share with our key customers, who are market leaders in their respective fields. These new businesses secured in FY2023 are expected to begin contributing to the Group's top line in FY2024 or FY2025.

Our Mechatronics operations in Asia were conferred the "Best Performance Supplier" award in FY2023 from a USA-headquartered semiconductor customer and recognised for its "Outstanding Support" to a Singapore-headquartered semiconductor equipment customer.

Investments

The Mechatronics Division incurred capital expenditures of S$24.3 million in FY2023. At our Europe operating sites, we continued investing in machining equipment, clean rooms, ultraclean manufacturing, and office facilities to support customers' demand requirements. For our Asia operations, we have also invested in machinery and equipment to expand capacity and enhance competencies, such as sub-micron capabilities. We have also started upgrading our IT infrastructure to support business needs and improve cyber security.

Plans are in the pipeline to move our operations in the USA to a larger manufacturing facility in 2024. Our USA operations manufacture varied solutions including linear motors, which are also used in wafer fabrication equipment. We will invest in the necessary equipment at the new site to support the future growth of our motors business in the USA.

Strategy

The operating landscape in FY2023 was challenging for companies operating in the technology sector due to the steep downturn in the semiconductor industry, inflationary cost pressures, higher interest rate environment, and geopolitical uncertainties. The Group also had to bear the near-term cost impact of its investments over the past two years to expand and upgrade its global manufacturing facilities. Many of these challenges are still present, including a tight supply of talent, high labour costs, supply chain management, margin pressures and the expectations of a new collective labour agreement in The Netherlands.

While maintaining a cautious stance, the Mechatronics Division will continue to focus on creating innovative and sustainable integrated solutions to grow with our key customers in the semiconductor, analytical life sciences, and medical sectors.

Although the prevailing geopolitical tensions may pose difficulties that affect the technology sector, this situation could also create opportunities for the Group, thanks to our strategic presence in Europe, the USA and Asia. To this end, Frencken will continue to support our customers' growth plans in Europe as well as their expansion and program transfers to Asia.

Leveraging on our enhanced competencies, the Mechatronics Division will also be looking to expand our solutions and grow our value stack for customers to sustain and raise our wallet share. As part of our ongoing initiatives, we will continue to develop our technology roadmap to deliver engineering excellence, enhance operational and supply chain excellence, and drive our global market approach as well as organisational improvements to achieve sustainable, ethical and profitable growth over the long term.

BUSINESS REVIEW (CONT'D)

OPERATIONAL INITIATIVES (CONT'D)

IMS DIVISION

The IMS Division's revenue was relatively flat in FY2023, as the automotive segment turned in a slight decrease in sales compared to FY2022. Demand for existing products was subdued in FY2023 amid the uncertain global economic climate. The reduction in automotive sales was also due partly to the Group's strategic decision to discontinue certain legacy product lines as part of the IMS Division's business transformation.

On the positive side, however, we have begun limited-volume production of our automotive radar antenna for a customer in FY2023. This radar antenna is manufactured using the plastic metallisation process based on our proprietary eco-PVD (Physical Vapour Deposition) technology. Other programs that have entered mass production during FY2023 include gear components, car pointers, and electric car chargers.

During FY2023, the IMS Division secured contracts to manufacture a new generation of digital cockpit solutions for luxury sports automotive brands and our radar antenna business also continued making encouraging headway as we won additional programs from new customers in China. At our operating site in India, the division's business development efforts have yielded new automotive customers and programs in FY2023. These new projects are expected to begin contributing to the division's top line in FY2024, FY2025 and FY2026.

The IMS Division incurred capital expenditure of S$2.2 million in FY2023 for maintenance, upgrades, capacity and new capabilities. These investments included a new manufacturing line, eco-PVD facility, assembly and test facilities for radar antennas at our factory in Chuzhou, China. For FY2024, we plan to raise the capacities for our injection moulding processes and production of antennas at our factories in China.

We will continue transforming our IMS Division. To this end, we have set up new R&D centres at our locations in Zhuhai and Tianjin to help accelerate our technology advancement and make further inroads with our customers. Frencken is working in close partnership with Sweden-based Gapwaves on radar antennas for automotive and city applications. This collaboration will spur the growth of our radar antenna business.

Parallel to the above developments, the IMS Division is focused on expanding VA/VE (Value Analysis/Value Engineering) activities to optimise processes, drive efficiencies, and continuously improve.

As a testament to our overall capability, the IMS Division won the "Zero Defect Award" from automotive customers and scored 100% in a VDA audit by our major automotive customer in FY2023. It was conferred the "Best Supplier" award from Gapwaves and our site in Zhuhai was named one of the top 30 SME companies in the region.

PROFILE OF BOARD OF DIRECTORS

DATO' GOOI SOON CHAI

Non-Executive Non-Independent Chairman

Dato' Gooi Soon Chai is our Chairman and Non-Executive Non-Independent Director. He was appointed as our director on 10 February 2015 and as the Group's Chairman on 10 August 2016. He is also a member of our Remuneration and Nominating Committees.

In an illustrious career over 30 years, Dato' Gooi is a seasoned leader with extensive experience in the technology industry, spanning semiconductor, life sciences, and electronics sectors. He has held multiple global leadership roles and spearheaded numerous successful business transformations - driving exponential growth in the semiconductor, automotive and industrial electronics business under his purview.

Dato' Gooi is a visionary leader with proven track record at nurturing new business ventures, capturing and capitalizing on technology innovation streams.

In recognition of his leadership and business acumen, Dato' Gooi has been awarded the Outstanding Industry Captain of the Year by the Institute of Engineering and Technology and has been named Executive of the Year in technology by the Malaysian Management Excellence Award.

Currently, he serves as the President of Order Fulfillment and Design Software Solutions for Keysight Technologies, overseeing the global operations and leading the expansion of Design Engineering Software business.

He holds a Bachelor of Science degree with first class honors in electrical and electronics engineering from the University of London, and a Master of Science degree in computing science from the Imperial College of Science and Technology, London.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

DENNIS AU
President and Executive Director

Dennis Au was appointed as President of our Group on 5 May 2015 and as our Executive Director on 28 April 2016. He is responsible for charting the Group's strategic direction, setting the organisation's goals, overseeing its global operations and driving its performance.

In addition to his role as the Group's President, Mr Au also holds the position of Chief Executive Officer of the Mechatronics Division, and oversees the division's business development and expansion plans in Europe, Asia and the USA.

Mr Au has over 30 years of experience in the high technology industry for aerospace & defense, automotive, communications and semiconductor markets. He was previously a Vice President and General Manager of Keysight Technologies for the Korea and the South Asia Pacific region. Prior to that, Mr Au was Vice President and General Manager with Agilent Technologies and was also formerly Regional Manager for Hewlett Packard's Hi-Volume Manufacturing Test Solutions for Asia Pacific.

Mr Au holds a Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia.

MELVIN CHAN WAI LEONG
Lead Independent Non-Executive Director

Melvin Chan Wai Leong is our Lead Independent Non-Executive Director. He was appointed as our Director on 27 April 2017. He is also the Chairman of our Audit Committee and a member of our Nominating Committee.

Mr Chan has more than 25 years of operational and business experience in the semiconductor and electronics manufacturing industries, as well as extensive working experience in the Asia Pacific region, Australia, New Zealand, China and India. Mr Chan is currently the Managing Director of Synersys Capital, a firm providing business consultancy and advisory services. Prior to him assuming the advisory role, Mr Chan was the Director and Chief Executive Officer of Ellipsiz Ltd, a SGX mainboard-listed company. Mr Chan started his career as an engineer at Hewlett Packard and moved on to hold various senior management positions at Electronic Resources Limited (ERL), Ingram Micro, iNETest Resources and Ellipsiz Ltd.

Mr Chan holds a Bachelor's degree in Electrical & Electronics Engineering and a Master of Business Administration degree from the National University of Singapore.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

FOO SEANG CHOONG
Independent Non-Executive Director

Foo Seang Choong is our Independent Non-Executive Director. He was appointed as our Director on 31 December 2021 and is also our Remuneration Committee Chairman and a member of our Audit Committee.

Mr Foo has over 30 years of professional experience in finance and accounting, business strategy and transformation, having held regional and global leadership roles in several multinational listed companies in the high technology industry.

He is currently the Vice President of Finance and Corporate Controller with Kulicke & Soffa Industries and a Director with BFX Pte Limited. Prior to that, he was Senior Director of Finance with Oracle Asia Pacific and Executive Director of Finance with Dell Asia Pacific and Japan.

Mr Foo is a fellow of Institute of Public Accountants.

DATO' NOORASHIDAH BINTI AHMAD
Independent Non-Executive Director

Dato' Shidah Ahmad is our Independent Non-Executive Director. She was appointed as our Director on 1 March 2024 and is the Chairman of the Nominating Committee and a member of our Audit and Remuneration Committees.

Dato' Shidah has over 30 years of experience holding key global positions in the Semiconductor, Electronic Instrumentation, and Information Technology industries, in Hewlett Packard, Agilent Technologies, as well as Keysight Technologies. She is a seasoned leader in the manufacturing of highly sophisticated and complex products and solutions. She has successfully transformed manufacturing and supply chain operations to achieve operational excellence, which has been lauded as best in class in the industry.

Dato' Shidah currently holds the position of Vice President and General Manager of global manufacturing and supply chain operations - accountable for factories around the world including wafer fabs, test and assembly, and the end-to-end supply chain functions.

Dato' Shidah is also a passionate champion of community outreach programs – with a special interest in STEM education and women development. She currently holds the position of Director and Patron of Women-Focused Programs.

Dato' Shidah holds a Bachelor's degree in Science with a double-major in Computer Science and Mathematics, and an MBA from Ohio University, USA.

PROFILE OF KEY MANAGEMENT

BRIAN TAN CHUEN YEANG
Chief Financial Officer

Brian Tan Chuen Yeang was appointed as Chief Financial Officer on 31 December 2021. He is responsible for leading our Group's finance agenda and management through corporate finance, treasury, financial reporting, audit and tax compliance, and risk management.

Mr Tan's career covers over 20 years of increasingly senior roles in energy logistics, oil and gas, telecommunications, and manufacturing. His career experience included strategic, commercial, and leading roles in financial management, fundraising, restructuring and investments, driving transformation and performance. Before joining the Group, Mr Tan was CFO for Malaysia and Singapore with Knauf-USG Boral, a leading German company in building materials. He has worked with Usaha Tegas, a Malaysian private investment company, NBK Group, a conglomerate in Qatar, and spent the earlier part of his career of more than 12 years with Bumi Armada and Petronas Group in various roles and corporate finance responsibilities.

Mr Tan holds an MBA from Manchester Business School and a Bachelor of Business in Accountancy from RMIT University. He is a fellow of CPA Australia and has a corporate finance qualification from ICAEW.

DOMINIC LEE SIE YONG
Vice President, Human Resource

Dominic Lee is the Group's Vice President ("VP") of Human Resource. He joined our Group in January 2016 and is responsible for partnering with the Group's senior management to drive ongoing people strategies and transformational change.

Mr Lee has over 30 years of extensive experience in human resource management, having worked with several global multinational corporations in the food and beverage, marine, high technology, and medical industries. Previously, he was VP, Human Resource Asia Pacific for Symrise Asia Pacific Limited and Director Human Resource for Agilent Technology and Covidien Pte Limited.

Mr Lee holds a Bachelor of Science (Hon.) in Computer Science and Mathematics from McMaster University in Canada and a Masters in Asia Pacific Human Resource Management from the National University in Singapore.

CORPORATE INFORMATION

COMPANY REGISTRATION NO.: 199905084D

BOARD OF DIRECTORS

Dato' Gooi Soon Chai
(Non-Independent Non-Executive Chairman)

Dennis Au
(President, Executive Director)

Melvin Chan Wai Leong
(Lead Independent Director)

Foo Seang Choong
(Independent Director)

Dato' Noorashidah Binti Ahmad
(Independent Director)

AUDIT COMMITTEE

Melvin Chan Wai Leong (Chairman)
Foo Seang Choong
Dato' Noorashidah Binti Ahmad

REMUNERATION COMMITTEE

Foo Seang Choong (Chairman)
Dato' Gooi Soon Chai
Dato' Noorashidah Binti Ahmad

NOMINATING COMMITTEE

Dato' Noorashidah Binti Ahmad (Chairman)
Melvin Chan Wai Leong
Dato' Gooi Soon Chai

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2,
#33-00 Singapore 068809
Partner-in-charge: Chua How Kiat
Year of appointment: Financial year ended
31 December 2022

REGISTERED OFFICE

9 Raffles Place
#26-01 Republic Plaza
Singapore 048619
Tel: +65 6236 3333

CORPORATE OFFICE

Suite 2.1, Level 2, Wisma Great Eastern
No. 25 Lebuh Light
10200 Penang, Malaysia
Tel: +60 (04) 371 7000
Fax: +60 (04) 262 5000

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

PRINCIPAL BANKERS

Coöperatieve Rabobank Eindhoven - Veldhoven
DBS Bank Ltd
AmBank (M) Berhad
United Overseas Bank (Malaysia) Bhd

INVESTOR RELATIONS CONSULTANT

Octant Consulting
7500A Beach Road
The Plaza #04-329
Singapore 199591
Tel: +65 6296 3583

COMPANY SECRETARIES

Low Mei Wan, ACIS
Hon Wei Ling, ACIS

WEBSITE

www.frenckengroup.com

SUSTAINABILITY STATEMENT OF OUR PRESIDENT AND EXECUTIVE DIRECTOR

"We align our ESG priorities with international trends to meet the expectations of our global customers."

In 2023, Frencken continued its ESG journey with unwavering commitment, reinforcing our dedication to implementing and fortifying Environment, Social, and Governance (ESG) best practices across our operations. Our guiding ethos, "Ethical Sustainable Profitable Growth," underscores our firm belief in responsible business practices, while our ESG motto, "Frencken*Sustain*Life" (FSL), embodies our commitment to sustainability.

This past year marked a significant milestone in our ESG journey as we fully aligned our operational emissions, including our Greenhouse Gases (GHG) inventory for Scope 1 and 2. While we recognize the complexities involved in addressing Scope 3 emissions, we remain steadfast in our pursuit of sustainable practices for the betterment of our planet and society.

As a global corporate citizen, we acknowledge the emergence of new sustainability trends in 2023. Our work around supply chain compliance has strengthened our resilience and deepened our understanding of how sustainability performance influences our core business. We embrace initiatives such as the SGX Core Metrics and Board Diversity, which enhance the competencies of our Board and Senior Management.

In Europe, compliance with the CSRD requirements for climate risk assessment and assurance on ESG performance has prompted internal reviews of our ESG controls. Adopting the latest IFRS standards aligns seamlessly with our ESG Materiality and Integrated Risk Assessments.

Transparency and integration are paramount as we align our ESG priorities with international trends to meet the expectations of our global customers. The progressive pressures exerted by our customers have accelerated the measurable impact of our work, compelling us to elevate our standards with every customer engagement. We eagerly anticipate closer collaboration with our global customers and supply chain partners to drive decarbonization, reskilling and upskilling initiatives for economic growth and innovation.

This year, we have expanded our ESG performance indicators to include Energy, Water and Emissions (E), IT Security and Diversity (S) and Responsible Supply Chain Program (G). Setting targets for 2024 and beyond demonstrates our commitment to continuous improvement.

As supply chain partners to key players in sectors contributing to global GDP, we remain focused on enhancing our capacity and capabilities to align with ESG best practices while meeting regulatory requirements and fostering investor confidence. Our ESG efforts extend throughout our global suppliers, vendors, and business partners' network.

ESG is now ingrained in our operations and management decisions, reflecting our dedication to responsible business practices. We remain steadfast in our pursuit of sustainability, driving positive change for the benefit of future generations. Thank you for your continued support and partnership on this journey towards a sustainable future.

Being sustainable, together.

Dennis Au
President and Executive Director

FRENCKEN * SUSTAIN * LIFE

SUSTAINABILITY REPORT

OUR SUSTAINABILITY APPROACH

About This Report

As part of Frencken Group Limited's ("Frencken", "we", "our", "the Group", "the organisation") sustainability journey, our commitment towards communicating our Environmental, Social and Governance ("ESG") performance to our stakeholders has persisted through this Sustainability Report which is currently in its seventh year. This report provides an overview of our sustainability performance throughout the reporting period (1 January 2023 to 31 December 2023), unless stated otherwise.

The Report complies with the SGX-ST Listing Rules 711A and 711B and Practice Note 7.6 Sustainability Reporting Guide. The Report has not been externally assured. We relied on our internal verification mechanisms to validate the accuracy of our reporting. We plan to seek external assurance in financial year FY2024. The terms ESG and FSL are used interchangeably in this report.

For FY2023, our disclosures cover 9 Mechatronics sites, 10 sites of Integrated Manufacturing Services (IMS) and 1 corporate office which is Frencken International Sdn Bhd (FISB). We have included Penchem Technologies Sdn. Bhd. (PTSB) in the FSL program as a new subsidiary this year, under Other segment in the Asian region.

Segment/ Region	Mechatronics	Integrated Manufacturing Services
EU/US	• Frencken Europe B.V. Eindhoven, The Netherlands (FEBV) • Frencken Mechatronics B.V. Eindhoven, The Netherlands (FMT) • Machinefabriek Gebrs. Frencken B.V. Eindhoven, The Netherlands (MFE) • Optiwa B.V. Reuver, The Netherlands (OPT) • Frencken America Inc., Spokane, USA (FAM)	• NTZ Nederland B.V. Rotterdam, The Netherlands (NTZ) • Juken Swiss Technology AG, Grenchen, Switzerland (JST)
Asia	• ETLA Limited, Singapore (ETLA SG) • ETLA Technology (Wuxi) Co., Ltd., Wuxi, People's Republic of China (ETLA WX) • Frencken Mechatronics (M) Sdn. Bhd., Bangi, Malaysia (FMMSB) • Avimac Pte. Ltd., Singapore (AVM SG)	• Juken Technology Engineering Sdn. Bhd., Selangor, Malaysia (JTM) • Juken Technology Engineering Sdn. Bhd., Johor, Malaysia (JTJ) • Juken (Thailand) Co., Ltd., Bangkok, Thailand (JTH) • Juken (Zhuhai) Co., Ltd., Zhuhai, People's Republic of China (JZH) • Frencken (Chuzhou) Co., Ltd., Chuzhou, People's Republic of China (FCZ) • Micro-Air (Tianjin) Technology Co., Ltd., Tianjin, People's Republic of China (JMAT) • Juken (Zhuhai) Co., Ltd., Jinding Branch, People's Republic of China (JJD) • Juken Uniproducts Pvt. Ltd., Noida, India (JUI)

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our Methodology

In compliance with the listing requirements of the Singapore Stock Exchange (SGX), we have adapted relevant standards in our sustainability reporting approach, namely the Global Reporting Initiative (GRI) Standards and the SGX-ST "Core ESG Metrics".

SGX-ST had issued a list of core ESG metrics to facilitate consistency and comparability of ESG data disclosures by adapting the global sustainability reporting framework of GRI.

SGX-ST prescribes listed companies to include details of the company policies, practices, performance and targets related to material ESG factors. In addition, sustainability reporting principles are linked to the corporate governance rules on "comply-or-explain" basis that has been adapted from reporting standards.

As this is our second report upon embarking on a group level sustainability journey, we intensified our approach using principles of sustainability reporting by GRI to help breakdown our disclosures by content and quality for higher transparency.

In 2023, SGX RegCo published a public consultation on the recommendations by the Sustainability Reporting Advisory Committee (SRAC) to advance climate reporting in Singapore where listed issuers are required to report on their climate risk strategy in alignment with the International Sustainability Standards Board (ISSB) starting from FY2025.

The European Union (EU) adopted the European Sustainability Reporting Standards (ESRS) in July 2023, setting disclosure standards- which covers the full spectrum of ESG materiality.

The United States' Securities and Exchange Commission (SEC) has on a similar precept proposed climate disclosure regulation which includes climate targets and transition plans disclosure.

In view of our operations footprint in those jurisdictions, Frencken has taken a proactive step to assess these requirements against our FSL Framework and ESG performance indicators in FY2023 to ensure that our ESG Performance reporting is aligned.

Our FSL (ESG) is aligned to ESRS and SGX Core Metrics	SGX	ESRS	FSL
Environment	1. Emission 2. Energy consumption and intensity 3. Water consumption & intensity 4. Waste	1. Climate Change 2. Pollution 3. Water & marine resources 4. Biodiversity & ecosystems 5. Resource use & circular economy	1. Responsible materials sourcing 2. Waste 3. Energy 4. Emission 5. Water
Social	1. Employment: - current workforce by gender and age - new hires & turnover by gender 2. Training: - average training hours per employee by gender 3. Occupational safety and health: - reportable loss days due: - injuries/illness - fatalities (if any)	1. Own workforce 2. Workers in the value chain 3. Affected communities 4. Consumers & end users	1. Employment and Labour 2. Health and safety 3. Training 4. Gender equality, Diversity and Inclusion 5. IT Security
Governance	1. Board composition: - independent board members (%) - female board members (%) 2. Management diversity: - % of women in Management roles 3. Ethical behaviours: - Anti corruption policy - Anti corruption training for employees. 4. Certificates for the business. Example ISO14001/ 45001 5. Company report aligned with international ESG framework- GRI, TCFD, IFRS, SDGs 6. Limited Assurance for SR2024 (Internal Review)	1. Governance, risk management & internal control 2. Business conduct	1. Market presence 2. Procurement 3. Responsible Supply Chain 4. Anti Corruption

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Materiality Analysis

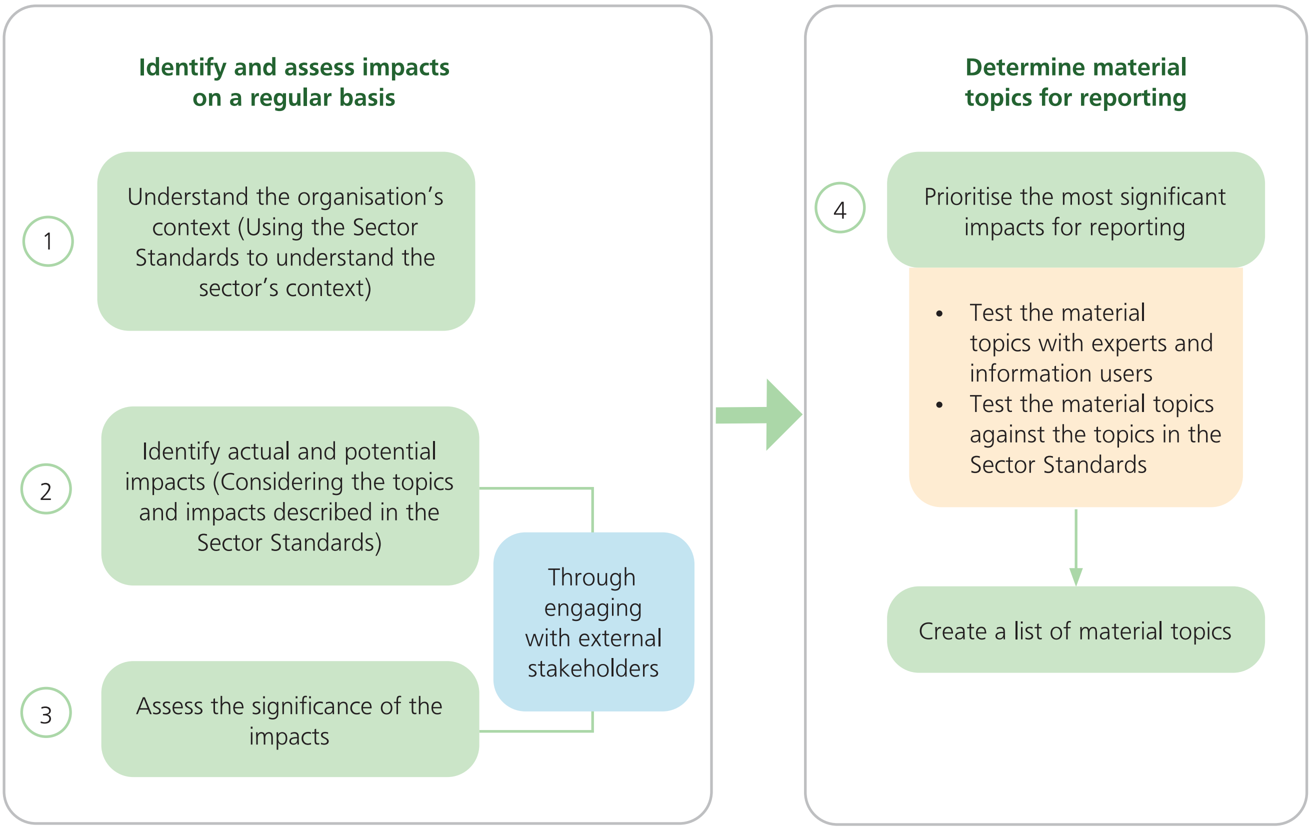
As a listed issuer on the Singapore Stock Exchange, our company adheres to the ESG Core Metrics framework for the collection, analysis, and visualization of ESG performance data in our Sustainability Report. The ESG Core Metrics framework serves as a foundational guide for understanding the ESG risks inherent to our business operations.

Furthermore, we engaged in extensive internal discussions with our Sustainability Governance leaders and the Working Committee to identify sustainability issues that are significant not only to regulatory compliance but also to our stakeholders including customers and suppliers.

To enhance our understanding of material sustainability matters, we leveraged our expertise in the Global Reporting Initiative (GRI) Sustainability Standards.

Our Governance Leaders provided guidance on the seamless integration of ESG priorities into our operational processes and business practices. We recognize that enhancing our current practices and aligning them with ESG best practices is a gradual process that requires dedicated time, resources, and patience.

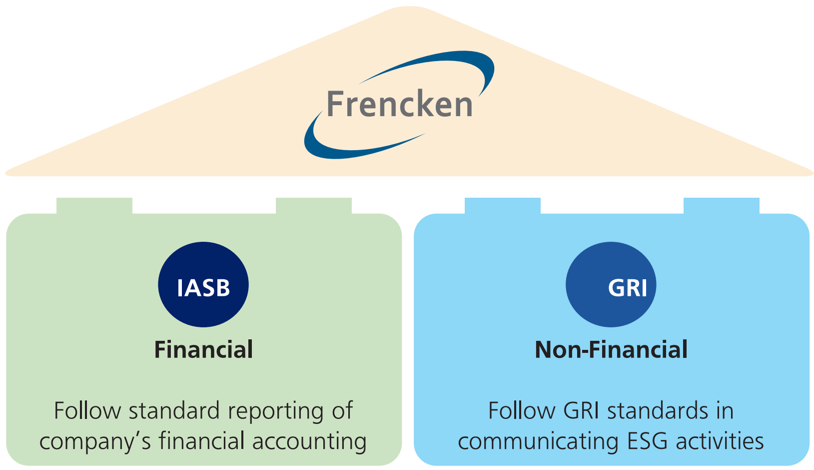
This transition and knowledge dissemination among our employees and suppliers to align with the sustainability objectives of our global customers occurred in two phases: FSL Phase 1 (FY2022) and Phase 2 (FY2023).



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Materiality analysis by GRI standards



Disclosure – GRI

GRI 103 Management Approach 2021
GRI 200 Economics
GRI 201 Economic Performance 2016
GRI 202 Market Presence 2016
GRI 203 Indirect Economic Impacts 2016
GRI 204 Procurement Practices 2016
GRI 205 Anti Corruption 2016
GRI 206 Anti Competitive Behaviour 2016
GRI 207 Tax 2019
GRI 300 Environmental
GRI 301 Materials 2016
GRI 302 Energy 2016
GRI 303 Water and Effluents 2018
GRI 304 Biodiversity 2016
GRI 305 Emissions 2016
GRI 306 Waste 2020
GRI 307 Environmental Compliance 2016
GRI 308 Supplier Environmental Assessment 2016

GRI 400 Social
GRI 401 Employment 2016
GRI 402 Labour/ Management Relations 2016
GRI 403 Occupational Health & Safety 2018
GRI 404 Training & Education 2016
GRI 405 Diversity and Equal Opportunity 2016
GRI 406 Non-discrimination 2016
GRI 407 Freedom of Association and Collective Bargaining 2016
GRI 408 Child Labour 2016
GRI 409 Forced or Compulsory Labour 2016
GRI 410 Security Practices 2016
GRI 411 Rights of Indigenous Peoples 2016
GRI 412 Human Rights Assessment 2016
GRI 413 Local Communities 2016
GRI 414 Supplier Social Assessment 2016
GRI 415 Public Policy 2016
GRI 416 Customer Health and Safety 2016
GRI 417 Marketing and Labelling 2016
GRI 418 Customer Privacy 2016
GRI 419 Socioeconomic Compliance 2016

FSL Phase 1 - 2022 FSL Phase 2 - 2023

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Materiality analysis by Department

Sales & Marketing	Supply Chain & QA	Finance	HR		Comms & IT	Facility & Operations
reV-reG GRI 202 Market Presence	co-INV GRI 204 Procurement Practices	reV-INV GRI 201 Economic Performance	reP-INV GRI 205 Anti Corruption	reP-INV GRI 405 Diversity and Equal Opportunity	CSV GRI 304 Biodiversity	co-OCEX GRI 302 Energy
INV-reP GRI 206 Anti Competitive Behaviour	co-INV GRI 301 Materials (Compliance Declarations)	reV-INV GRI 203 Indirect Economic Impact (Climate Risk)	reG-INV GRI 401 Employment	reP-INV GRI 406 NO Discrimination	reP-INV GRI 412 Human Rights Assessment	co-reP GRI 303 Water and Effluents
	co-INV-reP GRI 308 Supplier Enviro. Assessment	reG-reP GRI 207 Taxation	reG-INV GRI 402 Labour/ Management Relations	reP-INV GRI 407 Freedom of Assoc. & Collective Bargaining	reP-INV GRI 418 Customer Privacy (Supply Chain BCM)	co-INV-reG GRI 305 Emission
	INV-reP GRI 414 Supplier Social Assessment		reG-INV GRI 403 Occupational Health and Safety	reP-INV GRI 408 NO Child Labour		co-reV GRI 306 Waste
	co-reG GRI 307 Environmental Compliance (ISO14001)		reP-INV-co GRI 404 Training and Education	reP-INV GRI 409 Forced or Compulsory Labour		
	INV-reP-co GRI 419 Socioeconomic Compliance (ISO45001)			CSV GRI 413 Local Communities		

Direct Impact

Indirect Impact

In Future

Risk Factors

co	Cost
OCEX	Operating & Capital expense
reG	Regulation Requirement
reP	Reputation
reV	Revenue
INV	Investor Due Diligence
CSV	CSR initiative with long term value creation

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Stakeholder Engagement

We recognize the importance of maintaining ongoing, periodic engagement with our stakeholders to provide updates on our progress in creating value for both shareholders and stakeholders alike.

Our interactions with regulators, investors, customers, and employees occur through both planned and unplanned engagements. Frequent communication between customers and suppliers takes place at our operating sites.

We actively engage in Investor Relations communications regarding our financial and ESG performance. Additionally, we regularly conduct ESG surveys with our suppliers and respond to numerous surveys and RFIs from regulators and customers.

To stay informed and engaged, we have subscribed to RBA, Ecovadis, and CDP platforms and maintain constant engagements with ESG data aggregators, including Supply On, M2030, TZCP, S&P Global, and MSCI.

We welcome and facilitate site visits by our customers and suppliers, offering them insights into our operations and practices.

Our Annual General Meeting (AGM) serves as a pivotal forum for reporting on our financial and ESG performance, providing transparency and accountability to our stakeholders.

Quarterly results presentations and press releases are regularly published on Frencken's website, ensuring timely and transparent communication with our stakeholders.

Our executives and managers actively participate in economic conferences organized by the Ministry, as well as industry roadshows, to stay informed about market trends and developments.

We diligently respond to numerous customer sustainability questionnaires, assessments, and audits annually, demonstrating our commitment to transparency and accountability in our sustainability practices.

Topics that were discussed during stakeholder engagements in FY2023:	
• Financial results • Market trends • Products and Technology • Critical material sanctions and supply chain risk • Geopolitical risk • Business intelligence • ESG Roadmap, Targets and Performance • Innovation	• Customer support, cost of ownership and quality • GHG reduction targets and Net Zero pledge • Health screening • Online learning • Code of Conduct/Ethics • Diversity and inclusion • Labor conditions

ecovadis	Responsible Business Alliance	CDP
Low risk	Low risk	Medium risk

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our Materiality Matrix

This report features ESG disclosures	ESG Performance 2023 (FY2023 Materiality)
Economic (GRI 200: 201 in Annual Report) (GRI 200: 202, 204, 205 in Sustainability Report)	GRI 201 Economic Performance (in Annual Report 2023 Financial Disclosure) GRI 202 Market Presence GRI 204 Responsible Supply Chain GRI 205 Anti Bribery & Corruption
Environmental (GRI 300: 301,302, 303, 305, 306, 307 and 308)	GRI 302 Energy GRI 303 Water GRI 305 Emissions GRI 306 Waste GRI 308 Supplier Environmental Assessment
Social (GRI 400: 401, 402, 403, 404, 405, 418)	GRI 405 Gender Diversity Equality Inclusion (GDEI) GRI 414 Supplier Social Assessment GRI 418 Customer Privacy (IT Security)

Note:

1. *GRI Consolidated Standards 2021 (removed GRI 307 and GRI 419). Implication: The company is responsible to maintain its license to operate by adhering to management systems which governs Environment and Social compliance.*

2. *Frencken's ESG Performance 2023 is all inclusive of materiality matters in FY2022 and FY2023.*

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

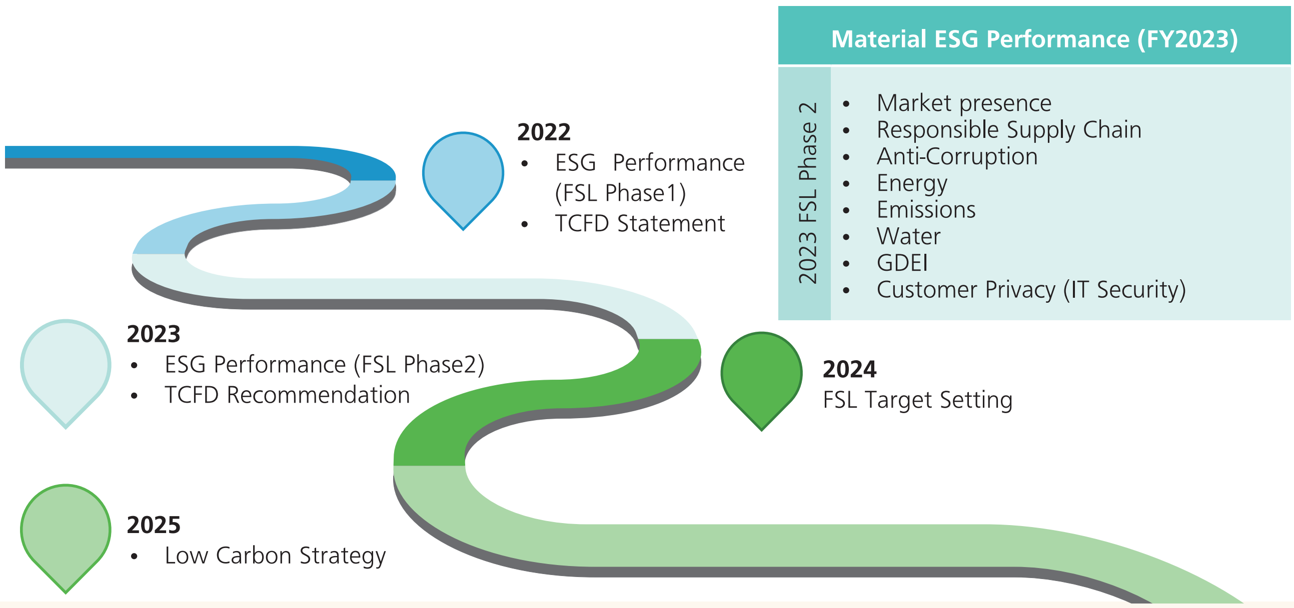
Sustainability ESG Roadmap and Framework

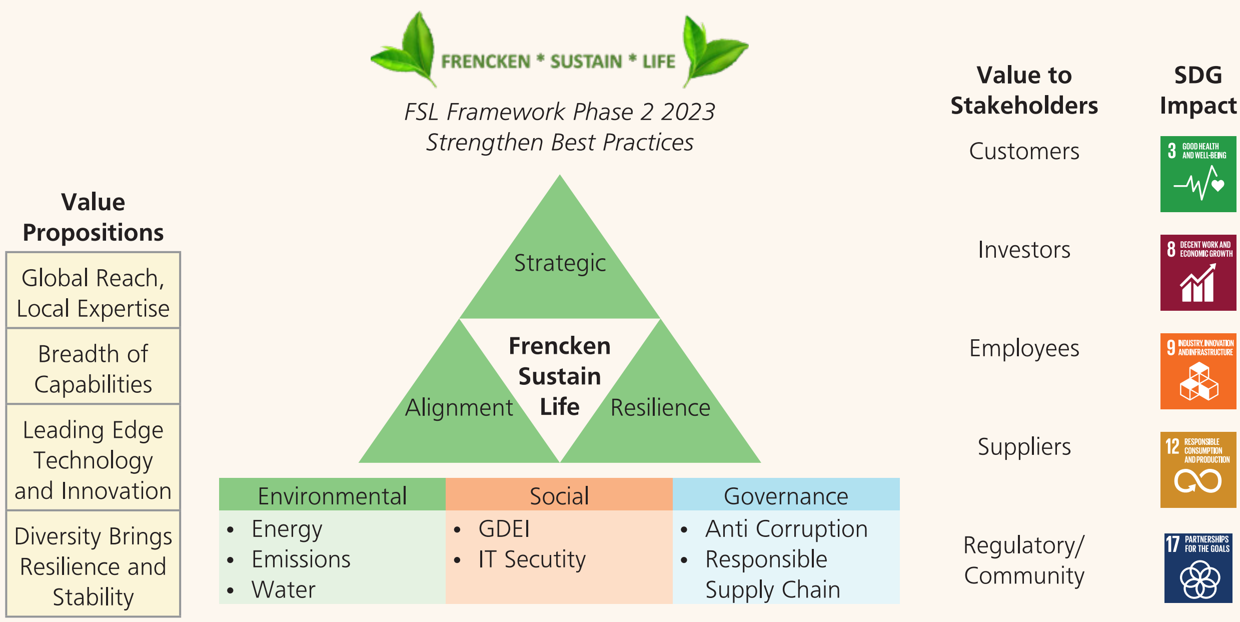
FRENCKEN * SUSTAIN * LIFE embodies Frencken's comprehensive ESG Strategy, which is integrated throughout the organization.

We have actively navigated and expanded our sustainability initiatives, aligning them with stakeholders' regulatory and compliance standards. A critical initial step in this global effort was identifying and prioritizing material sustainability issues within our business, syncing them with a feasible time frame. This process culminated in the development of a group wide ESG Performance Roadmap in 2023.

In FY2023, we continued our reporting on ESG Performance, encompassing the material issues identified for FY2022. We also incorporated the material issues identified in FSL Phase 2, listing them as Material ESG Performance FY2023.

ESG Performance Roadmap





SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Corporate Governance

According to Rule 710A(1) of the SGX Listing Rules (Mainboard), issuers must maintain a board diversity policy. Provision 2(d) specifies that this policy must address gender, skills, experience, and any other relevant diversity aspects. Boards are encouraged to include additional elements of diversity and competency as deemed suitable for their business.

As a global partner in the supply chain for semiconductor, medical devices, industrial automation, automotive, and analytical life sciences industries, our company requires a unique blend of competencies to excel strategically in these sectors.

Our Board Diversity Policy recognizes the importance of hybrid competencies that drive strategic foresight and innovation within Frencken's business segments. A key diversity objective outlined in this policy is appointing a woman director with distinct skills and experience suitable to complement the existing board members and help Frencken reach its following goals. We have announced the new appointment of female director on 1 March 2024. Please refer to Profile of Director in Annual Report 2023. This appointment aligns with our company's needs and strategic plans.

While gender dominance may appear inherent in manufacturing, we mitigate this by:

a) We strictly adhere to diversity and inclusion criteria in our hiring strategy.
b) Transparently operating as an equal opportunity employer in hiring, placements, training, performance appraisals, promotions, project inclusions, etc.
c) Upholding Non-Discrimination practices in accordance with our Standard of Business Conduct.
d) Providing a visible reporting channel through our Whistleblowing policy.

Our Board Competencies

Board Committee	Director (since)	Domain Expertise	Domain Knowledge
Chairman	Non-Executive and Non-Independent (2015)	Global Technology, Supply Chain and IT	Science Computing
President	Executive Director (2016)	Business Development and Expansions	Engineering (E&E)
Nomination Committee Chair	Independent & Non-Executive (2004)	Legal	Law
Audit Committee Chair	Lead Independent Director and Non-Executive (2017)	Technology Industry	Engineering (E&E)
Remuneration Committee Chair	Independent & Non-Executive (2021)	Strategy and Finance	Accounting and Finance

Note: The above is information of the Board Committee serving FY2023.

Our Board members bring an average 30 years of experience to Frencken, representing a significant core strength for our company. Their expertise spans various domains including regional and global roles in global technology, supply chain management, IT, business expansion, legal affairs, strategy development, and finance.

At Frencken, we benefit from a diverse mix of talents among our Board members, which enhances the value we deliver to our business segments and global sector customers. The exemplary domain knowledge within our Board encompasses qualified expertise in Science Computing, Electronics and Electrical Engineering, Law, Accounting, and Finance.

In accordance with SGX recommendations, our board members actively participated in board-related training initiatives throughout FY2023 to uphold a commitment to ongoing professional development and lifelong learning. We consistently stay informed through regular training sessions and conferences organized by the Singapore Institute of Directors (SID). Additionally, our President attended the SID Directors Conference in 2023.

SUSTAINABILITY REPORT (CONT'D)

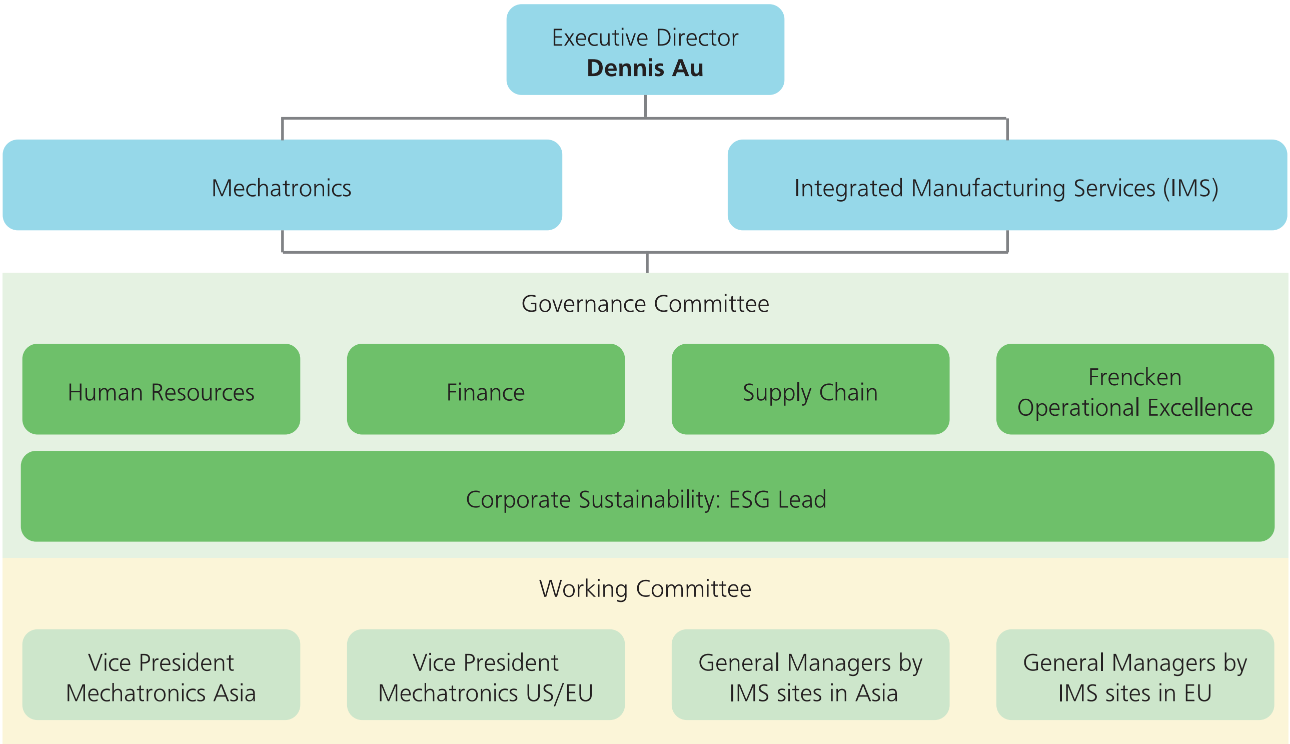
OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Governance Structure

Frencken's ESG (FSL) performance management is closely aligned with the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST). The organization's sustainability journey is guided by a deep understanding of the subject matter, supported by Frencken's Board of Directors. Sustainability objectives are communicated and implemented through various channels, including the Sustainability Governance Committee Leaders, the Sustainability Working Committee members, business segment leaders, and operational leads.

The Sustainability Governance Leaders oversee the review and approval of the ESG (FSL) performance information reported in this Sustainability Report, which accompanies the Annual Report 2023.

Targets are established by the Working Committee, which holds accountability for performance outcomes.



Risk Management

In FY2023, our FSL program introduced an integrated risk assessment methodology in compliance with SGX requirements for climate reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. This approach involves all departments at each site in assessing risks and opportunities including climate (Environment).

The methodology has been integrated into our existing risk register to ensure that all sites consider risks and opportunities according to their significance. While in the past, risk assessments mainly focused on Management Systems related to Quality, Environment, and Safety Health, now sites also address risks and opportunities in supply chain management, business continuity, information security, and climate-related factors.

This year, we are mainly focused on mitigating escalating costs related to compliance, energy, emissions, and water. This methodology will be implemented in stages from 2023 to 2024, involving our core business segments: IMS and Mechatronics.

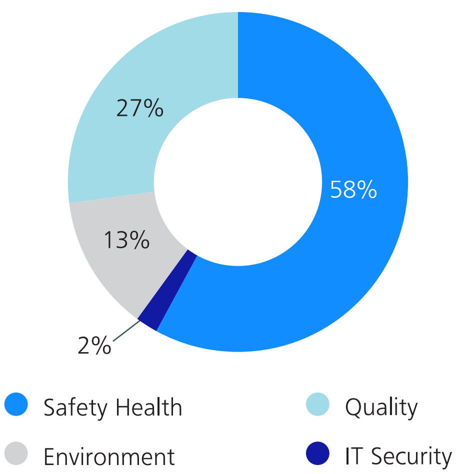
SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

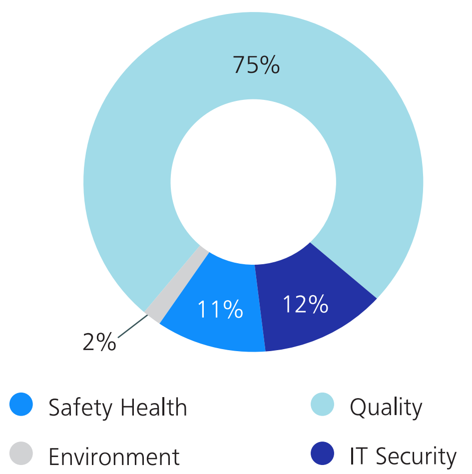
Risk Management (Cont'd)

We have deployed a dashboard to monitor the closure of gaps in identified risks and track the implementation of opportunities. This dashboard provides traceability for management systems certification. It is a transparent communication tool for all sites, facilitating discussions among General Managers and Senior Governance leaders regarding Risk Management matters.

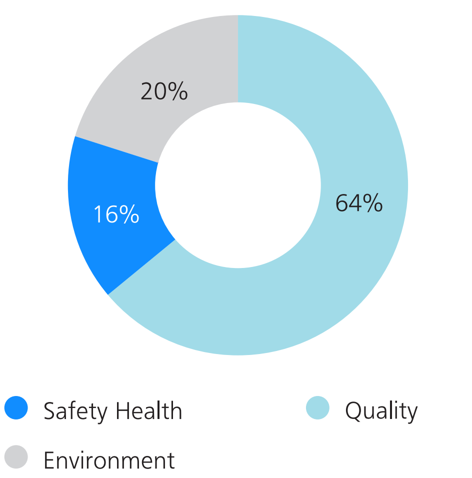
ESG Risks in IMS



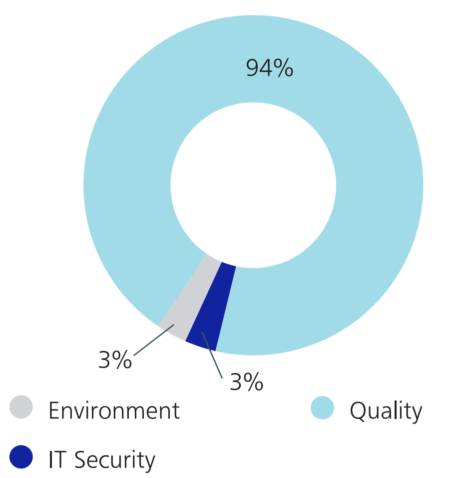
ESG Risks in MECH



ESG Opportunities in IMS



ESG Opportunities in MECH



Our Supplier ESG Risk Management

In FY 2023, Frencken initiated the Responsible Supply Chain Policy, which aims to engage suppliers in mitigating ESG risks within our supply chain. This program was launched as part of an initiative aligned with the requirements of our global customers in the Mechatronics sector.

Concurrent with our ESG Performance in 2023, the implementation of Frencken's Responsible Supply Chain Program involved revising policies, including suppliers and launching a Supplier ESG Survey for newly onboarded suppliers in the Asia Mechatronics region. Additionally, we updated our Supplier Selection and Audit criteria to incorporate ESG assessments.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

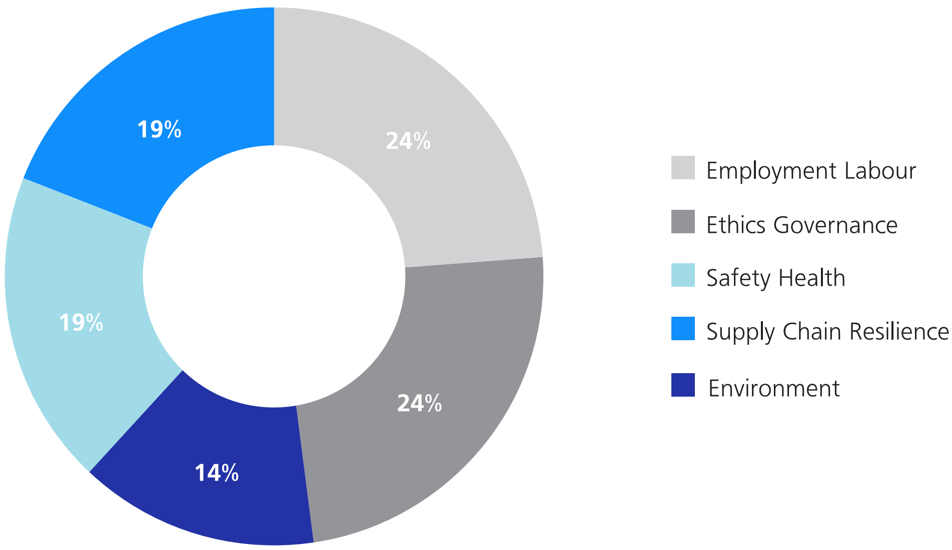
Our Supplier ESG Risk Management (Cont'd)

Our commitment to best practices in Safety, Health, Environment, and Ethics underscores our role as a resilient and responsible supply chain partner for global brands. The scores obtained from our Suppliers' ESG Risk surveys reflect their alignment with these best practices.

We achieved an average score of 75% for Supplier ESG risks from 65% of respondents (suppliers) onboarded in FY2023. Notably, 72% of suppliers demonstrated resilience and preparedness in the event of a supply chain disruption. Furthermore, we observed average scores of 52% for Environmental protection, 89% for Employment and Labour compliance, and 72% for adhering to Safety Health guidelines. Additionally, 88% of our new suppliers onboarded in FY2023 met compliance standards for Ethics.

We are committed to ongoing engagement with new suppliers regarding the Responsible Supply Chain policy and best practices. To facilitate this, we have implemented a monitoring tool for supplier audits and reporting to expand supplier coverage in the coming year.

Supplier ESG Scored (%)



Our Materiality FSL Phase 1 and Phase 2

During FY2022, we conducted an internal materiality review to pinpoint specific Environmental, Social, and Governance (ESG) topics deemed significant by stakeholders and with a notable impact on Frencken. These identified material factors remained pertinent throughout FY2023. In FY2026, we will initiate a fresh round of materiality review to align with the standards set by the International Sustainability Standards Board (ISSB) under S1 and S2.

Our Sustainability Performance Strategy

Our materiality assessment for FY2023 identified eight priority indicators, similar to FY2022. We maintain an ongoing vigilance over and integration of our FSL Phase 1 (FY2022) and FSL Phase 2 (FY2023) findings into our current report, recognizing their significant operational impact on our business.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our ESG Performance

Frencken prioritizes informed decision-making concerning environmental, social, and governance (ESG) matters. This Sustainability Report shows our commitment to shaping decisions that drive long-term value creation for our customers and partners.

Our FSL strategy and ESG performance targets have been integrated into daily operations and management discussions at all our operating sites. Building upon our FSL framework launched in FY2022 as part of our sustainability journey, we expanded it in FY2023 to encompass key material aspects such as Energy, Water, Emissions, Gender Diversity, Customer Privacy, Anti-Corruption, and Responsible Supply Chain (including Supplier ESG aspects).

The development of our FSL framework, ESG performance indicators, and FSL targets were guided by sustainability reporting standards and the "ESG Core Metrics" outlined by SGX, derived from the Global Reporting Initiative Standards (GRI Standards rev. 2021).

As a listed company under SGX, our adherence to sustainability reporting standards measured by the transparency of our ESG reporting process.

We consistently monitor our ESG Performance using the FSL Dashboard, which has been enhanced to include Gender Diversity and Quality Environment Safety parameters. This dashboard serves as more than just a data collation platform; it is a decision-making tool for site-level leaders.

In FY2023, we expanded our FSL Performance indicators to encompass critical material topics, including GDEI, Supplier ESG Risks, Customer Privacy, Energy, and Emissions.

Like FSL Phase 1, we gathered data from all sites for these new indicators and conducted thorough analyses of our best practices in both quantitative and qualitative detail.

Data collection for FSL Phase 2 indicators commenced in May and extended until September, mainly due to the complexity of dealing with Scope 1 and Scope 2 datasets. By the end of September, we had gained a comprehensive understanding of data availability, accountabilities, accuracy, and consistency in maintaining Scope 1 and 2 records across all operating sites.

We established a baseline and set targets based on a minimum of three years (2020, 2021, and 2022). It was noted that Energy and Emissions in operations supported by another country would vary. Accordingly, several recommendations were made to monitor negligible numbers closely and to verify the dataset through a third-party data vendor.

By the end of 2023, we compiled the year's datasets and incorporated them into our FSL Performance dashboard. We also made practical on-site adaptations of FSL Performance targets for FSL Phase 2 topics while maintaining targets set in FSL Phase 1.

FSL Phase 1 and Phase 2 Performance targets were presented to our President and Senior Governance Leaders, following agreement with the Working Committee led by each site General Manager.

Since the inception of FSL, we have implemented a tracking tool to monitor our ESG Performance. Leveraging technology has allowed us to seamlessly integrate datasets from all sites, establish our baseline, and continuously track our FSL performance.

This process was conducted in two phases. In 2023, we incorporated additional Phase 2 environmental datasets (Emissions, Energy, Water). Consequently, the performance indicators for FY2022 were refreshed in our tracking tool, and FY2023 data was updated accordingly.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our ESG Performance (cont'd)

The diagram below illustrates the Phase 1 and Phase 2 FSL performance.

FY2022	FSL Performance Indicator Scores	FY2023
17	Number of entities	19
65%	Overall Performance	74%
69%	Environment Performance	76%
50%	Social Performance	71%
73%	Governance Performance	71%

In FY2022, as we inaugurated our ESG framework, we meticulously collated and analyzed data to establish baseline figures. This involved a comprehensive examination of datasets from 2018 to 2019 (pre-COVID-19) and 2020 to 2021 (post-COVID-19) before defining our ESG targets.

During FY2023, we repeated the baseline measures for Energy, Emissions, Water, and Effluents datasets, successfully establishing baselines and setting corresponding targets.

The environmental aspects necessitating our immediate attention and intervention decreased from 31% (FY2022) to 24% (FY2023), indicative of enhancements in managing our environmental footprint.

This year, we compared our performance against Phase 1 targets. Additionally, we conducted the same baseline assessment for Energy, Emissions, and Water across all operating sites (including Penchem for environmental factors), enabling us to derive average figures for Energy, Water, and Emissions.

Effluent discharge monitoring is overseen by local jurisdiction authorities in almost all operating sites. Given the scale of our operations, all sites reported insignificant effluents requiring treatment, thus we continue to monitor Effluent volume but have not included it in our FSL performance.

Exceptions are common in sites supported by other global offices. Therefore, we made target adjustments for our IMS sites in Europe, which primarily rely on production sites in China.

We persist in tracking these figures using our monitoring tool and engage in regular discussions to steer ESG performance. We recognize the need for both quantitative and qualitative measures in assessing ESG performance.

In FY2023, our quantitative ESG targets encompassed several key areas of focus:

Social
- Employee Training (>20 hours)
- Employee Turnover (<20%)
- Workplace Injury (0)

Economic
- Employees on Minimum Wage (<20%)
- Local Supplier (>70%)
- Locally Hired Senior Management (>80%)

Environment
- Direct Material in Value (Change YoY <25%)
- Hazardous Waste in Tonnes (Change YoY <25%)
- Non-Hazardous Waste in Tonnes (Change YoY <25%)
- Scope 1 Emissions
  (Mechatronics <1500 tonnes of CO_2 eq.)
  (IMS <500 tonnes of CO_2 eq.)
- Scope 2 Emissions
  (Mechatronics <2500 tonnes of CO_2 eq.)
  (IMS <1500 tonnes of CO_2 eq.)
- Electricity Use
  (Mechatronics <4.5 million kilowatt hours)
  (IMS <2.5 million kilowatt hours)
- Water Use
  (Mechatronics <15 mega liters)
  (IMS <5 mega liters)

SUSTAINABILITY REPORT (CONT'D)

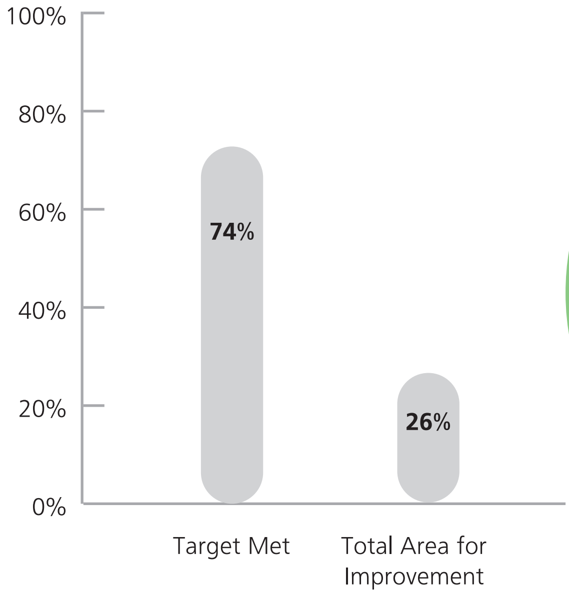
OUR SUSTAINABILITY APPROACH (CONT'D)

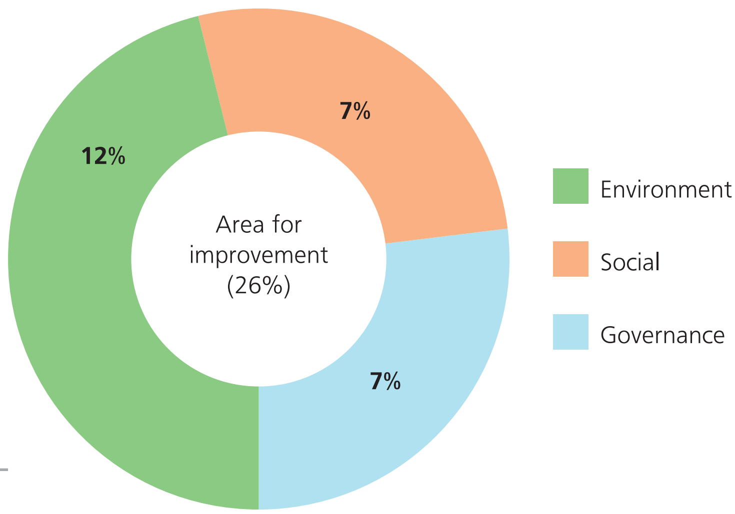
Our ESG Performance (cont'd)

Our FSL Performance, focusing on qualitative measures, evaluates the policies and procedures that support ESG performance within our organization. To promote awareness and understanding, we disseminate qualitative ESG performance indicators through e-learning modules and surveys for ongoing monitoring and evaluation purposes.

ESG Performance (Qualitative)	Awareness Engagement and Advocacy of best practices	Methods of monitoring ESG Performance
Gender Diversity Equality and Inclusion	Via Global HR Policy engagement with HRMs and employees at sites	GDEI dashboard to monitor balance in best practices
IT Security (Customer Privacy)	Via Global IT Acceptable Usage Policy engagement with all employees at sites including updating customers	Email and online assessment of employees use behaviour
Anti Bribery and Corruption	Via Standard of Business Conduct Policy engagement with all employees at sites	Email and online assessment (annual refresher engagement)
Responsible Supply Chain Management	Via Responsible Supply Chain Policy engagement with all Supply Chain employees at sites. (Launched in Mechatronics Asia sites in FY2023) (IMS launch is in FY2024)	Email and online ESG survey of Suppliers onboarded in FY2023. (annual engagement of suppliers)

Summary of our ESG performance by 19 sites are as below.





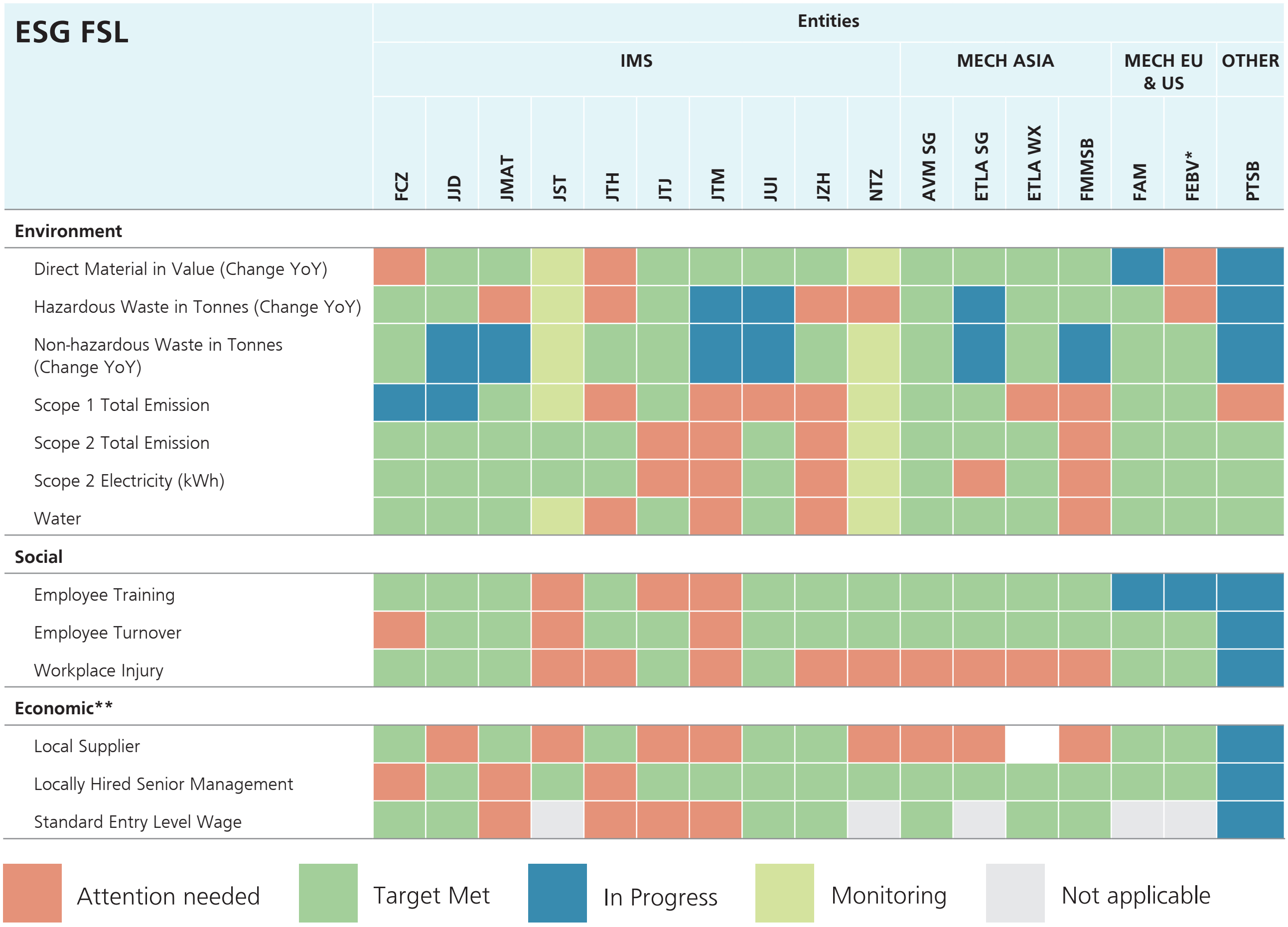
In FY2023, our focus was on enhancing the effectiveness of our ESG performance tracking tool. We maintained close engagement with our sites and customers, providing updates on our ESG performance during audits and discussions related to customer Requests for Information (RFI). During these interactions, we emphasized the ESG aspects we are actively monitoring and those in progress, ensuring our customers are well-informed about our ESG performance strategies.

Furthermore, we clearly understand aspects that do not apply to our operations due to specific employment regulations in the respective jurisdictions.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

Our ESG Performance (cont'd)



* *FEBV consists of 4 Europe Units which are FEBV, FMT, OPT and MFE.*

** *Economic/Economy and Governance is used interchangeably.*

FSL Environment

As strategic partners in global manufacturing, our operations' environmental performance is intricately tied to the diverse industry segments we serve. This encompasses our material sourcing, consumption of natural resources, waste management, and the generation of effluents and emissions.

In FY2023, we meticulously assessed our emissions across Scope 1 (from facility-based fuel combustion in company vehicles, forklifts, and gases utilized in heating and cooling processes) and Scope 2 (attributed to electricity consumption) categories, alongside our energy and water metrics. These evaluations were made against a baseline established in FY2022, reflecting our post-COVID business operations.

Our commitment to sustainability is underscored by our ongoing efforts to monitor the direct materials utilized in production. We set year-on-year variance targets aligned with the maximum percentage of revenue experienced between 2018 and 2023.

During FY2023, we further refined our material tracking protocols across all sites, enhancing granularity by introducing detailed breakdowns of material types and their respective metrics. Additionally, we engaged with site managers to streamline waste data collection processes, aiming to synthesize data into standardized types and units.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Environment (cont'd)

Building on the progress made in the preceding year, we initiated collaborations with waste vendors across our operating sites in FY2023, focusing on accurately measuring waste-related emissions for responsible disposal practices. This ongoing initiative will contribute to our forthcoming Scope 3 emissions calculations, scheduled for FY2024. However, it's important to note that the absence of mandated emissions reporting by local authorities poses a challenge to businesses in effectively managing Scope 3 emissions, particularly those related to waste.

In tandem with customer feedback on Lifecycle Assessment (LCA) and End of Life (EOL) treatments, we align our strategies with evolving customer demands and advancements in New Product Introductions (NPI), recognizing the dynamic nature of this landscape.

FY2023 marked a significant milestone as we successfully tracked emissions under Scope 1 and Scope 2. This achievement was particularly noteworthy given the operational complexities of serving diverse industry segments. Consequently, we conducted a thorough assessment to recalibrate our target-setting thresholds, accounting for variations across Mechatronics and IMS sites.

Our analysis revealed discrepancies in the utilization patterns of combustion fuel, heating, and cooling gases across facilities, highlighting the need for tailored approaches to target setting. Despite variations in emissions, energy consumption, and water usage due to operational ramp-up in specific sites, we maintained our targets, representing an averaged threshold for all sites based on four years of comparative data.

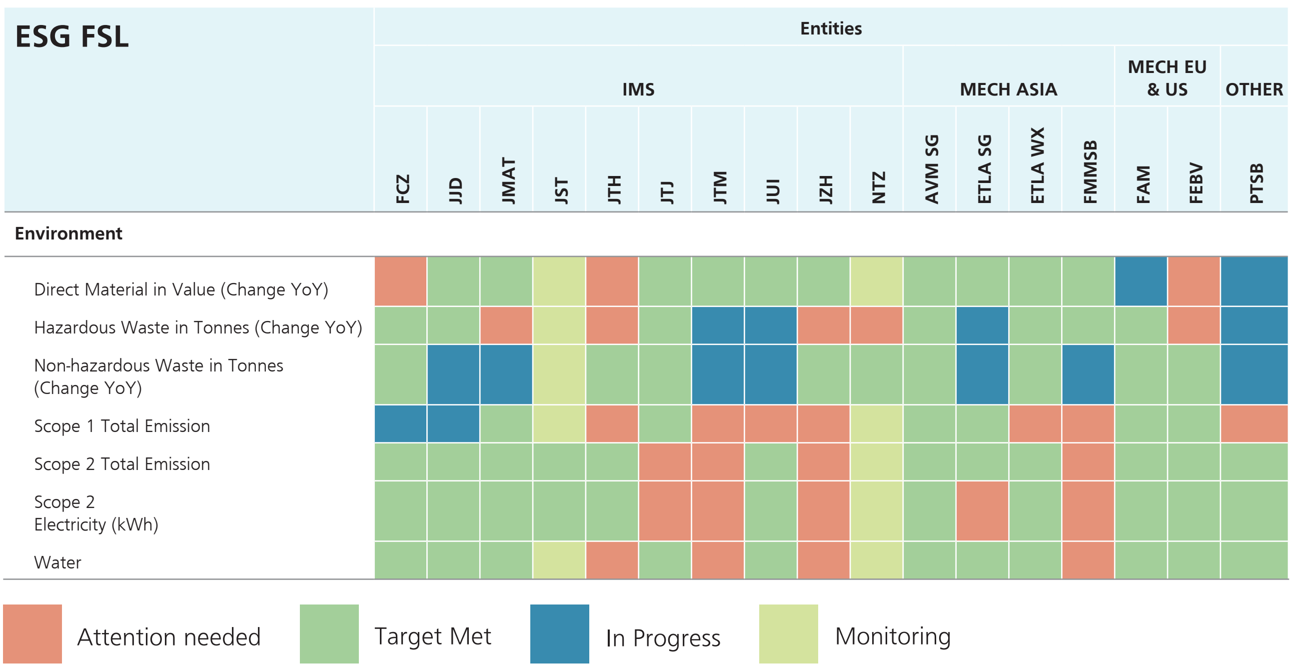
FY2023 marks the inaugural year of our emissions, energy, and water reporting journey, and we remain vigilant in monitoring associated risks to our financial performance.

Continuing our commitment to sustainability, we explore renewable energy schemes and abatement opportunities within local jurisdictions wherever feasible. Notably, one of our Mechatronics segment sites in the Netherlands successfully reduced Scope 2 emissions by participating in a regional renewable energy (wind) scheme. Furthermore, we have installed solar panels at two sites and are actively monitoring their renewable energy supply capacity, with other sites engaging local authorities in similar decarbonization efforts.

While exploring Scope 1 fuel substitution options, we encountered challenges related to low demand and cost feasibility in certain jurisdictions. To address this, we collaborate with machine vendors to explore insulation and heat reduction solutions.

Aligned with our global customers, we remain attuned to opportunities for decarbonization and environmental footprint reduction, underscoring our dedication to sustainable practices.

This is the diagram of ESG Performance (Environment).



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Environment (cont'd)

We have made significant strides in refining our Environmental, Social, and Governance (ESG) performance monitoring, particularly in the environmental domain. The Environmental dashboard within the FSL framework now provides a clear overview of site performance, with well-performing sites highlighted in green. We commend our AVM SG operations for consistently aligning their environmental performance with FSL targets.

For sites highlighted in red, indicating areas where performance has not met expectations, we have initiated close engagements to ensure adherence to FSL targets. Concurrently, sites shaded in green are receiving support through our operations in China, as we continue to monitor and assist in their environmental performance improvement efforts.

FSL Social

Business Continuity Management-IT Security and Privacy

In FY2023, our focus on Business Continuity underwent a thorough review. We dedicated efforts to enhancing our established and rigorously tested business continuity plans, ensuring their resilience against potential supply chain disruptions and data breaches. We fortified these plans through regular revisions to activate recovery protocols during emergencies swiftly.

This initiative dovetails with Frencken's Digitalization Roadmap, which integrates security, systems, and consolidation strategies. In FY2023, we are actively developing a comprehensive Global IT Policy that will harmonize IT practices across all our jurisdictions. This policy is the cornerstone of our efforts to standardize global network infrastructure and enhance controls. We are well-equipped to meet all customer-related IT security and privacy requirements by meticulously monitoring devices, users, and systems.

Throughout FY2023, our IT operations maintained an impeccable uptime record of 100%, with no significant data breaches. A range of technologies and data-related policies and controls are central to our prevention strategies for errors, breaches, and disruptions.

As innovation remains central to our solutions, we continue to digitize manual records and data collection processes to propel digital transformation within our organization. For instance, our FSL performance dashboard, Integrated Risk and Opportunities dashboard, and Responsible Supply Chain-ESG Risk of Suppliers analytics provide real-time insights, alerting us to areas impacting our ESG Performance.

In the post-COVID landscape, Frencken prioritizes strengthening operational resilience. We conducted numerous drills to bolster remote crisis management capabilities and reviewed our physical security readiness. Across all operating sites, management continuously integrates and enhances the business continuity management framework. To facilitate centralized oversight by Frencken Group, we enhanced support and alignment with group standards across all operating sites, bolstering their operational resilience.

In FY2023, we introduced the Global IT Acceptable Use Policy, which delineates strict workplace technology use guidelines. Additionally, we established continuous procedures to monitor, analyze, and evaluate the performance and capacity of IT infrastructure across all operating sites and corporate offices.

Our corporate-level commitment to endpoint security solutions involves upgrading them to align with the ISO27001 Cybersecurity framework and best practices.

We outlined a corporate-level global commitment to further invest in IT advancements such as advanced ERP solutions to fortify operational resilience against technological, cybersecurity, and data risks.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (cont'd)

Gender Diversity and Equality

In FY2023, our Social - ESG Performance underscored the importance of diversity and its inherent value to our business. Our reporting on Phase 1 performance indicators within the FSL framework reflected this, mainly focusing on employee training, turnover rates, and days lost due to workplace injuries.

Key Performance Indicators (KPIs) outlined in our Gender Diversity and Equality Index (GDEI) aimed to achieve balance across gender (G), age composition (D), and the mean base salary average (E). Inclusion efforts were directed towards fostering employment opportunities for minority communities or societal segments, such as adults with special needs or single parents.

At Frencken, despite our manufacturing-centric operations, we maintain a gender balance of 64:36 (male: female) and a salary balance of 55:45 (male: female) on average. In view of the higher population employees in Mechatronics than in IMS, we stipulated different age intervals to assess balance. This is a testament to our adherence to global HR best practices, where inclusion and equality are deeply embedded.

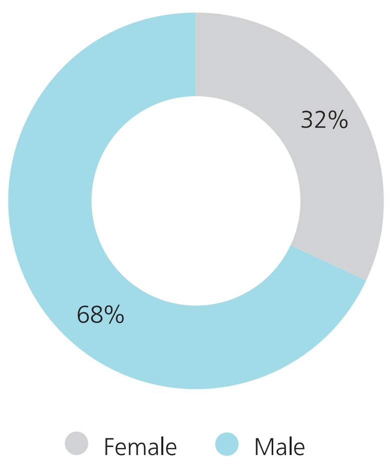
Aligned with our value proposition of Breadth of Capabilities, our diverse workforce composition globally, spanning both Mechatronics and IMS sites, speaks to our commitment to inclusivity.

One of the GDEI KPIs pertaining to Diversity and Equality assesses the balance of male and female representation in Science, Technology, Engineering, and Mathematics (STEM) roles, crucial competencies within our business encompassing New Product Design Engineers, Quality teams, Costing Managers, and Technical experts. We actively map STEM roles by competencies and qualifications across all our operating sites and corporate offices.

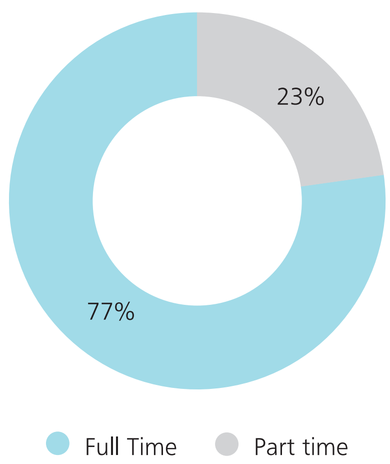
Another GDEI KPI focuses on assessing the balance between revenue-generating departments and functions supported by operations teams, evaluating the gender distribution among employees in revenue and non-revenue generating departments. This reflects our commitment to balanced support across operations and sales-related activities, underpinned by gender equality.

This fiscal year marks our inaugural reporting on Gender Diversity, Equality, and Inclusion, in alignment with our ESG Policy emphasizing non-discrimination and governed by our Global HR Policy.

Total Employees by Gender



Total Employees (Full Time and Part Time)



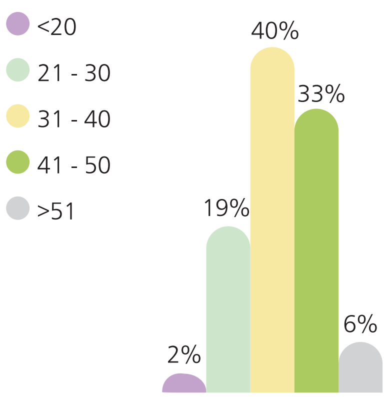
SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (cont'd)

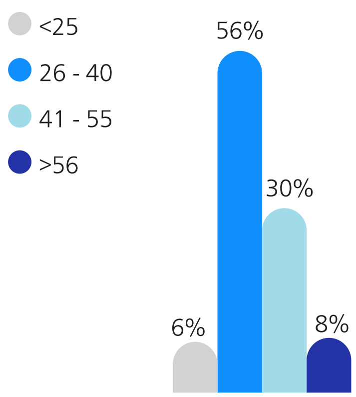
Gender Diversity and Equality (cont'd)

Total Employees by Age - IMS



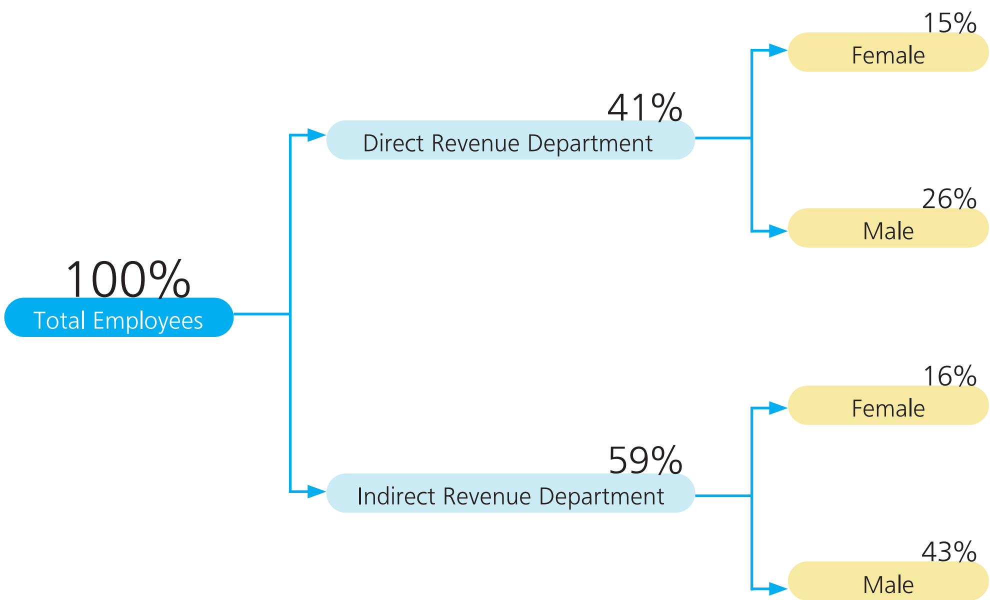
Remark: Not included JST

Total Employees by Age - MECH



Remark: Not included FAM, FEBV and PTSB

GDEI – Total Employees by Direct and Indirect Revenue Department



Remark: Not included JST, FAM, FEBV, ETLA SG and PTSB

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (cont'd)

Employee Training, Turnover and Safety

Within Frencken, we prioritize the well-being and health of our employees in the workplace. Our overall performance on social topics reached 69% in FY2023, a notable increase from 50% in FY2022. This underscores the ongoing collaboration between Group HR and HR managers at operating sites to enhance services related to employee well-being and management.

Nearly all sites have met or exceeded set targets in key areas such as employee turnover (below 20%), employee training (over 20 hours), and loss days due to workplace injuries (zero), as illustrated below.

ESG FSL	Entities																
	IMS										MECH ASIA				MECH EU & US		OTHER
	FCZ	JJD	JMAT	JST	JTH	JTJ	JTM	JUI	JZH	NTZ	AVM SG	ETLA SG	ETLA WX	FMMSB	FAM	FEBV	PTSB
Social																	
Employee Training	Target Met	Target Met	Target Met	Attention needed	Target Met	Attention needed	Attention needed	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	In Progress	In Progress	In Progress
Employee Turnover	Attention needed	Target Met	Target Met	Attention needed	Target Met	Target Met	Attention needed	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	Target Met	In Progress
Workplace Injury	Target Met	Target Met	Target Met	Attention needed	Attention needed	Target Met	Attention needed	Target Met	Attention needed	Attention needed	Attention needed	Attention needed	Attention needed	Attention needed	Target Met	Target Met	In Progress

Attention needed Target Met In Progress

We are actively working with sites categorized as 'In Progress', such as FAM and FEBV. We are particularly navigating European privacy and data exchange regulations to ensure relevant information is obtained with approvals from all involved employees. Teams in Switzerland and the Netherlands within the IMS segment have facilitated sufficient data sharing for reporting purposes.

Safety and health considerations are continuously reinforced among employees through training and on-the-job briefings, and our customers recognize them as critical key performance indicators (KPIs). Efforts are underway to reduce the number of loss days due to workplace injuries to zero across all sites.

Significant improvements have been made regarding employee turnover. Only three sites report turnover above 20%, compared to eight sites in FY2022. Notably, all Mechatronics sites have made substantial strides in reducing turnover.

To enhance tracking of social performance related to Quality Environment Safety and Health (QESH), we introduced a digital tool to capture granular site-level data for Group-level visibility. Each site operates effectively with management systems such as ISO certifications, driven by customer demand and our service segments. This QESH tool monitors the validity of certifications, compliance with declarations related to quality and environment, and mandatory health screening and competency certification.

In FY2023, we launched an Integrated Risk assessment specifically for IMS sites, with findings and action steps tracked using the digital tool. A similar risk assessment will be launched for Mechatronics sites in FY2024.

Sites actively monitor declarations relevant to compliance materials, ensuring alignment with customer demands for information, including minerals from high-conflict areas and substances of very high concern.

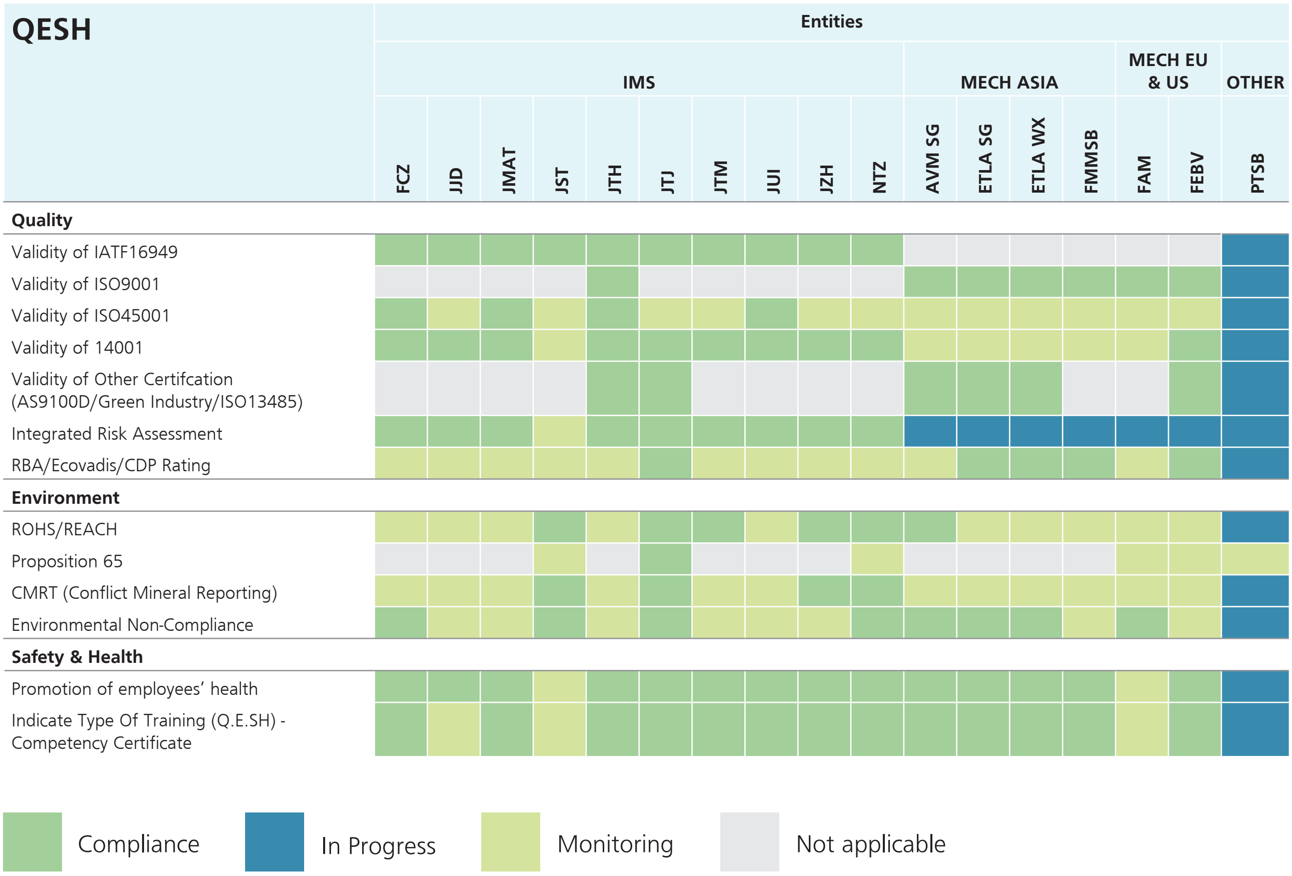
While many certifications are mandated based on our service segments, such as automotive IATF16949, ISO9001 remains voluntary. As part of our FSL Journey and proactive approach, we encourage all sites to acquire ISO14001 (Environmental Management System) and ISO45001 (Occupational Health and Safety Management System) certifications.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Social (cont'd)

The diagram illustrates that all management systems certifications of sites remain valid up to the reporting period.

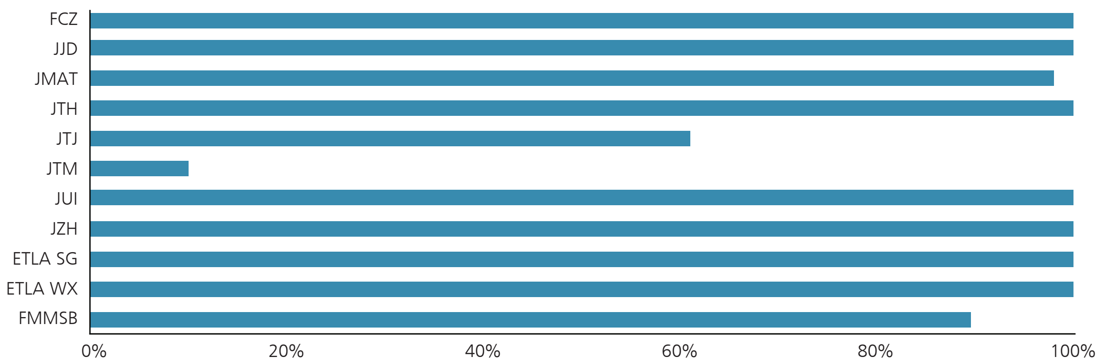


FSL Economic / Governance

Anti Bribery Corruption

In FY2023, our focus on Governance remained aligned with the material matters identified in FY2022, further strengthened by updates to our Anti-Bribery and Corruption policy, known as the Standard of Business Conduct (SOBC).To enhance awareness and serve as an annual refresher, we introduced an online learning module and assessment for SOBC, effectively engaging all operating sites and management using a digital tool.

Employees who completed the SOBC online learning in FY2023 (%)



SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Economic / Governance

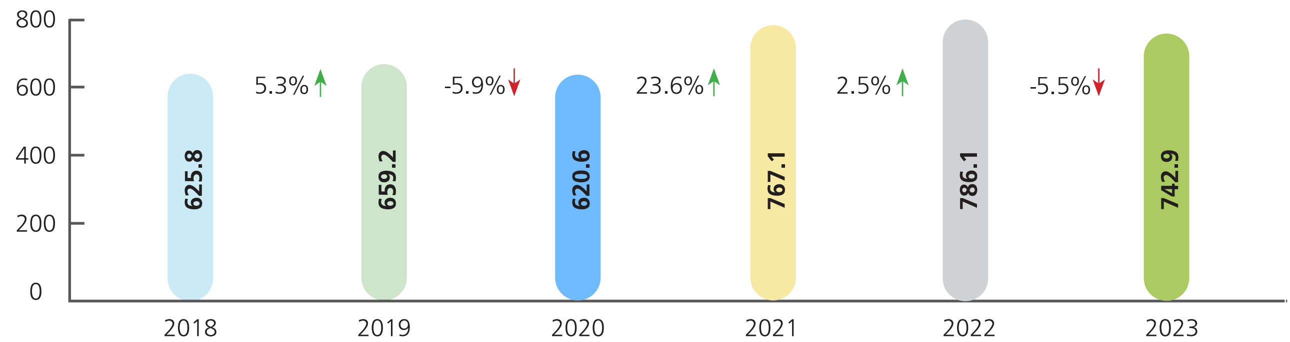
We continue to report on our FSL performance metrics related to local procurement and market presence, including indicators such as locally hired senior management and employees on minimum wage, which are significant within our organization. Our Governance performance is continuous work in progress.

This is the diagram on Governance performance by sites.

ESG FSL	Entities																
	IMS										MECH ASIA				MECH EU & US		OTHER
	FCZ	JJD	JMAT	JST	JTH	JTJ	JTM	JUI	JZH	NTZ	AVM SG	ETLA SG	ETLA WX	FMMSB	FAM	FEBV	PTSB
Economic																	
Local Supplier	Compliance	Attention needed	Compliance	Attention needed	Compliance	Attention needed	Attention needed	Compliance	Compliance	Attention needed	Attention needed	Attention needed	Compliance	Attention needed	Compliance	Compliance	In Progress
Locally Hired Senior Management	Attention needed	Compliance	Attention needed	Compliance	Attention needed	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	Compliance	In Progress
Standard Entry Level Wage	Compliance	Compliance	Attention needed	Not applicable	Attention needed	Attention needed	Attention needed	Compliance	Compliance	Not applicable	Compliance	Not applicable	Compliance	Compliance	Not applicable	Not applicable	In Progress

Attention needed   Compliance   In Progress   Not applicable

REVENUE (S$ IN MILLION)



Economic Performance (S$'000)

- Revenue : S$742,859
- PAT : S$32,475

FSL Performance TCFD Recommendations

The United Nations' Sustainable Stock Exchange (SSE) initiative requires listed issuers to disclose their climate risk mitigation strategies using the Taskforce for Climate-related Financial Disclosures (TCFD) framework. Additionally, the Global Reporting Initiative (GRI) framework mandates voluntary disclosures on sustainability and Environment, Social, and Governance (ESG) priorities within the Financial Report

Climate reporting has been phased in for listed issuers on SGX by sector, as outlined in the table below.

FY2023		FY2024	
(i)	financial,	(i)	materials,
(ii)	energy,	(ii)	buildings, and
(iii)	agriculture, and	(iii)	transportation
(iv)	food and forest products		

While climate-related disclosures were initially mandated under the TCFD Framework in 2017, the IFRS S1 and S2 frameworks have since superseded this framework.

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Performance TCFD Recommendations (cont'd)

Frencken has taken a proactive approach to ensuring our operations and management align with the TCFD Recommendations. To validate this alignment, we analyzed the FSL datasets against the TCFD responses.

Below, we provide descriptions of our reactions to the TCFD Recommendations.

Type	Climate-Related Opportunities	Frencken's Response
Governance	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	• Board members attend regular briefings by SGX-ST. • Management via the Governance Committee oversees ESG Performance and target setting.
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term. b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Working Committee at operating site have executed climate-related risk and opportunities assessment in December 2023. • We have a Risk Hazards and Opportunities dashboard to keep track of risk minimization action plans. • We continue to engage with local authorities and stakeholders who could provide alternative fuels and renewables schemes for our decarbonization.
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• In FY2023 we carried our Integrated Risk Assessment- including climate risks and opportunities. • In FY2023 we continue to engage with customers who provide us solutions to decarbonize. • We have a risk hazard and opportunities dashboard to trace risk minimization plans within short, medium and long term.
Metrics and Targets	a. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c. Describe the targets used by the organisation to manage climate-related risks of the business.	• In FY2023 we track the Energy usage and Emissions contributed. We set baseline threshold targets. For sites that exceeds this we will continue to discuss adjustment strategies to align with ESG performance targets. • In FY2023 we have disclosed our Scope 1 and 2 numbers. In the Environment disclosure further descriptions are evidenced. • Scope 1 Emissions (Mechatronics <1500 tonnes of CO2 eq.) (IMS <500 tonnes of CO2 eq.) • Scope 2 Emissions (Mechatronics <2500 tonnes of CO2 eq.) (IMS <1500 tonnes of CO2 eq.) • Electricity Use (Mechatronics <4.5 million kilowatt hours) (IMS <2.5 million kilowatt hours)

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

INTERNAL AUDIT REVIEW OF ESG CONTROLS

SGX Listing Rule 719 mandates companies to establish adequate and effective internal controls and risk management systems.

Frencken has launched an internal review procedure to complement our existing internal audit process.

The internal audit function primarily monitors compliance with policies, processes, and internal controls to ensure the accuracy, consistency, and comparability of reported data with internal department functions.

Internal audit ensures internal controls regarding ESG performance reporting.

This internal review procedure conducted by Internal Audit serves as an additional measure under Governance, ensuring the provision of adequate and effective controls and risk management.

Frencken adheres to this internal review procedure to ensure management and the board are responsible for the company's sustainability reporting.

As a Group, Frencken will continue providing internal assurance for our ESG Performance while monitoring developments in competent external audit assurance, including the latest International Standard on Sustainability Assurance (ISSA) 5000.

During our ESG Observations internal review in FY2023, ten low-risk findings were observed across seven operating sites. By December 2023, site Management had swiftly closed 60% of these findings. The remaining findings are categorized as open items, subject to Group-level engagement and technology integration planned in phases between FY2023 and FY2024.

Sites by business segment	Key findings	Management action	External Impediments
Mechatronics Asia (1) Mechatronics EU/US (2) IMS Asia (3) IMS EU(1)	• To include supplier ESG risk to align with Responsible Supply Chain Policy. • To integrate systems and technology to tag materials for compliance declaration. • Waste related impact.	• Engage with Frencken Group for launch of Supplier ESG risk survey in FY2024. • Engage with Frencken Group on digital tool for materials traceability. • Engage with licensed waste vendors.	Waste vendor is not mandated by the local authority to measure and support with company's Scope 3 emission numbers.

FSL Performance: UN SDGs Alignment

In FY2023, our Corporate Social Responsibility (CSR) investments were strategically directed towards advancing employee engagement and experience, underscoring our commitment to social impact. Totalling SGD195,889 in FY2023, compared to SGD154,000 in FY2022, these investments represented a 27% increase in allocations towards initiatives aimed to enhance employee welfare, foster community engagement, and facilitate skill enhancement. Indeed, of the SGD 154,000 allocated in FY2022, only SGD 39,366 was directed towards these initiatives, reflecting our initial steps in consolidating efforts across all sites to align with our global CSR objectives. The substantial escalation in our CSR investments in FY2023 signifies a concerted and unified endeavor towards advancing our global initiatives. This effort resulted in a total of 28,051 volunteer hours contributed, a significant rise from 7,521 hours in FY2022.

CSR activities in FY2023	CSR investments in FY2023 (S$)	CSR Investments in FY2022 (S$)
Employee Engagement	75,316	15,290
Community Services	53,519	9,595
Training and Teambuilding	48,558	4,857
Workers' Health	18,496	9,624

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Performance: UN SDGs Alignment (cont'd)

Our CSR endeavours, outlined in the table above, complement our organizational values and contribute to the holistic well-being of our workforce and the communities we serve.

These initiatives, while supplementing our compliance-driven activities, are strategically mapped within our value-creation framework to address pertinent organizational needs.

Throughout 2023, our primary focus remained on bolstering employee skills and fostering a cohesive work environment through various engagement programs, team-building activities, and comprehensive training sessions. These efforts, aimed at nurturing morale and camaraderie within the Frencken Family, play a pivotal role in enhancing our employees' and communities' overall health and well-being.

Furthermore, we remain steadfast in our commitment to aligning with the United Nations Sustainability Development Goal 3 (SDG 3) by implementing robust health screening measures for our employees and actively engaging with local communities on health-related initiatives. These efforts transcend into broader sustainability goals under SDGs 8, 9, 10 and 17, demonstrating our dedication to fostering a healthier, more inclusive and resilient ecosystem.

GRI Standards	Disclosures	Page Number(s) and/or Remark(s)
102-1	Name of the organization	Annual Report page 2
102-2	Activities, brands, products, and services	Annual Report page 3, 4
102-3	Location of headquarters	Annual Report page 2
102-4	Location of operations	Annual Report page 2
102-5	Ownership and legal form	Annual Report page 7
102-6	Markets served	Annual Report page 6, 7
102-7	Scale of the organization	Annual Report page 6, 7
102-8	Information on employees and other workers	Annual Report page 45 - 49
102-9	Supply chain	Annual Report page 50
102-10	Significant changes to the organisation and its supply chain	N/A
102-11	Precautionary Principle or Approach	Annual Report page 37 - 39
102-12	External initiatives	Annual Report page 52
102-13	Membership of associations	N/A
102-14	Statement from senior decision-maker	Annual Report page 27
102-15	Key impacts, risks, and opportunities	Annual Report page 30 - 35
102-16	Values, principles, standards, and norms of behavior	Annual Report page 35, 49
102-17	Mechanisms for advice and concerns about ethics	Annual Report page 49
102-18	Governance structure	Annual Report page 26
102-19	Delegating authority	Annual Report page 37

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Performance: UN SDGs Alignment (cont'd)

GRI Standards	Disclosures	Page Number(s) and/or Remark(s)
102-20	Executive-level responsibility for economic, environmental, and social topics	Annual Report page 37
102-21	Consulting stakeholders on economic, environmental, and social topics	Annual Report page 33, 34
102-22	Composition of the highest governance body and its committees	Annual Report page 22 – 25, 37
102-23	Chair of the highest governance body	Annual Report page 22, 27
102-24	Nominating and selecting the highest governance body	Annual Report page 26
102-25	Conflicts of interest	Annual Report page 56, 66
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual Report page 36
102-27	Collective knowledge of highest governance body	Annual Report page 36
102-28	Evaluating the highest governance body's performance	Annual Report page 36
102-29	Identifying and managing economic, environmental, and social impacts	Annual Report page 30 – 32, 34
102-30	Effectiveness of risk management processes	Annual Report page 37 - 39
102-31	Review of economic, environmental, and social topics	Annual Report page 40 - 53
102-32	Highest governance body's role in sustainability reporting	Annual Report page 37
102-33	Communicating critical concerns	Annual Report page 33
102-34	Nature and total number of critical concerns	Annual Report page 34
102-35	Remuneration policies	Annual Report page 74 - 76
102-36	Process for determining remuneration	Annual Report page 74 - 76
102-37	Stakeholders' involvement in remuneration	Annual Report page 74 - 76
102-38	Annual total compensation ratio	Annual Report page 74 - 76
102-39	Percentage increase in annual total compensation ratio	Annual Report page 74 - 76
102-40	List of stakeholder groups	Annual Report page 33, 82
102-41	Collective bargaining agreements	N/A
102-42	Identifying and selecting stakeholders	Annual Report page 33, 82
102-43	Approach to stakeholder engagement	Annual Report page 33, 82
102-44	Key topics and concerns raised	Annual Report page 30 - 35
102-45	Entities included in the consolidated financial statements	Annual Report page 97 - 106
102-46	Defining report content and topic boundaries	Annual Report page 34
102-47	List of material topics	Annual Report page 34
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	Annual Report page 1
102-51	Date of most recent report	Annual Report page 1
102-52	Reporting cycle	Annual Report page 1

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY APPROACH (CONT'D)

FSL Performance: UN SDGs Alignment (cont'd)

GRI Standards	Disclosures	Page Number(s) and/or Remark(s)
102-53	Contact point for questions regarding the report	Annual Report page 26
102-54	Claims of reporting in accordance with the GRI Standards	Annual Report page 29
102-55	GRI content index	Annual Report page 31, 34
102-56	External assurance	N/A
103-1	Explanation of the material topic and its boundary	Annual Report page 34
103-2	The management approach and its components	Annual Report page 36, 37
103-3	Evaluation of the management approach	Annual Report page 36, 37
201	Economic Performance	Annual Report page 49
202	Market Presence	Annual Report page 43
204	Procurement Practices	Annual Report page 43
205	Anti-Bribery & Corruption	Annual Report page 43
301	Materials	Annual Report page 43
306	Waste	Annual Report page 43
307	Environmental Compliance	Annual Report page 43
401 & 402	Employment & Labour Management	Annual Report page 43
403	Occupational Health & Safety	Annual Report page 43
404	Training & Education	Annual Report page 43
419	Socioeconomic Compliance	Annual Report page 43

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") and Management of Frencken Group Limited (the "Company" and together with its subsidiaries, the "Group") are committed to maintain high standards of corporate governance in order to protect and enhance the interest of shareholders value. It strongly supports the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the "Code").

The Board and Management have taken steps to align the governance framework with the recommendations of the Code, where applicable, and where there are deviations from the Code, appropriate explanations are provided.

This report discusses the Company's corporate governance framework and practices in place for the financial year ended 31 December 2023.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Principal Duties of the Board

The directors are fiduciaries who act objectively in the best interests of the Group and are responsible for overall management of the Group. The Board establishes the corporate strategies of the Group, including putting in place a code of conduct and ethics, setting the appropriate tone-from-the-top and desired organisational culture, and ensuring proper accountability within the Group. The Board is responsible for the overall corporate governance of the Group.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, inter alia, are as follows:

(a) overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans, taking into consideration sustainability issues;
(b) overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
(c) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(d) reviewing management and financial performance of the Group;
(e) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(f) setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
(g) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulations;
(h) to approve the release of the Group's financial results, annual reports and announcement to the shareholders; and
(i) to assume the responsibilities for corporate governance.

Each director is required to promptly disclose any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. Directors who face conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict.

Director Development and Training

The directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Company provides directors with opportunities to develop and upgrade their skills and knowledge. The Company also provides opportunities for directors to attend seminars and training to enable them to keep pace with regulatory changes, where changes to regulations and accounting standards have a material bearing on the Company and to enable them to discharge their duties with due care and diligence.

All newly appointed directors are given appropriate training and briefings by management on the history, business, corporate governance practices, relevant statutory and regulatory compliance issues of the Group, as well as visits to major plants to familiarise with the Group's operations. Any newly appointed director who has had no prior experience as a director of a listed company must also undergo training in the role and responsibilities of a listed company director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)
Principle 1 (cont'd)

Director Development and Training (cont'd)

All Directors except for Dato' Noorashidah Binti Ahmad have completed the course on sustainability matters organized by the Singapore Institute of Directors.

Dato' Noorashidah Binti Ahmad, who was appointed as an Independent Director on 1 March 2024, will be undertaking the mandatory training for newly appointed directors, including training on sustainability in year 2024.

Matters Requiring Board Approval

Although the day-to-day management of the Company is delegated to the Executive Director(s), the approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). All these three (3) committees are chaired by an Independent Director and consist mainly of Non-Executive Directors, the majority of whom are independent of management. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board. Please refer to Principles 4, 6 and 10 in this Corporate Governance Report for further information on the activities of NC, RC and AC respectively.

The full Board meets on a quarterly basis and more often when required to address any specific significant matters that may arise. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The Company's Constitution provides for Directors to participate in meetings by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of the other Directors.

The number of Board and Board Committee meetings held during the financial year ended 31 December 2023 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings	4	5	1	1
Dato' Gooi Soon Chai	4	N/A	1	1
Mohamad Anwar Au (also known as Dennis Au)	4	N/A	N/A	N/A
Chia Chor Leong [1]	4	5	1	1
Melvin Chan Wai Leong	4	5	1	N/A
Foo Seang Choong	4	5	N/A	1
Dato' Noorashidah Binti Ahmad [2]	N/A	N/A	N/A	N/A

1 Mr Chia Chor Leong had resigned from the Board and ceased to be the Chairman of NC and member of AC and RC on 1 March 2024.

2 Dato' Noorashidah Binti Ahmad was appointed to the Board, Chairman of NC and member of AC and RC on 1 March 2024.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)
Principle 1 (cont'd)

Complete, Adequate and Timely Information

The Board and Management are given opportunities to engage in open and constructive debate on the quarterly performance and direction of the Group, as well as on an on-going basis to enable them to make informed decisions. All Board members are supplied with relevant, complete, adequate and timely information prior to Board meetings. The Management also consults with Board members regularly whenever necessary and appropriate.

The Directors may challenge the validity of management's assumptions and also extend guidance to management wherever necessary, in the best interests of the Company. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from management.

Separate and Independent Access

The Directors have separate and independent access to senior management and the Company Secretary at all times. Requests for information from the Board are dealt with in a timely manner by the Management. The Board is informed of all material events and transactions as and when they occurred.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice at the Company's expense.

Company Secretary

The Company Secretary or representative from the Company Secretary's office administers, attends and prepares minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company, are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval.

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 Board have diversity in category of directorship which comprises five (5) Directors of whom one (1) is Executive Director, one (1) is Non-Executive Non-Independent Director and three (3) are Independent Directors. The Directors of the Company as at the date of this statement are:

Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Dennis Au	(Executive Director)
Melvin Chan Wai Leong	(Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director, appointed on 1 March 2024)

The Directors receive regular updates on relevant changes in laws and regulations including Code of Corporate Governance and financial reporting standards from the Company's relevant advisors.

All Board committees are constituted with clear Terms of Reference to assist the Board in discharging its functions and responsibilities. The Terms of Reference are provided to each newly-appointed director.

The profile of the Directors are found on pages 22 to 24 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)
Principle 2 (cont'd)

The Independent Directors form at least one third of the Board composition. The independence of each director is reviewed by the Nominating Committee. The Nominating Committee adopts the 2018 Code definition of what constitutes an Independent Director in its review. As the Chairman is not an Independent Director, the Nominating Committee is reviewing the composition of Independent Directors on the Board and ensuring that the Independent Directors constitute a majority of the Board to comply with the requirements of the Code. In fact, the Independent Directors presently constitute a majority of the composition is such that non-executive directors also constitute a majority of the Board.

Policy on the independence of Independent Board and its Directors

The Company is committed to have a strong independent element on the Board and has adopted a policy and established a process to obtain and maintain the requisite degree of independent representation for good and sound governance. As prescribed by the policy, the process:

- Establishes the methodology the Board shall use to assess the independence of each Independent Director bearing in mind the definition of independence in the Code;

- Identifies the information that shall be collected from each Independent Director to make the assessment of independence; and

- Fixes the elements of disclosure to shareholders with regard to the assessment to be made, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of an Independent Director.

The process requires the Nominating Committee to make a formal assessment and report to the Board their findings as to whether the Independent Directors are independent of management and independent in conduct, character and judgement and whether there are any business or other relationships that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Independent Director or the Independent Director's ability to fulfill their mandate and duties. The Board's rigorous review of the process is an important element in this process. The key features of the process are briefly set out below.

On an annual basis, the Nominating Committee shall require each Independent Director to complete, confirm and sign a Confirmation of Independence, the content and form of which has been approved. Each declaration shall be reviewed by the other members of the Nominating Committee based on the standards of independence in the Code. This forms the basis of the assessment. All relevant facts and circumstances shall be considered in making the assessment. Generally (but without limiting the scope of the factors which may be taken into account), in accordance with the Code, independence is, prima facie, established if the criteria set out below are met.

Independent Directors are obliged to update the Board with any new information in relation to interests or relationships relevant to independence. The Board shall re-assess independence as and when any new interests or relationships are disclosed or come to light as well as annually.

Following this process, the Nominating Committee shall report to the Board, drawing to its attention in particular any failure to meet any of the above criteria and to any other relevant circumstances and the Nominating Committee shall make recommendations. However, it is the Board's duty and prerogative to determine the sufficiency or otherwise of independence and to determine its composition. In accordance with the Code, the Board shall provide a justification if the director fails to meet any of the criteria above but the Board still considers the director an Independent Director.

Policy on Board Diversity

With the introduction of Rule 710(A) of the Listing Rules effective from 1 January 2022, the Board has maintained a board diversity policy that addresses skills and experience, gender, independence and age. The Company subscribes to improving the diversity demographic of the board directors' composition and believes that such diversity is necessary to ensure that boards are able to perform their obligations effectively in today's competitive business landscape.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)
Principle 2 (cont'd)

Policy on Board Diversity (cont'd)

Targets to achieve diversity on the board and its accompanying plans and timeline for achieving the targets.

- **Skills and Experience**

  To uphold a team of experts in the relevant industry, domain and fields on the Board.

  Currently, board members of the Company possesses a diverse expertise in various fields bringing together a vast knowledge and experiences within the digital technology space, manufacturing, and finance just to name a few. These experiences from individuals on the Board provides a significant advantage to run a global integrated technology solutions company.

  In addition, the Executive Directors possesses good industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, can take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations. The Non-Executive Directors are involved in reviewing the corporate strategies, business operations and practices of the Group, and are also involved in reviewing and monitoring the performance of management in achieving agreed goals and objectives.

  The Company will continue to maintain individuals on the Board with valuable insights to provide a wealth of expert industry knowledge to achieve the optimum decision-making process. The relevant skillsets required (e.g. sustainability) will be determined on an annual basis during the Board appointment/re-appointment process.

- **Gender**

  To achieve at least 20% of women representation on the Board by Year 2025.

  The Board recognises that women bring different perspectives and voices to the table, debate, and decision-making. This can improve the quality of dialogues and the ability to evaluate issues from several angles.

  As stated in the Company's Annual Report for FY2022, the Board aimed to have at least 20% of women representation on the Board by year 2025. The Board has since achieved this target with Dato' Noorashidah Binti Ahmad's appointment as an Independent Director on 1 March 2024.

  Similar to age diversity, the Company will take a gender-neutral approach and carefully evaluate whether the skills, background and experiences of the candidates are appropriate for the Board and the Company's development.

  To ensure this, the Company will continuously improve its candidate search process to be more inclusive including working with specialised executive search firms, increase the pool in personal network searches, expand searches with diverse professional background etc.

- **Independence**

  To maintain at least three (3) Independent Directors and comprise majority of the entire Board.

  An independent director is one who is independent in conduct, character and judgement, and have no relationships which may interfere with his/her business judgment to make decisions in the best interests of the Company.

  Rule 210(5)(c) of the SGX Listing Rules (Mainboard) requires independent directors to make up at least one-third of the Board. However, in the case of the Board Chairman being non-independent, the independent directors shall make up at least a majority of the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)
Principle 2 (cont'd)

Policy on Board Diversity (cont'd)

Targets to achieve diversity on the board and its accompanying plans and timeline for achieving the targets. (cont'd)

- **Independence (cont'd)**

  The emphasis on independence stems from concerns over the Board's ineffective and biased oversight of the independent audit process, the directors' excessive deference to senior management, the directors' affiliated companies' individual business relationships with the Group, the directors' other financial, familial, or professional relationships with the Group that may compromise their objectivity and vigilance, and the interconnected directorships, amongst others.

  Currently, the Board has five (5) Directors comprising one (1) Non-executive and Non-independent Chairman, one (1) President and Executive Director, two (2) Independent and Non-executive director, and one (1) Lead Independent and Non-executive director. This will remain as a constant ongoing target.

- **Age**

  <u>To include key personnel from diverse age group during key decision-making where appropriate.</u>

  The Board acknowledges that age is an important aspect of diversity as it allows for different viewpoints on issues and concerns that are important to all age groups. While veteran directors may contribute a wealth of experience to the boardroom, younger directors may be more in tune with the requirements of a rapidly changing environment.

  The Board has a progressive view based on the wider global integration and will look towards the inclusion of young directors in order to provide greater representation of all stakeholder groups (including consumer and employee) on the Board. The Company will take on an age-neutral stance, i.e. Board members selection is determined based on relevant skills requirements (e.g. technology advancement) and not deemed skills and experiences based on age.

Taking into account the scope and nature of the Group's businesses and operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board considers the current size of the Board is appropriate for the facilitation of decision-making. The Board believes that its current board size and composition effectively serves the Group and is not so large as to be unwieldy. It provides sufficient diversity without interfering with efficient discussion and decision-making. The Company has a majority of independent directors on its Board which allows diversity of viewpoints that are independent of the management to prevail. However, the Board will continue to review the size of the Board on an ongoing basis.

The Directors are of diversified background and collectively bring with them a wide range of experience such as accounting and finance, legal, industry knowledge, customer-based knowledge, strategic planning, business and management experience with age groups spanning a range of approximately 5 years. In particular, the Executive Director possesses good industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, can take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations. The Non-Executive Directors are involved in reviewing the corporate strategies, business operations and practices of the Group, and are also involved in reviewing and monitoring the performance of management in achieving agreed goals and objectives. The Nominating Committee reviews the Board's composition annually to ensure that the Board has sufficient diversity in terms of composition, age, balance of knowledge, skills, experience, and independence. The Board concurs with the Nominating Committee's view that the Board has the appropriate diversity of expertise to lead and govern the Group effectively, avoid herd thinking and foster constructive debate.

Where necessary the Non-Executive Directors may meet without the presence of the management of the Company.

Except for Mr Chia Chor Leong who has resigned on 1 March 2024, none of the directors have served on the Board for a period exceeding nine years from the date of their appointments.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.***

The Chairman and President (equivalent to the position of Chief Executive Officer) are separate persons and not related. There is a clear division of responsibilities between the Chairman and President, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Board subscribes to the principles set in the Code on the separation of roles of the Chairman and the President.

The Chairman bears responsibility for the conduct of the Board and is also a member of the Remuneration and Nominating Committees. The President bears executive responsibility for the Company's business.

The Chairman is responsible to, among others:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) promote a culture of openness and debate at the Board;
(c) ensure effective communication with shareholders;
(d) encourage constructive relations within the Board and between the Board and management;
(e) facilitate the effective contribution of non-executive directors in particular; and
(f) promote high standards of corporate governance.

The Chairman also ensures that the board meetings are held when necessary and sets the board meeting agenda in consultation with the President. The Chairman reviews the board papers together with the President, prior to presenting them to the Board. The Chairman and the President ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

Lead Independent Director, Mr Melvin Chan Wai Leong, is available to shareholders should they have concerns for which contact through the Chairman is inappropriate.

Where necessary the independent directors shall meet without presence of the other directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings.

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.***

All Nominating Committee members are Non-Executive, majority of whom are independent of management. The Nominating Committee comprises the following members:

Dato' Noorashidah Binti Ahmad	(Chairman & Independent Director, appointed on 1 March 2024)
Melvin Chan Wai Leong	(Lead Independent Director)
Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Chia Chor Leong	(Chairman & Independent Director, resigned on 1 March 2024)

The Chairman of the Nominating Committee is not, and is not directly associated with, a substantial shareholder.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
***Principle 4* (CONT'D)**

The Nominating Committee is responsible for the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;

(b) to determine annually, and as and when circumstances required, whether or not a director is independent, having regard to the circumstances set forth in Provision 2.1 of the Code, and makes the appropriate disclosures;

(c) to decide whether or not a director who has multiple board representations on various companies, is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how and by whom the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;

(e) the review of board succession plans for directors, the President and key management to ensure the progressive and orderly renewal of the Board and key management; and

(f) to review and recommend the training and professional development programmes for the Board.

None of the directors are appointed for any fixed term. In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire at every Annual General Meeting of the Company and all Directors are required to retire from office at least once every three (3) years, and such Directors will be eligible for re-election at the meeting at which he/she retires. In addition, the Company's Constitution stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. The Nominating Committee has recommended the nomination of Dato' Gooi Soon Chai, Mr Dennis Au and Dato' Noorashidah Binti Ahmad retiring at this forthcoming Annual General Meeting for re-election, which has been accepted by the Board.

Dato' Gooi Soon Chai, Mr Dennis Au and Dato' Noorashidah Binti Ahmad are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 April 2024 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
Date of appointment	10 February 2015	28 April 2016	1 March 2024
Date of last re-appointment	22 April 2022	22 April 2022	Nil
Age	62	59	63
Country of principal residence	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	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 Dato' Gooi Soon Chai for re-appointment as Non-Executive Non-Independent Director of the Company. The Board have reviewed and concluded that Dato' Gooi Soon Chai possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	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 Dennis Au for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Dennis Au possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee ("NC") and assessed Dato' Noorashidah Binti Ahmad's ("Dato' Shidah") qualification and experience, is of the view that she has requisite experience and capability to assume the responsibility as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Mr Dennis Au is responsible charting the Group's strategic direction, setting the organisation's goals, overseeing its global operations and driving its performance.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Non-Executive Non-Independent Director and a member of the Nominating and Remuneration Committees	President, Executive Director	Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.
Professional qualifications	Bachelor of Science degree with first class honors in electrical and electronics engineering from University of London and a Master of Science degree in computing science from Imperial College of Science and Technology, London.	Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia.	Bachelor's degree in Science with a double-major in Computer Science and Mathematics and MBA from Ohio University, USA.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
Working experience and occupation(s) during the past 10 years	In an illustrious career over 30 years, Dato' Gooi is a seasoned leader with extensive experience in the technology industry, spanning semiconductor, life sciences, and electronics sectors. He has held multiple global leadership roles and spearheaded numerous successful business transformations - driving exponential growth in the semiconductor, automotive and industrial electronics business under his purview. Dato' Gooi is a visionary leader with proven track record at nurturing new business ventures, capturing and capitalizing on technology innovation streams. In recognition of his leadership and business acumen, Dato' Gooi has been awarded the Outstanding Industry Captain of the Year by the Institute of Engineering and Technology and has been named Executive of the Year in technology by the Malaysian Management Excellence Award. Currently, he serves as the President of Order Fulfillment and Design Software Solutions for Keysight Technologies, overseeing the global operations and leading the expansion of Design Engineering Software business.	Mr Au has over 30 years of experience in the high technology industry for aerospace & defense, automotive, communications and semiconductor markets. He was previously a Vice President and General Manager of Keysight Technologies for the Korea and the South Asia Pacific region. Prior to that, Mr Au was Vice President and General Manager with Agilent Technologies and was also formerly Regional Manager for Hewlett Packard's Hi-Volume Manufacturing Test Solutions for Asia Pacific.	Dato' Shidah has over 30 years of experience holding key global positions in the Semiconductor, Electronic Instrumentation, and Information Technology industries, in Hewlett Packard, Agilent Technologies, as well as Keysight Technologies. She is a seasoned leader in the manufacturing of highly sophisticated and complex products and solutions. She has successfully transformed manufacturing and supply chain operations to achieve operational excellence, which has been lauded as best in class in the industry. Dato' Shidah currently holds the position of Vice President and General Manager of global manufacturing and supply chain operations - accountable for factories around the world including wafer fabs, test and assembly, and the end-to-end supply chain functions.
Shareholding interest in the listed issuer and its subsidiaries	7,417,023 ordinary shares (Direct interest) 93,653,068 ordinary shares (Deemed interest)	4,010,000 ordinary shares (Direct interest)	421,700 ordinary shares (Direct interest)

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
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	1. Precico Holding Sdn Bhd ("PHSB") • Dato' Gooi is a director of PHSB • Dato' Gooi is the brother of Mr Gooi Soon Lee, a director of PHSB • Dato' Gooi is the nephew-in-law of Mr Tan Beng Teik, a director of PHSB 2. Sinn Hin Company Sdn Bhd ("SHCSB") • Dato' Gooi is a director of SHCSB • Dato' Gooi is the brother of Mr Gooi Soon Lee and Mr Gooi Soon Kheng who are directors of SHCSB	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
Other Principal Commitments * (including Directorships#) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) Past Directorship (for the last 5 years)	Dato' Gooi is presently serves as the President of Order Fulfillment and Design Software Solutions for Keysight Technologies, overseeing the global operations and leading the expansion of Design Engineering Software business. Malaysia Investment Development Board Sim Hin Realty Sdn Bhd Micro Compact (M) Sdn Bhd Pensyn Sdn Bhd	Nil Nil	Nil Nil
Present Directorship	Frencken Group Limited Metro Land Sdn Bhd Sinn Hin Company Sdn Bhd Cayman Resources Sdn Bhd Precico Holdings Sdn Bhd Prime Logic (M) Sdn Bhd Penchem Technologies Sdn Bhd Penchem Industries Sdn Bhd	Frencken Group Limited Frencken International Sdn Bhd Precico Sdn Berhad Juken Technology Limited Juken Swiss Technology AG Frencken (ChuZhou) Co., Ltd. NTZ Netherland B.V. Frencken Europe B.V. Juken Uniproducts Pvt. Limited ETLA Limited Frencken Mechatronics (M) Sdn Bhd Penchem Technologies Sdn Bhd Penchem Industries Sdn Bhd	Frencken Group Limited Penchem Technologies Sdn Bhd Penchem Industries Sdn Bhd

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

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.

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
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
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
c) Whether there is any unsatisfied judgment against him?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

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.			
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Dato' Noorashidah Binti Ahmad**
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
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
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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

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.			
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Dato' Noorashidah Binti Ahmad**
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
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
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
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

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.

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Dato' Noorashidah Binti Ahmad
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (cont'd) 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 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 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?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

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.			
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Dato' Noorashidah Binti Ahmad**
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	No	No
Disclosure applicable to the appointment of Director only			
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Dato' Noorashidah Binti Ahmad**
Any prior experience as a director of an issuer listed on the Exchange? 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

Each member of the Nominating Committee shall abstain from voting on any resolutions, making any recommendation and participating in respect of matters in which he has interest.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

The date of initial appointment and last re-election as directors are set-out below:

Directors	Date of initial appointment	Date of last re-election
Dato' Gooi Soon Chai	10 February 2015	22 April 2022
Dennis Au	28 April 2016	22 April 2022
Melvin Chan Wai Leong	27 April 2017	27 April 2023
Foo Seang Choong	31 December 2021	22 April 2022
Dato' Noorashidah Binti Ahmad	1 March 2024	N/A

Please refer to Profile of Board of Directors section of this Annual Report for a profile of each director's academic and professional qualifications.

The Nominating Committee reviews annually the time commitments of directors. Notwithstanding that some of the directors have multiple board representations, the Nominating Committee is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company.

Thus, there are no compelling reasons to impose a cap on the number of board representations each director may hold since these directors are able to and have adequately carried out their duties as directors of the Company.

Currently, the Company does not have any alternate directors.

The Nominating Committee held one (1) meeting during the year under review.

In the search for potential new Directors, the Nominating Committee will seek to identify the competence required for the Board to fulfil its responsibilities. The Nominating Committee may engage recruitment consultants or engage other independent experts to undertake research on or assess candidates for new positions on the Board.

Recommendations for new Board members are put to the Board for its consideration and approval.

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 Nominating Committee examines the Board's size to satisfy that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operation. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committee as well as to the Management of the Group.

The Nominating Committee will review and evaluate the performance of the Board as a whole and its board committees in view of the complementary and collective nature of directors' contributions. The Nominating Committee has established objective performance criteria such as board structure, conducts of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, compensation, financial reporting and communication with shareholders to evaluate the Board's performance as a whole.

The Board reviews the assessment conducted by the Nominating Committee and where necessary makes changes to further improve the effectiveness of the Board. Following the review, the Board is of the view that the Board and its Board Committees operate effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.***

All Remuneration Committee members are Non-Executive, majority of whom are independent of management. The Remuneration Committee comprises the following members:

Foo Seang Choong	(Chairman & Independent Director)
Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Dato' Noorashidah Binti Ahmad	(Independent Director, appointed on 1 March 2024)
Chia Chor Leong	(Independent Director, resigned on 1 March 2024)

The Remuneration Committee is responsible for the following:

(a) to review and recommend to the Board a framework of remuneration and guidelines for the Directors and Key Management Personnel;

(b) to review and make recommendations to the Board on specific remuneration packages for each Director as well as for the key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, share options, share awards and benefits-in-kind;

(c) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(d) to manage the Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 and administered by the Employee Share Option and Award Scheme Committee comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer)

The duration of the Employee Share Option Scheme 2008 was 10 years commencing on 18 April 2008 and accordingly, it had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 for executive directors and employees of the Group were approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

During the financial year, there were no options granted under the Employee Share Option Scheme 2020 and no awards granted under the Employee Share Award Scheme 2020.

If necessary, the Remuneration Committee shall seek expert advice on remuneration of all directors and key management personnel. The Remuneration Committee shall ensure that any relationship between the appointed consultant and any of its director or Company will not affect the independence and objectivity of the remuneration consultant. The Remuneration Committee has not engaged external remuneration consultants in FY2023.

The Remuneration Committee reviews all aspects of remuneration including the service contracts of the executive directors to ensure that the contracts, including any termination clauses, are fair and reasonable.

No directors participate in decisions on their own remunerations.

The Remuneration Committee held one (1) meeting during the year under review.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.***

Executive directors' remuneration package and key management personnel's remuneration framework is structured in a way that links rewards to corporate and individual performance and takes into account industry benchmarks. The review of remuneration packages also takes into consideration the pay and employment conditions within the industry, comparable companies and the broad guidelines recommended by the Singapore Institute of Directors and the long-term interests of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, bonuses, share options, share awards and benefits-in-kind. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors, taking into account factors such as effort, time spent, and responsibilities. The Company believes that the current remuneration of Non-Executive Directors is appropriate to the level of contribution and at a level that will not compromise the independence of the Directors.

The Company will submit the quantum of Directors' fees of each year to the shareholders for approval at each Annual General Meeting.

The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from executive directors and key management personnel in exceptional cases of wrongdoings.

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.***

A breakdown showing the level and mix of each individual Director's remuneration payable for financial year 2023 is as follows:

Name of Director	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
$1,750,001 to $2,000,000					
Dennis Au	33	36	10	21*	100
Below $250,000					
Dato' Gooi Soon Chai	-	-	8	92	100
Chia Chor Leong [1]	-	-	9	91	100
Melvin Chan Wai Leong	-	-	9	91	100
Foo Seang Choong	-	-	10	90	100
Dato' Noorashidah Binti Ahmad [2]	-	-	-	-	-

* *Director fee received from a subsidiary within the Group.*

1 Mr Chia Chor Leong had resigned from the Board on 1 March 2024

2 Dato' Noorashidah Binti Ahmad was appointed to the Board on 1 March 2024

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DISCLOSURE ON REMUNERATION (CONT'D)
Principle 8 (cont'd)

Remuneration of the top five (5) key management personnel are as follows:

Name of Key Management Personnel	Salary %	Bonus %	Fringe Benefits %	Total %
$750,001 to $1,000,000				
Wang Liang Horng	41	50	9	100
$500,001 to $750,000				
Rutger van Galen	71	14	15	100
Dominic Lee Sie Yong	56	38	6	100
$250,000 to $500,000				
Brian Tan Chuen Yeang	28	64	8	100
Raymond Chew Teik Hooi	51	30	19	100

The aggregate of total remuneration paid or accrued to the top five (5) key management personnel of the Company (who are not directors or the Chief Executive Officer) for financial year 2023 is $2,579,398.

The Company decided to disclose the remuneration in bands as the Board is of the view that full disclosure of the remuneration of each individual director and key management personnel in dollar terms is not in the best interests of the Company. This is due to the sensitive and confidential nature of the matter as well as potential competitive pressures resulting from such disclosure.

The Company is of the view that the disclosure of the indicative range of the Directors' and key management personnel remunerations as well as the composition of the nature of the remunerations essentially into its fixed (salary, fee and fringe benefits) and variable (bonus) components provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and key management personnel. The fees to the Chairman and Independent Directors do not have variable components and are put forward annually to shareholders for approval at the Company's Annual General Meeting.

Therefore, the Company is of the view that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation which are consistent with the intent of Principle 8 of the Code.

Nevertheless, the Company is cognisant of the new Listing Rule 1207 (10D) and will disclose the names, exact amounts and breakdown of remuneration paid to each individual director and the CEO by the Company and its subsidiaries in its annual report for the financial year ending 31 December 2024 onwards.

For financial year 2023, the Company and its subsidiary companies do not have any other employees who are substantial shareholders, or are immediate family members of a director or the Chief Executive Officer or a substantial shareholder of the Company and whose remuneration exceeds $100,000.

Information on the Company's Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of option are set out on pages 85 to 88 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and Board.

The Board oversees management in the area of risk management and internal control system. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks.

The Board has received assurance from:

(a) the President and Chief Financial Officer as well as the internal auditors that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2023 give true and fair view of the Group's operations and finances; and

(b) the President and the key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Audit Committee and Board are in the opinion that the Group's internal controls, maintained by the Company's management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

Based on reports submitted by the external and internal auditors, and the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the management that was in place throughout the financial year and up to date of the Annual Report for the financial year ended 31 December 2023, the Board, with the concurrence of the Audit Committee and the assurance of the management (including the President and Chief Financial Officer as well as the internal auditors) are of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

In line with Rule 1207(19) of the Listing Manual on Dealing in Securities, the Company has adopted an internal code on dealings in securities which is applicable to the Company, all Directors and employees of the Group and its subsidiaries with regards to dealing in the Company's securities. The Company, all directors and employees of the Group should not deal in Company's securities on short-term considerations or when they are in possession of unpublished price sensitive information. They are also not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly business update and one month before the announcement of the Company's half year and full year financial statements, ending on the date of the announcement of such business update and financial results. The Directors and employees are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions. The Company has complied with Rule 1207(19) of the Listing Manual.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE

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

The role of the Audit Committee is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Group.

All Audit Committee members are independent Non-Executive Directors. The Audit Committee comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director, appointed on 1 March 2024)
Chia Chor Leong	(Independent Director, resigned on 1 March 2024)

The Audit Committee members have many years of experience and expertise in their respective fields of accounting, audit, financial management, law and business. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Audit Committee meets at least quarterly to discuss and review the following where applicable:

(a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the quarterly business update, half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

(g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;

(h) review the assurance from the President and the CFO on the financial records and financial statements;

(i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)
Principle 10 (cont'd)

(k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have personal material interests.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from the external auditors when they attend the Audit Committee meetings quarterly.

The Audit Committee has full access to documents and information and the co-operation from management. It has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions. The Audit Committee is satisfied that the internal auditors have adequate resources to perform its functions.

The Board believes that the existing system of internal controls is adequate and recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management.

The Group's internal audit function is carried out in-house by qualified and experienced internal audit staff. The internal auditor's primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee confirms that the internal audit function is independent as it reports directly to the Chairman of the Audit Committee who is an independent director as well as other members of the Audit Committee who are also independent directors. The Audit Committee also decides on the appointment, termination and remuneration of the head of the internal audit function.

The Group co-operates fully with the internal auditor in terms of allowing access to documents, records, properties and personnel. The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it is able to perform its function effectively and objectively. The Audit Committee has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The Company with the concurrence of the Audit Committee is satisfied that the Group's framework of internal controls and procedures is adequate and effective.

During the year, the internal auditor carried out one (1) cycle of internal audit for the Mechatronics Division in Europe, one (1) cycle of internal audit for the Mechatronics Division in America, one (1) cycle of internal audit for the Mechatronics Division in Asia, three (3) cycles of internal audit for the IMS Division in Asia and one (1) cycle of internal audit for the IMS Division in Europe. The findings were presented to the Audit Committee.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks, and have adopted recommendations made to address these risks. Based on the review by the Audit Committee, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Group's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules of the SGX-ST.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)
Principle 10 (cont'd)

For details of fees in respect of audit and non-audit services, please refer to Note 7 to the financial statements.

The Audit Committee has reviewed the range and value of non-audit services performed by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The Audit Committee had also assessed the quality of work carried out by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework.

After taking into consideration the above factors, the Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

During the year under review, the Audit Committee met with the internal auditor and external auditors a total of five (5) times of which once is without the presence of management.

Whistleblowing Policy

The Group is committed to high standards of corporate governance that encompass the ethical, moral and legal conduct of its business. An important aspect towards ensuring the adherence of this conduct is to provide an accountability and transparency mechanism that will enable individuals to voice concerns of perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that ensures there is an avenue for employees to raise concerns in confidence and provide assurance that the party involved in the whistleblowing will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The Group's whistleblowing policy reinforces the value that it places on staff to be honest and upright in their dealings and conduct. It should be emphasised that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Group nor should it be used to air grievances or as a platform to maliciously attack a superior for personal gain.

The Group's whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants that have dealings with the Group.

The Group has an independent function to investigate whistleblowing reports made in good faith. An e-mail address is available (audit.chair@frenckengroup.com), and this is communicated in our workplace and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the Audit Committee, who shall be an independent director of the board and not involved in the management of the Group. The Group assures that any individual making a whistleblowing report will retain his/her anonymity unless he/she agrees otherwise and there should not be any retaliation against the whistleblower.

All concerns raised will be independently assessed by the Chairman of the Audit Committee. The Group internal audit will be assigned to investigate the concerns raised by the whistleblower. The Audit Committee will closely oversee and monitors the progress of the investigation, including reviewing the findings in the investigation report from the internal auditors and ensure appropriate follow-up actions are taken to resolve the concerns raised by the whistleblower.

During the financial year 2023 and until the date of this Annual Report, there was 1 report received through the whistleblowing mechanism.

CORPORATE GOVERNANCE STATEMENT (CONT'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.***

Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the relevant rules and procedures that govern general meetings.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company strives to encourage wider shareholder participation by holding its Annual General Meetings at central locations in Singapore that can be conveniently reached using public transportation.

At the Company's Annual General Meetings, shareholders are given the opportunity to express their views and direct questions to Directors and management regarding the Company. All directors will normally be present at Annual General Meetings and other general meetings of shareholders to assist the Board in addressing shareholders' questions. The External Auditors are also invited to attend the Annual General Meeting to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditor's report.

The number of general meetings held during the financial year ended 31 December 2023 and the attendance of each Director, where relevant, are as follows:

	General Meeting
Number of meetings	1
Dato' Gooi Soon Chai	1
Dennis Au	1
Chia Chor Leong [1]	1
Melvin Chan Wai Leong	1
Foo Seang Choong	1
Dato' Noorashidah Binti Ahmad [2]	N/A

[1] Mr Chia Chor Leong had resigned from the Board on 1 March 2024
[2] Dato' Noorashidah Binti Ahmad was appointed to the Board on 1 March 2024

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for relevant intermediary which includes holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

All resolutions are put to vote by polls which are conducted in the presence of independent scrutineers. The detailed results of the poll voting showing the number of votes casted for and against each resolution and the respective percentages are published instantaneously at the general meeting.

The Company is not implementing absentia voting methods such as voting by mail, facsimile or e-mail until authentication of shareholders identity information and other related security issues are satisfactorily resolved.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS (CONT'D)
Principle 11 (cont'd)

Dividend Policy

While the Company has not formally instituted a dividend policy, it has established a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operation and cash flow, the Group's expected working capital requirements and capital expenditure, the future expansion, investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board strives to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

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.***

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- Company's corporate website
- SGXNET announcements including half yearly and full year results announcements, quarterly business update and news releases
- Annual Reports or circulars that are prepared and issued to all shareholders

The Company has a dedicated investor relations team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns. The Company also enhances its communications with analysts and investors by organising regular briefings, one-on-one meetings and conference calls to keep the market apprised of the Group's corporate developments and financial performance.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS
Principle 13 ***The Board adopts an inclusive and balanced approach towards the needs and interests of key stakeholders by also taking into account the interests of the Company.***

Engaging with stakeholders involves establishing good lines of communication reinforced by sound management relationships between the Company and its various stakeholders. Through this relationship, stakeholders can have an avenue for proactive communication and a platform to work towards alignment of interests.

The Company has a corporate website, www.frenckengroup.com, to communicate and engage with stakeholders. This website is the key resource of information for stakeholders as it contains an abundance of information about the Group, including financial statements, corporate announcements and annual reports. In addition to these, the following information can be accessed from the Company's website: -

(a) Board of Directors and their profiles;
(b) Key management and their profiles;
(c) Business Overview;
(d) Vision, Mission & Strategy;
(e) Group Operating Structure;
(f) Whistleblowing Policy;
(g) Stock Information; and
(h) Investor Relations Contact

CORPORATE GOVERNANCE STATEMENT (CONT'D)

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the President, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2023.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2023.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
NIL	NIL	NIL	NIL

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group") and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 97 to 177 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Dato' Gooi Soon Chai
Mohamad Anwar Au (also known as Dennis Au)
Melvin Chan Wai Leong
Foo Seang Choong
Dato' Noorashidah Binti Ahmad (Appointed on 1 March 2024)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share options and share awards mentioned in paragraph 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital 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 Companies Act 1967 except as follows:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
Name of directors and Company in which interests are held	**At beginning of year**	**At end of year**	**At 21.1.2024**	**At beginning of year**	**At end of year**	**At 21.1.2024**
Frencken Group Limited						
(Ordinary shares)						
Dato' Gooi Soon Chai	7,417,023	7,417,023	7,417,023	93,623,068	93,658,068	93,653,068
Dennis Au	4,010,000	4,010,000	4,010,000	-	-	-
Melvin Chan Wai Leong	-	-	-	439,500	439,500	439,500

DIRECTORS' STATEMENT (CONT'D)

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

According to the register of directors' shareholdings, certain director of the Company holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Frencken Group Limited ("Frencken") Employee Share Option Scheme 2008 and Employee Share Option Scheme 2020 as set out below and in paragraph 4 of the Directors' Statement.

	Number of unissued ordinary shares under option		
	At beginning of year	**At end of year**	**At 21.1.2024**
Dennis Au			
- 2017 Options	677,000	677,000	677,000
- 2022 Options	180,000	180,000	180,000

By virtue of section 7 of the Companies Act 1967, only the above directors are deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS AND SHARE AWARDS

(i) Frencken Employee Share Option Scheme 2008 ("ESOS 2008") and Frencken Employee Share Option Scheme 2020 ("ESOS 2020") for executive directors and employees of the Group ("Group Employees") were approved by members of the Company at an Extraordinary General Meeting on 18 April 2008 and 29 June 2020 respectively.

(ii) Frencken Employee Share Award Scheme 2020 ("ESAS 2020") for executive directors and Group Employees was approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

(ESOS 2008, ESOS 2020 and ESAS 2020 are hereinafter collectively referred to as the "Schemes")

The Schemes are managed by the Remuneration Committee and administered by the Employee Share Option and Award Scheme Committee (the "Committee") comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer)

The Schemes are to provide opportunities for deserving Group Employees to participate in the equity of the Company so as to motivate them to greater dedication and higher standards of performance, and to give recognition to past contribution and services. It is important to acknowledge and secure future contribution by the Group Employees, which is essential to the well-being and prosperity of the Group. The Company, by adopting the Schemes, will give participants a real and meaningful stake in the Company through the exercise of the options or the grant of the awards.

While the Schemes aim to incentivise and retain employees, ESOS 2008 and ESOS 2020 do not achieve this in the same way the ESAS 2020 does. The Company further believes that the ESAS 2020 will be more effective and rewarding than pure cash bonuses as a motivational incentive in the Group Employees' bid to achieve pre-determined goals of the Company. Unlike options granted under the ESOS 2008 and ESOS 2020, the ESAS 2020 contemplates the award of fully-paid shares free of charge to participants after the conditions of the ESAS 2020 have been met. Accordingly, the ESAS 2020 allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these superior targets, which ultimately, will create and enhance economic value for shareholders.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes")

The ESOS 2008 and ESOS 2020 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 ("2008 Options"). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000, 3,000,000 and 470,000 ordinary shares of the Company on 1 December 2009 ("2009 Options"), 1 December 2010 ("2010 Options"), 7 October 2013 ("2013 Options"), 1 April 2016 ("2016 Options"), 6 December 2017 ("2017 Options") and 26 January 2022 ("2022 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options, 2017 Options and 2022 Options were set out in the Directors' Statement for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2013, 31 December 2016, 31 December 2017 and 31 December 2022 respectively.

During the financial year, there was no grant of options under the ESOS 2020.

Options granted under the ESOS Schemes

Details of the ESOS 2008 and ESOS 2020 granted to executive directors of the Company are as follows:

	Number of unissued ordinary shares of the Company under option			
Name of director	**Granted in financial year ended 31.12.2023**	**Aggregate granted since commencement of scheme to 31.12.2023**	**Aggregate exercised since commencement of scheme to 31.12.2023**	**Aggregate outstanding as at 31.12.2023**
Dennis Au	-	3,880,000	3,023,000	857,000

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESOS Schemes at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESOS Schemes.

Size

The aggregate number of new shares in respect of which options may be granted on any date under the ESOS Schemes, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESAS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of options in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes") (cont'd)

Duration

The ESOS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESOS 2020 is adopted.

The ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

Exercise price and option period

The Committee may grant options with or without a discounted exercise price. In the event that options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the market price.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option provided always that such options granted with the exercise price set at market price shall be exercised before the 10th anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the second anniversary from the date of grant of that option provided always that the options shall be exercised before the 10th anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Except for Dennis Au, the Executive Director of the Company and Sebastiaan Johannes van Sprang, a former director of the Company, no participant under the ESOS Schemes has received 5% or more of the total number of shares under option available under the ESOS Schemes.

Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the ESOS 2008 and ESOS 2020 outstanding at the end of the financial year was as follows:

	Number of unissued ordinary shares under option at 31.12.2023	Exercise price	Exercise period
2017 Options	712,000	$0.432	06.12.2019 to 05.12.2027
2022 Options	470,000	$1.370	26.01.2024 to 25.01.2032
	1,182,000		

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESAS 2020

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESAS 2020 at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESAS 2020.

Size

The aggregate number of shares available under the ESAS 2020, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESOS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of awards in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

Duration

The ESAS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESAS 2020 is adopted.

During the financial year, there was no grant of awards under the ESAS 2020.

5 AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Group.

All Audit Committee members are independent Non-Executive Directors. The Audit Committee comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Foo Seang Choong	(Independent Director)
Dato' Noorashidah Binti Ahmad	(Independent Director, appointed on 1 March 2024)
Chia Chor Leong	(Independent Director, resigned on 1 March 2024)

The Audit Committee members have many years of experience and expertise in their respective fields of accounting, audit, financial management, law and business. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

None of the Audit Committee members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

The Audit Committee meets at least quarterly to discuss and review the following where applicable:

(a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the quarterly business update, half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

(g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;

(h) review the assurance from the President and the CFO on the financial records and financial statements;

(i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have personal material interests.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from the external auditors when they attend the Audit Committee meetings quarterly.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

The Audit Committee has full access to documents and information and the co-operation from management. It has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions. The Audit Committee is satisfied that the internal auditors have adequate resources to perform its functions.

The Board believes that the existing system of internal controls is adequate and recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management.

The Group's internal audit function is carried out in-house by qualified and experienced internal audit staff. The internal auditor's primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee confirms that the internal audit function is independent as it reports directly to the Chairman of the Audit Committee who is an independent director as well as other members of the Audit Committee who are also independent directors. The Audit Committee also decides on the appointment, termination and remuneration of the head of the internal audit function.

The Group co-operates fully with the internal auditor in terms of allowing access to documents, records, properties and personnel. The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it is able to perform its function effectively and objectively. The Audit Committee has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The Company with the concurrence of the Audit Committee is satisfied that the Group's framework of internal controls and procedures is adequate and effective.

During the year, the internal auditor carried out one (1) cycle of internal audit for the Mechatronics Division in Europe, one (1) cycle of internal audit for the Mechatronics Division in America, one (1) cycle of internal audit for the Mechatronics Division in Asia, three (3) cycles of internal audit for the IMS Division in Asia and one (1) cycle of internal audit for the IMS Division in Europe. The findings were presented to the Audit Committee.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks, and have adopted recommendations made to address these risks. Based on the review by the Audit Committee, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Group's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules of the SGX-ST.

For details of fees in respect of audit and non-audit services, please refer to Note 7 to the financial statements.

The Audit Committee has reviewed the range and value of non-audit services performed by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The Audit Committee had also assessed the quality of the work carried out by the external auditors based on ACRA's Audit Quality Indicators Disclosure Framework.

After taking into consideration the above factors, the Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

During the year under review, the Audit Committee met with the internal auditor and external auditors a total of five (5) times of which once is without the presence of management.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

Whistleblowing Policy

The Group is committed to high standards of corporate governance that encompass the ethical, moral and legal conduct of its business. An important aspect towards ensuring the adherence of this conduct is to provide an accountability and transparency mechanism that will enable individuals to voice concerns of perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that ensures there is an avenue for employees to raise concerns in confidence and provide assurance that the party involved in the whistleblowing will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The Group's whistleblowing policy reinforces the value that it places on staff to be honest and upright in their dealings and conduct. It should be emphasised that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Group nor should it be used to air grievances or as a platform to maliciously attack a superior for personal gain.

The Group's whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants that have dealings with the Group.

The Group has an independent function to investigate whistleblowing reports made in good faith. An e-mail address is available (audit.chair@frenckengroup.com), and this is communicated in our workplace and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the Audit Committee, who shall be an independent director of the board and not involved in the management of the Group. The Group assures that any individual making a whistleblowing report will retain his/her anonymity unless he/she agrees otherwise and there should not be any retaliation against the whistleblower.

All concerns raised will be independently assessed by the Chairman of the Audit Committee. The Group internal audit will be assigned to investigate the concerns raised by the whistleblower. The Audit Committee will closely oversee and monitors the progress of the investigation, including reviewing the findings in the investigation report from the internal auditors and ensure appropriate follow-up actions are taken to resolve the concerns raised by the whistleblower.

During the financial year 2023 and until the date of this Annual Report, there was 1 report received through the whistleblowing mechanism.

DIRECTORS' STATEMENT (CONT'D)

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

ON BEHALF OF THE DIRECTORS

....
Dato' Gooi Soon Chai

....
Dennis Au

8 April 2024

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 97 to 177.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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)s") 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 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the 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 Statement* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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 year. 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.

Key audit matters	How the matter was addressed in the audit
Impairment assessment of goodwill As at December 31, 2023, the carrying amounts of the Group's goodwill arising from its previous acquisition of subsidiaries amounted to $20,492,000 (Note 18), which represents 2.79% of the Group's total assets. The impairment assessment is a key audit matter due to the assumptions and judgement involved in computing the recoverable amount of each cash generating units ("CGU"). The recoverable amounts of CGUs to which goodwill are allocated to have been determined based on value-in-use calculations which requires significant management's assumption about future market conditions, revenue growth rates and discount rates.	Our audit procedures focused on evaluating and challenging the reasonableness of the key assumptions used by management in conducting the impairment review of the goodwill. These procedures include: a) Obtained an understanding of the design and tested the implementation of the Group's relevant key controls related to assessment of recoverable amounts for goodwill; b) assessed the reasonableness of the estimated cash flows by taking into account the relevant CGU's expected future operating performance (including revenue growth rates and profit margins), as well as historical actual performance, accuracy of management forecast in prior years and the general industry outlook; c) assessed the discount rate by evaluating the weighted average cost of capital for the Company and comparable entities;

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited (CONT'D)

Key Audit Matters (cont'd)

Key Audit Matters	How the matter was addressed in the audit
Based on management's assessment, no impairment loss of goodwill was recognised during the year. The accounting policies, key assumptions and sensitivities to the impairment of goodwill are disclosed in Notes 2(f)(i), 3(b)(i) and 18 to the financial statements.	d) engaged our internal valuation specialists to review the appropriateness of the discount rates used by management in the value in use calculations; and e) evaluated management's sensitivity analysis around the key assumptions above to ascertain the impact of reasonably possible changes on the value in use calculation from the cashflow forecast and determine whether the Group's assessment is reasonable. Based on our procedures, we noted management's estimates and key assumptions used in the impairment assessment of goodwill to be within a reasonable range of our expectations. We have also assessed the adequacy of the disclosures relating to the key assumptions and sensitivities and found the disclosures in the financial statements to be appropriate.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, 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)s, 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 Frencken Group Limited (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:

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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.

e) 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.

f) 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 year 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 Frencken Group Limited (CONT'D)

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 Mr Chua How Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2024

CONSOLIDATED INCOME STATEMENT

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Revenue	5	742,859	786,107
Cost of sales		(644,855)	(667,127)
Gross profit		98,004	118,980
Other income	6	10,938	12,295
Selling and distribution expenses		(9,737)	(10,698)
Administrative and general expenses		(49,524)	(50,272)
Other operating expenses		(3,343)	(3,662)
Finance income		1,210	579
Finance costs	8	(6,014)	(4,177)
Share of results of an associate, net of tax		4	2
Profit before income tax		41,538	63,047
Income tax expense	9	(9,552)	(11,410)
Profit for the year	7	31,986	51,637
Profit attributable to:			
Equity holders of the Company		32,475	51,874
Non-controlling interests		(489)	(237)
		31,986	51,637
Earnings per share			
Attributable to equity holders of the Company (cents per share)	10		
Basic		7.60	12.15
Diluted		7.60	12.13

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Profit for the year		31,986	51,637
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to income statement:			
Remeasurement of defined benefit obligation	29	70	734
Item that may be reclassified subsequently to income statement:			
Currency translation differences arising from consolidation		(7,846)	(19,855)
Other comprehensive loss for the year		(7,776)	(19,121)
Total comprehensive income for the year		24,210	32,516
Total comprehensive income attributable to:			
Equity holders of the Company		24,709	33,185
Non-controlling interests		(499)	(669)
		24,210	32,516

See accompanying notes to financial statements.

BALANCE SHEETS

As at 31 December 2023

		The Group		The Company	
	Note	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	129,816	127,541	-	-
Right-of-use assets	13	49,333	38,965	-	-
Investment properties	14	1,259	1,358	-	-
Investment in subsidiaries	15	-	-	133,275	133,261
Investment in an associate	16	19	16	-	-
Financial asset at fair value through other comprehensive income	17	1,995	1,995	1,995	1,995
Goodwill and other intangible assets	18	21,348	21,503	-	-
Deferred income tax assets	30	1,363	1,427	-	-
Other receivables, deposits and prepayments	22	1,676	-	-	-
Total non-current assets		206,809	192,805	135,270	135,256
Current assets					
Inventories	19	203,396	228,821	-	-
Trade receivables	20	171,193	123,207	-	-
Receivables from subsidiaries	21	-	-	65	239
Dividends receivables from subsidiaries		-	-	9,644	14,617
Other receivables, deposits and prepayments	22	9,442	13,364	43	38
Tax recoverable		1,815	22	-	-
Cash and cash equivalents	23	142,631	166,989	18,752	18,596
Total current assets		528,477	532,403	28,504	33,490
Total assets		735,286	725,208	163,774	168,746

BALANCE SHEETS
As at 31 December 2023 (CONT'D)

		The Group		The Company	
	Note	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
LIABILITIES					
Current liabilities					
Trade payables	24	124,802	108,312	-	-
Payable to a subsidiary		-	-	236	106
Other payables, accruals and provisions	25	52,120	58,319	1,933	2,154
Deferred income	26	10	23	-	-
Borrowings	27	91,569	107,721	-	-
Lease liabilities	28	7,703	9,214	-	-
Income tax payable		6,036	6,371	-	-
Total current liabilities		282,240	289,960	2,169	2,260
Non-current liabilities					
Other payables, accruals and provisions	25	120	199	-	-
Deferred income	26	61	75	-	-
Borrowings	27	480	1,090	-	-
Lease liabilities	28	42,276	32,422	-	-
Retirement benefit obligations	29	430	447	-	-
Deferred income tax liabilities	30	4,401	4,596	-	-
Total non-current liabilities		47,768	38,829	-	-
Total liabilities		330,008	328,789	2,169	2,260
NET ASSETS		405,278	396,419	161,605	166,486
EQUITY					
Share capital	31	104,444	104,444	104,444	104,444
Foreign currency translation reserve		(24,712)	(16,913)	-	-
Merger reserve		2,345	2,345	-	-
Capital reserve		1,981	1,981	2,562	2,562
Statutory reserve fund	32	6,936	6,268	-	-
Share option reserve		555	467	555	467
Fair value reserve		(4,405)	(4,405)	(4,405)	(4,405)
Other reserve		637	604	-	-
Retained profits		313,465	297,097	58,449	63,418
Equity attributable to equity holders of the Company		401,246	391,888	161,605	166,486
Non-controlling interests		4,032	4,531	-	-
Total equity		405,278	396,419	161,605	166,486

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

	Note	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group													
Balance at 1 January 2023		104,444	(16,913)	2,345	1,981	6,268	467	(4,405)	604	297,097	391,888	4,531	396,419
Profit for the year		-	-	-	-	-	-	-	-	32,475	32,475	(489)	31,986
Other comprehensive income (loss):													
Remeasurement of defined benefit obligation	29	-	-	-	-	-	-	-	70	-	70	-	70
Currency translation differences arising from consolidation		-	(7,799)	-	-	-	-	-	(37)	-	(7,836)	(10)	(7,846)
Total comprehensive income (loss) for the year		-	(7,799)	-	-	-	-	-	33	32,475	24,709	(499)	24,210
Transactions with owners, recognised directly in equity:													
Transfer to statutory reserve fund	32	-	-	-	-	668	-	-	-	(668)	-	-	-
Employees share option scheme:													
- Value of employee services		-	-	-	-	-	193	-	-	-	193	-	193
Transfer arising from forfeited share options		-	-	-	-	-	(105)	-	-	105	-	-	-
Dividends relating to 2022 paid	11	-	-	-	-	-	-	-	-	(15,544)	(15,544)	-	(15,544)
Total		-	-	-	-	668	88	-	-	(16,107)	(15,351)	-	(15,351)
Balance at 31 December 2023		104,444	(24,712)	2,345	1,981	6,936	555	(4,405)	637	313,465	401,246	4,032	405,278

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023 (CONT'D)

	Note	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group													
Balance at 1 January 2022		104,444	2,650	2,345	1,981	5,417	290	(4,405)	(270)	263,710	376,162	2,867	379,029
Profit for the year		-	-	-	-	-	-	-	-	51,874	51,874	(237)	51,637
Other comprehensive income (loss):													
Remeasurement of defined benefit obligation	29	-	-	-	-	-	-	-	734	-	734	-	734
Currency translation differences arising from consolidation		-	(19,563)	-	-	-	-	-	140	-	(19,423)	(432)	(19,855)
Total comprehensive income (loss) for the year		-	(19,563)	-	-	-	-	-	874	51,874	33,185	(669)	32,516
Transactions with owners, recognised directly in equity:													
Transfer to statutory reserve fund	32	-	-	-	-	851	-	-	-	(851)	-	-	-
Employees share option scheme: - Value of employee services		-	-	-	-	-	177	-	-	-	177	-	177
Non-controlling interest arising from acquisition of a subsidiary	36(b)	-	-	-	-	-	-	-	-	-	-	2,333	2,333
Dividends relating to 2021 paid	11	-	-	-	-	-	-	-	-	(17,636)	(17,636)	-	(17,636)
Total		-	-	-	-	851	177	-	-	(18,487)	(17,459)	2,333	(15,126)
Balance at 31 December 2022		104,444	(16,913)	2,345	1,981	6,268	467	(4,405)	604	297,097	391,888	4,531	396,419

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023 (CONT'D)

	Note	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000
The Company							
Balance at 1 January 2023		104,444	2,562	467	(4,405)	63,418	166,486
Profit for the year, representing total comprehensive income for the year		-	-	-	-	10,575	10,575
Transactions with owners, recognised directly in equity							
Employees share option scheme: - Value of employee services		-	-	193	-	-	193
Reversal arising from forfeited share options		-	-	(105)	-	-	(105)
Dividends relating to 2022 paid	11	-	-	-	-	(15,544)	(15,544)
Total		-	-	88	-	(15,544)	(15,456)
Balance at 31 December 2023		104,444	2,562	555	(4,405)	58,449	161,605

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023 (CONT'D)

	Note	Share capital	Capital reserve	Share option reserve	Fair value reserve	Retained profits	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Company							
Balance at 1 January 2022		104,444	2,562	290	(4,405)	67,615	170,506
Profit for the year, representing total comprehensive income for the year		-	-	-	-	13,439	13,439
Transactions with owners, recognised directly in equity							
Employees share option scheme: - Value of employee services		-	-	177	-	-	177
Dividends relating to 2021 paid	11	-	-	-	-	(17,636)	(17,636)
Total		-	-	177	-	(17,636)	(17,459)
Balance at 31 December 2022		104,444	2,562	467	(4,405)	63,418	166,486

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash Flows From Operating Activities			
Profit for the year		31,986	51,637
Adjustments for:			
Income tax expense		9,552	11,410
Share of results of an associate, net of tax		(4)	(2)
Exchange differences		(777)	353
Employees share option expense	7	193	177
Depreciation of property, plant and equipment	12	21,899	20,058
Depreciation of right-of-use assets	13	7,869	7,709
Depreciation of investment properties	14	19	43
Gain on lease modification	6	(112)	-
Gain on disposal of property, plant and equipment, net		(284)	(326)
Property, plant and equipment written off	12	52	9
Finance income		(1,210)	(579)
Finance costs	8	6,014	4,177
Amortisation of deferred income	26	(22)	(8)
Amortisation of intangible assets	18	327	285
Operating cash flow before working capital changes		75,502	94,943
Changes in operating assets and liabilities:			
Inventories		25,847	(35,270)
Receivables		(44,881)	(3,255)
Payables		10,291	(5,576)
Cash flows generated from operations		66,759	50,842
Tax paid		(11,752)	(8,839)
Finance costs paid		(6,043)	(4,177)
Net cash generated from operating activities		48,964	37,826

CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2023 (CONT'D)

	Note	2023	2022
		$'000	**$'000**
Cash Flows From Investing Activities			
Finance income received		1,210	579
Additions of intangible assets	18	(38)	-
Purchase of property, plant and equipment	23	(26,845)	(42,600)
Proceeds from disposal of property, plant and equipment		527	1,173
Loan to a third party		(2,500)	-
Repayment of loan from a third party		349	-
Acquisition of a subsidiary, net of cash acquired	36(e)	-	(3,630)
Net cash used in investing activities		(27,297)	(44,478)
Cash Flows From Financing Activities			
Repayment of lease liabilities		(9,910)	(9,416)
Repayment of short-term bank borrowings		(134,601)	(188,286)
Repayment of term loan		(800)	(1,095)
Proceeds from short-term bank borrowings		124,530	186,015
Proceeds from term loan		475	-
Dividends paid to shareholders		(15,544)	(17,636)
Placement of fixed deposits pledged as securities		-	(7)
Net cash used in financing activities		(35,850)	(30,425)
Net decrease in cash and cash equivalents		(14,183)	(37,077)
Cash and cash equivalents at the beginning of the financial year		110,268	152,610
Effect of exchange rate changes on cash and cash equivalents		(4,890)	(5,265)
Cash and cash equivalents at the end of the financial year	23	91,195	110,268

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

1 GENERAL

Frencken Group Limited (the "Company") is incorporated in Singapore with its principal place of business at Suite 2.1, Level 2, Wisma Great Eastern, No. 25 Lebuh Light, 10200, Penang, Malaysia and registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars. All financial information presented in Singapore Dollar ("$") has been rounded to the nearest thousand ($'000), unless otherwise stated.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 15.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 8 April 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 Share-based Payment, leasing transactions that are within the scope of SFRS(I) 1-16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets.*

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Adoption of new and revised standards

On 1 January 2023, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are mandatorily effective and are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirement in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(b) <u>Adoption of new and revised standards</u> (cont'd)

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies (cont'd)

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term "significant accounting policies" used throughout the financial statements has been replaced with "material accounting policy information".

(c) <u>Group accounting</u>

Subsidiaries

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Please refer to Note 2(d) for the Company's accounting policy on investments in subsidiaries.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

(ii) *Merger reserve*

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued, cash and cash equivalents and others as consideration for the acquisition.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Equity method of accounting

Under the equity method, an investment in an associate is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income for the associate. When the Group's share of losses of an associate exceeds the Group's interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extend that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(d) Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses (Note 2(f)(ii)) in the Company's balance sheet.

(e) Intangible assets

(i) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Intangible assets (cont'd)

(ii) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets such as deferred development costs, patents and intellectual properties acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. Internally generated other intangible assets, excluding capitalised deferred development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of other intangible assets are assessed as finite.

Other intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite useful lives is recognised in income statement in the expense category consistent with the function of the other intangible assets.

(a) Deferred development costs

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Amortisation of the deferred development costs begin when development is complete and the asset is available to use. Deferred development costs have a finite useful life and are amortised over the period of expected units of production or based on the estimated useful lives of the related projects.

(f) Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Impairment of non-financial assets (cont'd)

(ii) Property, plant and equipment, right-of-use assets, investment properties, investments in subsidiaries and associates and intangible assets (excluding goodwill).

Property, plant and equipment, right-of-use assets, investment properties, investments in subsidiaries and associates, and intangible assets (excluding goodwill) are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely dependent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

(g) Currency translation

(i) 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 ("functional currency").

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency translation reserve differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of gain or loss on disposal of the foreign operation.

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

(iii) 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 presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rate (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);

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Currency translation (cont'd)

(iii) Translation of Group entities' financial statements (cont'd)

(c) All resulting exchange differences are taken to the foreign currency translation reserve within other comprehensive income. This is a non-distributable reserve. Movements in this reserve account are set out in consolidated statement of changes in equity; and

(d) On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to income statement. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to income statement.

(h) Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods and moulds
- Installation services
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

(i) Sale of goods and moulds

1) Revenue from the sale of goods is recognised when control of the goods are transferred to the customer and all criteria for acceptance have been satisfied. A receivable is recognised by the Group when the control of the goods are transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2) Revenue from the sale of moulds, which comprise the rendering of services of the design and fabrication of moulds, is recognised over time based on the percentage of completion method. Percentage of completion is measured by reference to the completion of certain pre-determined milestone as certified by engineers.

(ii) Installation services

Revenue from installation services is recognised when the services are completed and satisfactory received by customer. The customer will perform a series of test on the installed equipment to assess whether the installation is properly carried out. This usually includes equipment functional test and production yield test.

(iii) Rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(i) Property, plant and equipment

(i) Measurement

All property, plant and equipment other than freehold land are stated at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at historical cost less accumulated impairment losses.

(ii) Component of costs

The cost of an item 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. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2(x) on borrowing costs).

(iii) Depreciation

Freehold land and capital work-in-progress are not depreciated. Buildings are depreciated on a straight-line basis. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts based on the following annual rates:

Buildings	1% to 5%
Plant, machinery, equipment, piping and electrical installation	5% to 33%
Moulds and toolings	10% to 33%
Office equipment, furniture and fittings and renovation	8% to 100%
Motor vehicles	17% to 30%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised as expenses during the financial year in which they are incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(j) Investment properties

Investment properties are property held for long-term rental yields and/or capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment properties includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the estimated useful lives of 75 years for leasehold buildings and 5 years for building improvements and furniture and fittings.

The residual values and useful lives of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in income statement when the changes arise.

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid funds which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and bank balances and deposits with licensed banks are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts and deposits pledged as securities.

(m) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is 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 the incremental borrowing rate that is applied to the banking facilities of the Group specific to the lessee.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(m) Leases (cont'd)

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by 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 a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

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

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(n) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values and measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with SFRS(I) 9

- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with SFRS(I) 15

(o) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(p) Taxes

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit nor loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

(q) Employee compensation

Employee benefits are recognised as an expense in the income statement unless the cost qualifies to be capitalised as an asset.

(i) Retirement benefit costs

Retirement benefit costs - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(q) Employee compensation (cont'd)

(i) Retirement benefit costs (cont'd)

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to income statement. Past service cost is recognised in income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in income statement in the line item administration and general expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. The movements in the share option reserve account are set out in the consolidated statement of changes in equity.

Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(s) Government grants (cont'd)

Government grants are recognised in consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheet and transferred to consolidated income statement on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in consolidated income statement in the period in which they become receivable.

(t) Dividends to Company's shareholders

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

(v) Financial assets

(i) Classification and measurement

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Financial assets (cont'd)

(i) Classification and measurement (cont'd)

Amortised cost and effective interest method (cont'd)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Finance income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Finance income is recognised in consolidated income statement under "Finance income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in income statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in income statement includes any dividends or interest earned on the financial asset and is included in the "other income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 35(e).

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the closing rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in income statement in the "other income" or "other operating expenses" line items.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument 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-month ECL at the current reporting date except for assets for which the simplified approach was used.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in income statement.

(w) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated at FVTPL, are subsequently measured at amortised cost using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" or "other operating expense" line item in income statement for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in income statement for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in income statement.

(x) Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to the construction or the production of the qualifying assets.

Borrowing costs 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.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

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

In the process of applying the Group's accounting policy, management is of the view that there are no critical judgements involved that have a significant effect on the accounts recognised in the financial statements, apart from those involving estimations (see below).

(b) Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f)(i). The recoverable amounts of CGUs to which goodwill are allocated to have been determined based on value-in-use calculations which requires significant management's assumption about future market conditions, terminal growth rates and discount rates (Note 18(a)).

As disclosed in Note 18, the carrying amount of goodwill as at 31 December 2023, amounted to $20,492,000 (2022 :$20,400,000), which includes goodwill allocated to the Singapore's Mechatronics CGU of $8,392,000 (2022 :$8,392,000). The Group considers the recoverable amount of goodwill allocated to this CGU to be largely sensitive to future market conditions and the forecasted revenue growth rate. Revenue is forecasted to grow significantly as a result of additional sales contracts secured and anticipated market conditions that have been considered and approved by the board. Whilst the Group is able to manage most of the budgeted cost, the revenue projects are inherently uncertain due to the nature of industry and competitive market conditions.

The market for mechatronics in Singapore has seen a significant fluctuation over the past 18 months due to stiff competition within the market. It is possible that further underperformance may occur in 2024 if prevailing trends continue.

The sensitivity analysis in respect of the recoverable amount of goodwill allocated to the Singapore's Mechatronics CGU is presented in Note 18(a).

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical accounting estimates and assumptions (cont'd)

(ii) Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment whenever there is an indication that it may be impaired. Estimation of recoverable amount using the present value of the future cash flows expected from the assets, the growth rates and discount rates are required for the impairment assessment. Based on the review, no impairment is necessary on property, plant and equipment.

As disclosed in Note 12, the carrying amount of the Group's property, plant and equipment as at 31 December 2023 was $129,816,000 (2022 : $127,541,000).

4 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if the person: (i) has control or joint control over the Company; (ii) has significant influence over the Company; or (iii) is a member of the key management personnel of the Group or Company or of the parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply: (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) one entity is an associate of the other entity (or an associate of a member of the Group of which the other entity is a member); (iii) the entity provides post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; (iv) the entity is controlled or jointly controlled by a person identified in (a); (v) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

Other than those disclosed elsewhere in the financial statements, the following related party transactions took place during the financial year:

(a) Transactions with subsidiaries

	The Company	
	2023	**2022**
	$'000	**$'000**
Management fee charged to subsidiaries	594	581
Management fee charged by a subsidiary	(215)	(298)
Expenses paid on behalf by a subsidiary	(28)	(22)
Expenses paid on behalf for a subsidiary	7	2

(b) Key management personnel compensation

The key management personnel compensation includes fees, salary, bonuses and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group, and where the Group did not incur any costs, the value of the benefits.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

4 RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation (cont'd)

The key management personnel compensation is as follows:

	The Group	
	2023	2022
	$'000	$'000
Salaries, wages and other short-term employee benefits	4,556	4,745
Post-employment benefits - defined contribution plan	155	243
Share option expense	102	94

Total compensation to directors of the Company included in above amounted to $2,234,000 (2022 : $2,310,000).

5 REVENUE

The Group derives its revenue from contracts with the customers for the transfer of goods and services at a point in time and over time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 Operating Segments (Note 33).

A disaggregation of the Group's revenue for the year by timing of revenue recognition is as follows:

	The Group	
	2023	2022
	$'000	$'000
At a point in time:		
Sale of goods	733,921	773,025
Installation services	4,291	7,497
Rental income	255	271
	738,467	780,793
Over time:		
Sale of moulds	4,392	5,314
	742,859	786,107

6 OTHER INCOME

	The Group	
	2023	2022
	$'000	$'000
Gain on disposal of property, plant and equipment	438	393
Gain on lease modification	112	-
Government grants	1,383	2,043
Foreign exchange gain	3,123	4,670
Amortisation of deferred income (Note 26)	22	8
Scrap sales	1,632	1,418
Others	4,228	3,763
	10,938	12,295

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

7 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	The Group	
	2023	2022
	$'000	$'000
Audit fees paid and payable to:		
- auditors of the Company	(295)	(276)
- other auditors*	(794)	(620)
Non-audit fees paid and payable to other auditors*	(66)	(72)
Amortisation of intangible assets (Note 18)	(327)	(285)
Depreciation of property, plant and equipment (Note 12)	(21,899)	(20,058)
Depreciation of right-of-use assets (Note 13)	(7,869)	(7,709)
Depreciation of investment properties (Note 14)	(19)	(43)
Purchase of raw materials, finished goods, toolings and consumables	(424,035)	(516,618)
Changes in inventories of raw materials, work-in-progress and finished goods	(29,020)	35,837
Transportation	(4,221)	(4,915)
Repairs and maintenance	(9,564)	(8,620)
Utilities	(10,936)	(11,684)
Insurance	(1,340)	(998)
Short-term lease expense	(2,713)	(2,567)
Employee compensations:		
- Salaries, wages and other short-term employee benefits	(152,976)	(154,193)
- Employer's contribution to defined contributions plans	(12,848)	(12,923)
- Employee share option expense	(193)	(177)
	(166,017)	(167,293)

*Includes other auditors and member firms of Deloitte outside Singapore.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

8 FINANCE COSTS

	The Group	
	2023	2022
	$'000	$'000
Finance costs on:		
- lease liabilities	(1,075)	(976)
- bank borrowings	(4,939)	(3,201)
	(6,014)	(4,177)

9 INCOME TAX EXPENSE

	The Group	
	2023	2022
	$'000	$'000
Income tax expense attributable to profit is made up of:		
Current income tax:		
- Singapore	(518)	(2,417)
- Foreign	(8,580)	(8,818)
Deferred income tax (Note 30)	29	(476)
	(9,069)	(11,711)
Over/(Under) recognition in respect of previous financial years:		
- Current income tax	431	893
- Deferred income tax (Note 30)	(186)	(236)
	245	657
Withholding tax	(728)	(356)
	(9,552)	(11,410)

The income tax expense on profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2023	2022
	$'000	$'000
Profit before income tax	41,538	63,047
Tax calculated at Singapore income tax rate of 17% (2022 : 17%)	(7,061)	(10,718)
Effects of:		
- Different income tax rates in other countries	(2,680)	(2,665)
- Expenses not deductible for tax purposes	(702)	(639)
- Income not subject to taxation	1,297	1,018
- Utilisation of previously unrecognised other temporary differences	369	103
- Deferred tax assets not recognised	(1,260)	73
- Tax incentives in other countries	1,590	2,155
- Withholding tax	(728)	(356)
- Others	(622)	(1,038)
Over/(Under) recognition in respect of previous financial years:		
- Current income tax	431	893
- Deferred income tax	(186)	(236)
	(9,552)	(11,410)

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2023	**2022**
	$'000	**$'000**
Profit attributable to equity holders of the Company	32,475	51,874

	Number of shares	**Number of shares**
Weighted average number of ordinary shares outstanding for basic earnings per share	427,025,409	427,025,409

	Cents	**Cents**
Basic earnings per share	7.60	12.15

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of potential dilutive ordinary shares which is share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit attributable to equity holders of the Company.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Profit attributable to equity holders of the Company	32,475	51,874

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

10 EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share (cont'd)

	The Group	
	2023	2022
	$'000	$'000
	Number of shares	**Number of Shares**
Weighted average number of ordinary shares outstanding for basic earnings per share	427,025,409	427,025,409
Adjustment for share options	415,376	733,864
	427,440,785	427,759,273
	Cents	**Cents**
Diluted earnings per share	7.60	12.13

11 DIVIDENDS

	The Company	
	2023	2022
	$'000	$'000
Ordinary dividends paid		
First and final tax exempt (one-tier) dividends paid in respect of the previous financial year of 3.64 cents (2021 : 4.13 cents per share)	15,544	17,636

At the forthcoming Annual General Meeting to be held on 25 April 2024, a first and final tax exempt (one-tier) dividends of 2.28 cents per share in respect of the financial year ended 31 December 2023 amounting to $9,736,000 will be proposed for the shareholders' approval.

The financial statements do not reflect this dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT

2023	**Freehold land and buildings**	**Leasehold buildings**	**Plant, machinery, equipment, piping and electrical installation**	**Moulds and tooling**	**Office equipment, furniture and fittings and renovation**	**Motor vehicles**	**Construction-in-progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
The Group								
Cost:								
At beginning of the financial year	29,854	15,266	215,793	21,873	54,712	1,946	2,021	341,465
Currency translation differences	249	(755)	(3,494)	(204)	(869)	(48)	19	(5,102)
Additions	226	-	17,340	461	2,119	38	6,567	26,751
Disposals	-	-	(4,815)	(134)	(55)	(57)	-	(5,061)
Written off	-	-	(482)	(1)	(296)	-	(5)	(784)
Reclassification	-	165	718	(18)	(165)	-	(700)	-
At end of the financial year	30,329	14,676	225,060	21,977	55,446	1,879	7,902	357,269
Accumulated depreciation:								
At beginning of the financial year	13,866	2,435	138,398	18,839	36,111	1,265	-	210,914
Currency translation differences	186	(112)	(2,113)	(118)	(546)	(32)	-	(2,735)
Charge for the financial year	1,221	643	15,157	820	3,865	193	-	21,899
Disposals	-	-	(4,422)	(122)	(53)	(52)	-	(4,649)
Written off	-	-	(436)	(1)	(295)	-	-	(732)
Reclassification	-	(100)	(4)	-	104	-	-	-
At end of the financial year	15,273	2,866	146,580	19,418	39,186	1,374	-	224,697
Accumulated impairment loss:								
At beginning of the financial year	-	-	3,010	-	-	-	-	3,010
Currency translation differences	-	-	(85)	-	-	-	-	(85)
Disposals	-	-	(169)	-	-	-	-	(169)
At end of the financial year	-	-	2,756	-	-	-	-	2,756
Carrying amount:								
At 31 December 2023	15,056	11,810	75,724	2,559	16,260	505	7,902	129,816

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2022	Freehold land and buildings	Leasehold buildings	Plant, machinery, equipment, piping and electrical installation	Moulds and tooling	Office equipment, furniture and fittings and renovation	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Cost:								
At beginning of the financial year	27,806	14,920	202,400	22,430	48,944	2,031	1,398	319,929
Currency translation differences	(1,614)	(1,278)	(12,489)	(888)	(2,610)	(71)	123	(18,827)
Acquisition of a subsidiary (Note 36(a))	-	857	1,625	-	39	6	-	2,527
Additions	3,662	-	27,540	324	9,386	438	834	42,184
Disposals	-	-	(3,570)	(34)	(57)	(292)	-	(3,953)
Written off	-	-	(54)	-	(175)	(166)	-	(395)
Reclassification	-	767	341	41	(815)	-	(334)	-
At end of the financial year	29,854	15,266	215,793	21,873	54,712	1,946	2,021	341,465
Accumulated depreciation:								
At beginning of the financial year	13,527	2,059	135,792	18,533	34,448	1,507	-	205,866
Currency translation differences	(834)	(168)	(7,953)	(697)	(1,813)	(54)	-	(11,519)
Charge for the financial year	1,173	653	13,410	1,034	3,585	203	-	20,058
Disposals	-	-	(2,788)	(31)	(57)	(229)	-	(3,105)
Written off	-	-	(51)	-	(173)	(162)	-	(386)
Reclassification	-	(109)	(12)	-	121	-	-	-
At end of the financial year	13,866	2,435	138,398	18,839	36,111	1,265	-	210,914
Accumulated impairment loss:								
At beginning of the financial year	-	-	3,295	-	-	-	-	3,295
Currency translation differences	-	-	(284)	-	-	-	-	(284)
Disposals	-	-	(1)	-	-	-	-	(1)
At end of the financial year	-	-	3,010	-	-	-	-	3,010
Carrying amount:								
At 31 December 2022	15,988	12,831	74,385	3,034	18,601	681	2,021	127,541

The carrying amounts of machineries, motor vehicles and other fixed assets held under finance leases are $4,679,000 (2022 : $5,548,000).

Bank borrowings are secured on certain freehold land and buildings, leasehold building, machineries and other fixed assets of the Group with carrying amounts of $10,019,000 (2022 : $10,645,000), $768,000 (2022 : $834,000), $25,142,000 (2022 : $22,667,000) and $3,954,000 (2022 : $4,102,000) respectively (Note 27).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

13 RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings, motor vehicles and other equipment. The lease terms of the assets are as follows:

Land	50 years to 99 years
Other assets	3 years to 7 years

2023	**Land**	**Buildings**	**Motor vehicles**	**Other equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
The Group					
Cost:					
At beginning of the financial year	3,810	53,623	1,077	572	59,082
Additions	-	18,069	270	12	18,351
Termination	-	(262)	(288)	-	(550)
Exchange difference	(193)	(246)	21	(20)	(438)
Modification	-	120	-	-	120
Reclassification	(133)	169	-	(36)	-
At end of the financial year	3,484	71,473	1,080	528	76,565
Accumulated depreciation:					
At beginning of the financial year	434	18,739	645	299	20,117
Charge for the year	62	7,456	241	110	7,869
Termination	-	(139)	(189)	-	(328)
Exchange difference	(18)	(414)	13	(15)	(434)
Modification	-	8	-	-	8
Reclassification	(131)	137	-	(6)	-
At end of the financial year	347	25,787	710	388	27,232
Carrying amount:					
At 31 December 2023	3,137	45,686	370	140	49,333

2022

The Group					
Cost:					
At beginning of the financial year	3,225	28,647	1,088	333	33,293
Acquisition of a subsidiary (Note 36(a))	820	-	-	-	820
Additions	-	29,632	302	136	30,070
Termination	-	(2,662)	(266)	(7)	(2,935)
Exchange difference	(235)	(1,994)	(67)	(22)	(2,318)
Lease modification	-	-	20	132	152
At end of the financial year	3,810	53,623	1,077	572	59,082

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

13 RIGHT-OF-USE ASSETS (CONT'D)

2022	Land	Buildings	Motor vehicles	Other equipment	Total
	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:					
At beginning of the financial year	399	14,932	630	152	16,113
Charge for the year	55	7,403	145	106	7,709
Termination	-	(2,650)	(266)	-	(2,916)
Exchange difference	(20)	(946)	136	41	(789)
At end of the financial year	434	18,739	645	299	20,117
Carrying amount:					
At 31 December 2022	3,376	34,884	432	273	38,965

Bank borrowing are secured on certain land of the Group with carrying amounts of $734,000 (2022 : $798,000) (Note 27).

14 INVESTMENT PROPERTIES

	The Group	
	2023	2022
	$'000	$'000
Cost:		
At beginning of the financial year	1,675	1,777
Currency translation differences	(99)	(102)
At end of the financial year	1,576	1,675
Accumulated depreciation:		
At beginning of the financial year	317	292
Charge for the financial year	19	43
Currency translation differences	(19)	(18)
At end of the financial year	317	317
Carrying amount at end of the financial year	1,259	1,358

The Group has adopted the cost model under SFRS(I) 1-40 for its investment properties.

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2023 and 31 December 2022 are as follows:

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2023				
Leasehold buildings	-	-	2,587	2,587
At 31 December 2022				
Leasehold buildings	-	-	2,566	2,566

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

14 INVESTMENT PROPERTIES (CONT'D)

There were no transfers between the respective levels during the financial year.

The fair value of the Group's investment properties has been arrived at based on an indicative market value by reference to market evidence of transaction prices for similar properties.

The following amounts are recognised in income statement:

	The Group	
	2023	2022
	$'000	$'000
Rental income	(255)	(271)
Direct operating expenses arising from:		
- Investment properties that generate rental income	26	27

As at 31 December 2023, the details of the investment properties are as follows:

Location	Tenure	Existing use
Block F89 (80 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2377/M2/1/81 to 96, 2377/M2/2/97 to 112, 2377/M2/3/113 to 128, 2377/M2/4/129 to 144, 2377/M2/5/145 to 160 erected on part of Lot No. 5788, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented
Block F104 (40 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2374/M4/1/181 to 188, 2374/M4/2/189 to 196, 2374/M4/3/197 to 204, 2374/M4/4/205 to 212, 2374/M4/5/213 to 220 erected on part of Lot No. 5794, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented

15 INVESTMENT IN SUBSIDIARIES

	The Company	
	2023	2022
	$'000	$'000
Equity investment	129,774	129,774
Equity contributions to subsidiaries	3,501	3,487
	133,275	133,261

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

The Company's equity contributions to subsidiaries during the financial year are in respect of its share options granted to the eligible employees (including executive directors) of the Group and credited to share option reserve.

On 27 January 2022, the Company entered into a Sale and Purchase Agreement with two existing shareholders of Penchem Technologies Sdn. Bhd. ("Penchem") to purchase 261,500 ordinary shares, representing 50.00% of the ordinary shares of Penchem. The Company had also simultaneously entered into a Subscription Agreement with Penchem to subscribe for 10,058 ordinary shares of Penchem. Following the completion on 30 August 2022, the Company owned 50.94% of the issued share capital of Penchem for a consideration of $5,127,000, thereby obtaining control of Penchem.

The fair value of identifiable net assets of the Penchem at the date of acquisition amounted to $4,757,000 is dependent on the completion of the valuation (including any intangible assets), resulting in provisional goodwill of $2,703,000. In 2023, the valuation of assets acquired and liabilities assumed was completed and the final amount of goodwill determined was $2,697,000. The minimal difference between final and provisional goodwill of $6,000 was due to foreign exchange difference.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2023	2022	2023	2022	
		%	%	%	%	
Frencken International Sdn. Bhd. [2]	Malaysia	100	100	-	-	Investment holding, providing of management services including sales & marketing and sourcing.
Frencken Europe B.V. [7]	The Netherlands	100	100	-	-	Investment holding, management, sales and business development.
ETLA Limited [1]	Singapore	100	100	-	-	Provision of value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.
Juken Technology Limited [1]	Singapore	100	100	-	-	Investment holding.
Avimac Pte. Ltd. [1]	Singapore	-	-	100	100	Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2023	2022	2023	2022	
		%	%	%	%	
Frencken Mechatronics B.V. [7]	The Netherlands	-	-	100	100	Assembly, testing and engineering of mechatronic modules and equipment.
Frencken Technical Projects Assembly B.V. [7]	The Netherlands	-	-	100	100	Provision of services to Group companies.
Machinefabriek Gebrs. Frencken B.V. [7]	The Netherlands	-	-	100	100	Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.
Optiwa B.V. [7]	The Netherlands	-	-	100	100	Manufacturing and/or assembly of precision mechanical parts, modules, sheet metal and prototyping.
Frencken Engineering B.V. [7]	The Netherlands	-	-	100	100	Research, development and engineering.
Frencken Logistics & Assembly B.V. [7]	The Netherlands	-	-	100	100	Provision of services to Group companies.
Frencken Investments B.V. [7]	The Netherlands	-	-	100	100	Property holding company.
NTZ Nederland B.V. [8]	The Netherlands	-	-	100	100	Design, engineering, manufacturing and sales of filters.
Frencken America Inc. [14]	USA	-	-	100	100	Designs, engineers and manufactures mechatronic modules, products and systems.
Frencken Mechatronics (M) Sdn. Bhd. [2]	Malaysia	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Precico Sdn. Berhad [2]	Malaysia	-	-	100	100	Investment property holding company.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2023	2022	2023	2022	
		%	%	%	%	
Juken Technology Engineering Sdn. Bhd. (2)	Malaysia	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
Penchem Technologies Sdn. Bhd. (13)	Malaysia	50.94	50.94	-	-	Producing high performance adhesive products and thermal management products.
Penchem Industries Sdn. Bhd. (13)	Malaysia	-	-	50.94	50.94	Producing, testing and trading performance adhesives, thermal management products and all other type of chemicals for commercial and industrial use.
ETLA Technology (Wuxi) Co., Ltd (3)	People's Republic of China	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Micro-Air (Tianjin) Technology Co., Ltd (12)	People's Republic of China	-	-	60	60	Vacuum coating, thermal treatment and other related services for plastic component.
Juken (Zhuhai) Co., Ltd (4)	People's Republic of China	-	-	100	100	Injection mould making and injection moulding.
Frencken (Chuzhou) Co., Ltd (5)	People's Republic of China	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
Juken (H.K.) Co., Limited (9)	Hong Kong	-	-	100	100	Sales office.
Juken (Thailand) Co., Ltd (10)	Thailand	-	-	100	100	Manufacture and distribution of plastic products.
Juken Uniproducts Pvt. Limited (11)	India	-	-	55	55	Manufacture and distribution of plastic components.
PT Juken Technology Indonesia (15)	Indonesia	-	-	100	100	Dormant.
Juken Swiss Technology AG (6)	Switzerland	-	-	100	100	Design and sales of micro-mechanical product components for automotive industry.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Deloitte & Touche, Malaysia.

(3) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purpose, and by Jiangsu Gongqin Certified Public Accountants Co., Ltd, People's Republic of China for statutory purpose.

(4) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purposes and by BDO China Dahua CPAs, People's Republic of China for statutory purpose.

(5) Audited by BDO China Dahua CPAs, People's Republic of China for statutory purpose.

(6) Audited by Deloitte AG, Switzerland for statutory purpose.

(7) Audited by Deloitte Accountants B.V., The Netherlands, Eindhoven for statutory purpose.

(8) Audited by Q-Concepts Accountancy B.V., The Netherlands for statutory purpose.

(9) Audited by W.M. Sum & Co., Hong Kong for statutory purpose.

(10) Audited by Ernst & Young, Thailand for statutory purpose.

(11) Audited by Dimpal Kumar Munjal & Associates, India for statutory purpose.

(12) Audited by Tianjin Guangxin Certified Public Accountant Co., Ltd, People's Republic of China for statutory purpose.

(13) Audited by T.H. Yew & Co. PLT, Malaysia for statutory purpose.

(14) Audited by Deloitte Accountants B.V., The Netherlands, Eindhoven for consolidation purpose.

(15) This subsidiary is insignificant and unaudited.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly owned subsidiaries	
		2023	**2022**
Investment holding			
Investment holding, providing of management services including sales & marketing and sourcing.	Malaysia	1	1
Mechatronics			
Investment holding, management, sales and business development.	The Netherlands	1	1
Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.	The Netherlands	2	2
Provision of value engineering, prototyping, program machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.	Singapore	1	1
Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.	Singapore	1	1
Manufacturing of precision machining components, sheet metal and assembly modular and equipment.	Malaysia	1	1
Manufacturing of precision machining components, sheet metal and assembly of modular and equipment.	People's Republic of China	1	1
Designs, engineers and manufactures mechatronic modules, products and systems.	USA	1	1
Assembly, testing and engineering of mechatronic modules and equipment.	The Netherlands	1	1
Provision of services to Group companies.	The Netherlands	2	2
Research, development and engineering.	The Netherlands	1	1
Property holding.	The Netherlands	1	1

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2023	**2022**
IMS			
Investment holding.	Singapore	1	1
Design, engineering, manufacturing and sales of filters.	The Netherlands	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	Malaysia	1	1
Injection mould making and injection moulding.	People's Republic of China	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	People's Republic of China	1	1
Manufacture and distribution of plastic products.	Thailand	1	1
Design and trading of micro-mechanical product components for automotive industry.	Switzerland	1	1
Sales office.	Hong Kong	1	1
Dormant.	Indonesia	1	1
Others			
Investment property holding.	Malaysia	1	1
		24	24

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		2023	**2022**
IMS			
Vacuum coating, thermal treatment and other related services for plastic component.	People's Republic of China	1	1
Manufacture and distribution of plastic components.	India	1	1
Others			
Producing high performance adhesive products and thermal management products.	Malaysia	1	1
Producing, testing and trading performance adhesives,thermal management products and all other type of chemicals for commercial and industrial use.	Malaysia	1	1
		4	4

No disclosure was made for non-wholly owned subsidiaries that have material non-controlling interests in the financial year ended 31 December 2023 and 2022 as the non-controlling interests are not material to the financial statements.

16 INVESTMENT IN AN ASSOCIATE

	The Group	
	2023	**2022**
	$'000	**$'000**
Cost of investment in associates	13	14
Share of post-acquisition profit, net dividends received	6	2
	19	16

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

16 INVESTMENT IN AN ASSOCIATE (CONT'D)

The details of the associated company is as follows:

Name of associate	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2023	2022	
		%	%	
Held by Penchem Technologies Sdn. Bhd.				
12Make Sdn. Bhd.	Malaysia	33	33	Providing engineering services, designing, manufacturing, distributing, selling and providing 3D printing products and services

17 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	Group and Company	
	2023	2022
	$'000	$'000
Unquoted equity security designated at FVTOCI	1,995	1,995

The investment in unquoted equity represent investment in a company that is engaged in the investment of healthcare companies. The recoverability of this investment is uncertain and dependent on the outcome of these activities, which cannot presently be determined. This investment in equity instruments are held for medium to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in income statement would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

18 GOODWILL AND OTHER INTANGIBLE ASSETS

2023	Goodwill	Deferred development costs	Patents	Intellectual properties	Total
	$'000	$'000	$'000	$'000	$'000
The Group					
Cost:					
At beginning of the financial year	22,459	16,756	2,392	5,961	47,568
Addition during the year	-	38	-	-	38
Currency translation differences	133	431	41	-	605
At end of the financial year	22,592	17,225	2,433	5,961	48,211
Accumulated amortisation:					
At beginning of the financial year	-	5,177	2,282	5,961	13,420
Currency translation differences	-	223	41	-	264
Amortisation charge	-	277	50	-	327
At end of the financial year	-	5,677	2,373	5,961	14,011
Accumulated impairment:					
At beginning of the financial year	2,059	10,586	-	-	12,645
Currency translation differences	41	166	-	-	207
At end of the financial year	2,100	10,752	-	-	12,852
Carrying amount:					
At 31 December 2023	20,492	796	60	-	21,348

2022	Goodwill	Deferred development costs	Patents	Intellectual properties	Total
	$'000	$'000	$'000	$'000	$'000
The Group					
Cost:					
At beginning of the financial year	20,215	17,534	2,414	5,962	46,125
Currency translation differences	(459)	(778)	(22)	(1)	(1,260)
Acquisition of a subsidiary (Note 36(d))	[1]2,703	-	-	-	2,703
At end of the financial year	22,459	16,756	2,392	5,961	47,568
Accumulated amortisation:					
At beginning of the financial year	-	5,100	2,251	5,962	13,313
Currency translation differences	-	(163)	(14)	(1)	(178)
Amortisation charge	-	240	45	-	285
At end of the financial year	-	5,177	2,282	5,961	13,420
Accumulated impairment:					
At beginning of the financial year	2,199	11,149	-	-	13,348
Currency translation differences	(140)	(563)	-	-	(703)
At end of the financial year	2,059	10,586	-	-	12,645
Carrying amount:					
At 31 December 2022	20,400	993	110	-	21,503

[1] This is a provisional goodwill arising from the acquisition of Penchem. In 2023, the valuation of assets acquired and liabilities assumed was completed and the final amount of goodwill determined was $2,697,000. The minimal difference between final and provisional goodwill of $6,000 was due to foreign exchange difference.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

18 GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to countries of operation and business segments.

The summary of the goodwill allocation is presented below:

	The Group	
	2023	**2022**
	$'000	**$'000**
Mechatronics:		
America	2,166	2,124
The Netherlands	7,237	7,187
Singapore	8,392	8,392
	17,795	17,703
Others:		
Malaysia	2,697	2,697
	20,492	20,400

The recoverable amounts of the CGUs to which goodwill is allocated are determined based on value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five-year period.

The key assumptions used by management in setting the financial budgets for the initial five-year period includes forecast average gross margin, forecast average revenue growth rate, and discount rate. Management determined the forecast average gross margin and forecast average revenue growth rate based on historical actual performance and its expectations of future changes in the market and general industry outlook. The discount rates used reflect specific risks relating to the relevant segments.

Cash flows beyond that five-year period have been extrapolated using steady growth rates that do not exceed the average growth rates for the relevant markets. The steady growth rates are estimated by management based on past performance of the CGUs and their expectations of market development.

Key assumptions used for value-in-use calculations:

	2023			2022		
	Gross margin [1]	**Revenue growth rate [1]**	**Discount rate [2]**	**Gross margin [1]**	**Revenue growth rate [1]**	**Discount rate [2]**
	%	%	%	%	%	%
Mechatronics:						
America and The Netherlands	12.1 to 20.2	7.1 to 10.6	14.5 to 15.5	10.1 to 21.4	6.7 to 11.6	12.6 to 13.2
Singapore	9.0	11.2	10.8	15.1	6.1	12.0
Others:						
Malaysia	42.2	26.0	16.2	41.2	23.4	16.4

(1) Forecasted average gross margin and revenue growth rate.
(2) Discount rate applied to the pre-tax cash flow projections.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

18 GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the forecast average revenue growth rate, discount rate and forecast average gross margin. The results can be highly sensitive to the assumptions used. Key assumptions used to determine the recoverable amounts of the CGU, including forecast average revenue growth rate, forecast average gross margin and discount rate, are tested for sensitivity by applying a reasonable possible change to those assumptions.

Sensitivity analysis

Management has conducted an analysis of the sensitivity of key assumptions used to determine the recoverable amount for each of the Group's CGUs to which goodwill is allocated.

The market for mechatronics in Singapore has seen a significant fluctuation over the past 18 months due to stiff competition within the market. It is possible that further underperformance may occur in 2024 if prevailing trends continue.

Should the forecasted average revenue growth rate decrease to 9.5% for the five-year projected free cashflow, the recoverable amount of the CGU would decrease by $3,819,000, resulting in a potential impairment charge of $1,770,000. Should the forecasted average revenue growth rate decrease to 10.2% for the five-year projected free cashflow, the recoverable amount of the CGU would be equal to its carrying amount.

No sensitivity analysis was disclosed for the remaining CGUs as the Group believes that any reasonable possible change in the key assumptions is unlikely to result in any material impairment to the CGUs.

(b) Deferred development costs

Deferred development costs relate to the cost capitalised by its subsidiaries for developing certain products. Amortisation of the deferred development costs begins when the development is completed and are amortised on the expected units of production basis or over the estimated useful life of 5 to 10 years (2022 : 5 to 10 years).

(c) Patents

Patents relate to certain design and specification of stepper motors, filter devices for micro filtration of oil and automation of material handling to laser welding machine for gearbox filters in cars.

Patents are amortised over their estimated useful life of 5 years.

(d) Intellectual properties

Intellectual properties mainly pertain to the intellectual property related to the current miniature stepper motor product offerings and the intellectual property related miniature stepper motor products under in-process research and development. These intellectual properties have finite useful lives, and are amortised on a straight-line basis over their estimated useful lives of 5 years and on the expected units sold respectively. Intellectual properties has been fully amortised.

The amortisation expense has been included in the line item "cost of sales" in consolidated income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

19 INVENTORIES

	The Group	
	2023	2022
	$'000	$'000
Raw materials	99,355	101,934
Work-in-progress	45,927	64,692
Finished goods	58,114	62,195
	203,396	228,821

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $453,055,000 (2022 : $480,781,000).

As at 31 December 2023, the inventories are stated after allowance for inventory obsolescence of $13,631,000 (2022: $10,155,000).

Inventories of $ 117,569,000 (2022 : $119,139,000) have been pledged as security for certain bank overdrafts of the Group (Note 27).

20 TRADE RECEIVABLES

	The Group	
	2023	2022
	$'000	$'000
Trade receivables	171,643	123,609
Loss allowance	(450)	(402)
	171,193	123,207

Trade receivables of $57,033,000 (2022 : $45,867,000) have been pledged as security for certain banking facilities of the Group (Note 27).

As at 31 December 2023, approximately 26% (2022 : 28%) of the trade receivables balance of the Group relates to 4 (2022 : 4) major customers that are involved in a different spectrum of industries and possess a variety of end markets to which they sell. Management has in place specific procedures to ensure that the related credit risks are closely monitored. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2022 : 14 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group applies the simplified approach in SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL for trade receivables. The loss allowance is estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

In calculating the expected credit loss rates, the Group considers historical loss rate for each category of customers and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years, historical payment trends of customers and time value of money. Management concluded that the expected credit losses for financial asset is immaterial, with the exception of certain trade receivables where credit loss allowances amounting to approximately $211,000 (2022 : $147,000) have been recognised based on the expected amount and timing of settlement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

20 TRADE RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

The Group	Lifetime ECL - credit - impaired
	$'000
Balance as at 1 January 2022	362
Amounts recovered	(86)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	147
Currency translation difference	(21)
Balance as at 31 December 2022	402
Amounts recovered	(160)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	211
Currency translation difference	(3)
Balance as at 31 December 2023	450

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

21 RECEIVABLES FROM SUBSIDIARIES

The receivables from subsidiaries are non-trade in nature, unsecured, interest free and issued with 30 days credit term.

The carrying amounts of receivables from subsidiaries approximated their fair values at balance sheet date.

At the Company level, receivables due from subsidiaries are considered to have low credit risk because they have strong financial capacity to meet the contractual obligation. Accordingly, the Company has applied the practical expedient under SFRS(I) 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial.

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

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Other receivables	4,702	5,034	35	25
Deposits	2,229	2,315	-	-
Prepayments	3,685	5,166	8	13
Staff loans and advances	502	849	-	-
	11,118	13,364	43	38
Analysed as:				
- Current	9,442	13,364	43	38
- Non-current	1,676	-	-	-
	11,118	13,364	43	38

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in credit risk since initial recognition, as the Group has not identified any indications of adverse changes in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its repayment obligations. The loss allowance is measured at an amount equal to 12-month ECL and is determined to be immaterial.

Other receivables include an amount of $2,151,000 (2022 : $Nil) in respect of a loan to a third party. This amount is repayable over a period of 5 years and bear interest at rate of 3.82% per annum. An amount of $1,676,000 (2022 : $Nil) has been included under non-current asset as repayment is not expected to be received within the next 12 months.

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

23 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Short-term funds placed with Malaysian financial institutions	46,595	43,869	-	-
Deposits with licensed banks	21,247	17,580	17,000	16,900
Cash and bank balances	74,789	105,540	1,752	1,696
	142,631	166,989	18,752	18,596
Less: Bank overdrafts (Note 27)	(51,238)	(56,521)	-	-
Less: Deposits pledged as securities	(198)	(200)	-	-
Cash and cash equivalents in the statement of cash flows	91,195	110,268	18,752	18,596

Deposits with licensed banks of the Group amounting to $198,000 (2022 : $200,000) are pledged as guarantees to certain government authorities.

The withdrawal/maturity period and effective interest rates of short-term funds placed with Malaysian financial institutions and deposits with licensed banks are as follows:

	The Group		The Company	
	2023	2022	2023	2022
Short-term funds placed with Malaysian financial institutions:				
Effective interest rate (% per annum)	3.23 to 3.66	1.84 to 2.20	-	-
Withdrawal notice (days)	1	1	-	-
Deposits with licensed banks:				
Effective interest rate (% per annum)	0 to 4.55	0 to 4.55	3.48 to 4.15	0.35 to 4.15
Maturity period (months)	1 to 3	1 to 12	1 to 3	1 to 6

These deposits with licensed banks can be withdrawn before due date if required without having to incur significant costs, and therefore, the carrying amounts approximate their fair values.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $26,751,000 (2022 : $42,184,000) (Note 12) of which $122,000 (2022 : $495,000) was included in other payables at balance sheet date. Cash payments of $26,845,000 (2022 : $42,600,000) includes an amount of $216,000 (2022 : $911,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

24 TRADE PAYABLES

The carrying amounts of trade payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.

25 OTHER PAYABLES, ACCRUALS AND PROVISIONS

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Other payables	12,915	13,141	1,092	1,298
Other operating accruals	38,840	44,813	476	491
Provisions	365	365	365	365
	52,120	58,319	1,933	2,154
Add: Other payables (non-current)	120	199	-	-
	52,240	58,518	1,933	2,154

Movements in provisions are as follow:

	Group and Company Provision for directors' fee	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of financial year	365	308
Provision made	365	365
Provision utilised	(365)	(308)
Balance at end of financial year	365	365

Other payables included an amount of $177,000 (2022 : $265,000) in respect of interest free credit granted by supplier. This amount is repayable over a period of 5 years. An amount of $120,000 (2022 : $199,000) has been included under non-current liabilities as repayment is not expected to be paid within the next 12 months.

26 DEFERRED INCOME

Deferred income relates to government grants received for the acquisition of machinery toenhance productivity and cost effectiveness. The income will be recognised in the incomestatement on a straight-line basis over the useful life of the asset. There are no unfulfilled conditions or other contingencies attaching to this grant.

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of financial year	98	-
Acquisition of a subsidiary (Note 36(a))	-	108
Less : Amortisation of deferred income (Note 6)	(22)	(8)
Currency translation differences	(5)	(2)
	71	98
Less : Non-current portion	(61)	(75)
	10	23
Analyses as:		
- Current	10	23
- Non-current	61	75
	71	98

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

27 BORROWINGS

	The Group	
	2023	2022
	$'000	$'000
Current		
Short-term bank borrowings [(1)]:		
- Bank overdrafts	51,238	56,521
- Invoice financing	27,206	43,399
- Revolving credits	12,098	7,023
Term loans [(2)]	1,027	778
	91,569	107,721
Non-current		
Term loans [(2)]	480	1,090
	480	1,090

[(1)] Short-term bank borrowings:

Bank overdrafts of the Group include:

(a) $50,866,000 (2022 : $55,957,000) is secured by mortgage over properties (Note 12), pledged on machineries, other fixed assets and inventories (Note 19) and certain trade receivables (Note 20) of certain subsidiaries of the Group in The Netherlands.

(b) $107,000 (2022 : $326,000) is secured by exclusive charge on the entire present and future current assets and fixed assets of a subsidiary in India.

Bank overdrafts of the Group are repayable on demand and form an integral part of the Group's cash management. They are denominated in EUR, USD, INR and MYR (2022 : EUR, USD, INR and MYR) and bear interest at rates ranging from 4.90% to 9.40% (2022 : 1.70% to 9.40%) per annum.

Invoice financing of the Group includes $3,879,000 (2022 : $8,916,000) which is pledged on the trade receivables (Note 20) of certain subsidiaries in the People's Republic of China.

Invoice financing are denominated in USD, EUR, SGD, MYR and RMB (2022 : USD, EUR, SGD, MYR, THB and RMB), due within 1 to 6 months (2022 : 1 to 6 months) and bear interest at rates ranging from 3.18% to 7.70% (2022 : 2.43% to 7.85%) per annum.

Revolving credits of the Group are unsecured and denominated in SGD and USD (2022 : SGD and USD), due within 3 months and bear interest at rates ranging from 5.67% to 7.40% (2022 : 2.00% to 6.37%) per annum.

[(2)] Term loans of:

(a) $153,000 (2022 : $371,000) of the Group are denominated in RMB (2022 : RMB) and bear interest at rate of 7.50% (2022 : 7.50%) per annum. The term loans are repayable over a period of 3 years (2022 : 3 years) and are secured by machinery (Note 12) of a subsidiary in the People's Republic of China.

(b) $185,000 (2022 : $335,000) of the Group are denominated in MYR (2022 : MYR) and bear interest at rate of 4.21% (2022 : 4.21%) per annum. The term loans are repayable over a period of 10 years (2022 : 10 years) and are secured by mortgage over a property (Note 12), a land (Note 13) and personal guarantee by existing and former directors of a subsidiary in Malaysia.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

27 BORROWINGS (CONT'D)

(2) Term loans of:(cont'd)

(c) In financial year 2022, term loan of $405,000 of the Group were denominated in SGD, secured by personal guarantee by former directors of a subsidiary in Singapore and bear interest at rate of 2.00% to 3.00% per annum. The personal guarantee were fully discharged in financial year 2023.

The carrying amounts of current portion of borrowings of the Group approximated their fair values at balance sheet date. The carrying amount of non-current portion of borrowings of the Group approximated their fair values as there are no significant differences between the historical interest rates at the points when the liabilities were undertaken and the current prevailing market interest rates.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Cash Flow Statement as cash flows from financing activities.

				Non-cash changes				
	At beginning of the financial year	Acquisition of a subsidiary (Note 36(a))	Financing cash flows *	Addition of lease liabilities	Termination of lease liabilities	Lease modification	Foreign exchange movement	At end of the financial year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
2023								
Short-term bank borrowings	50,422	-	(10,071)	-	-	-	(1,047)	39,304
Term loans	1,868	-	(325)	-	-	-	(36)	1,507
Lease liabilities	41,636	-	(9,910)	18,351	(222)	112	12	49,979
	93,926	-	(20,306)	18,351	(222)	112	(1,071)	90,790
2022								
Short-term bank borrowings	54,786	2	(2,271)	-	-	-	(2,095)	50,422
Term loans	2,658	361	(1,095)	-	-	-	(56)	1,868
Lease liabilities	22,216	12	(9,416)	30,070	(19)	-	(1,227)	41,636
	79,660	375	(12,782)	30,070	(19)	-	(3,378)	93,926

* The cash flows make up the net amount of proceeds from borrowings, repayments of borrowings, term loans and the repayment of lease liabilities in the Group's Consolidated Cash Flow Statement.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

28 LEASE LIABILITIES

	The Group	
	2023	2022
	$'000	$'000
Less than 1 year	8,905	9,639
Between 1 and 2 years	12,648	12,466
Between 2 and 5 years	8,489	4,396
After 5 years	22,221	16,324
	52,263	42,825
Less: Unearned interest	(2,284)	(1,189)
	49,979	41,636
Analyses as:		
- Current	7,703	9,214
- Non-current	42,276	32,422
	49,979	41,636

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

29 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group contributes at rates stipulated by each country's local legislation into separate entities and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

Retirement benefit plan

The Group operates a funded defined retirement benefit plan for qualifying employees of its subsidiary in Switzerland. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 64 to 65. No other post-retirement benefits are provided.

The plan in Switzerland typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	There is no investment risk related to the pension plan assets. The collective pension plan has been concluded with BVG-Sammelstiftung Swiss Life which bear all the risks (invalidity, death and pension) as well as for the investment activity.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2023 by Libera AG, a pension fund specialist in Switzerland. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- a discount rate;
- the salary development and leaving probability up to the beginning of the benefit payment; and
- possible inflation adjustments for the years after the first payment for recurring benefits.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at 2023	2022
Discount rate	1.50%	2.25%
Expected benefit increase	0.00%	0.00%
Inflation	1.00%	1.00%
Disability decrement	85% LPP/BVG 2020	85% LPP/BVG 2020
Mortality decrement	LPP/BVG 2020 GT[1]	LPP/BVG 2020 GT[1]
Turnover rates	LPP/BVG 2020	LPP/BVG 2020
Salary increase	1.00% flat	1.00% flat
Retirement	100% at regular retirement age	100% at regular retirement age
Long-term interest on retirement accounts	1.50%	2.25%

(1) LPP/BVG 2020 GT are a set of tables based on the observation of 15 large Swiss pension schemes between 2015 and 2019. The tables include rates of mortality, turnover, disability and etc.

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement benefit plan is as follows:

	The Group 2023 $'000	2022 $'000
Present value of funded obligations	2,587	2,678
Fair value of plan assets	(2,157)	(2,231)
Net liability recognised in the balance sheet	430	447

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Service cost:		
- Current service cost	202	178
Interest income	(50)	(9)
Interest cost	60	13
Components of defined benefit costs recognised in income statement	212	182
Remeasurement on the net defined benefit liability:		
Actuarial gain on defined benefit obligation	(179)	(803)
Loss on plan assets excluding interest income	109	69
Components of defined benefit costs recognised in other comprehensive income	(70)	(734)
Total	142	(552)

The charge for the year is included in the administrative and general expenses in income statement.

Changes in the present value of the defined benefit obligation are as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of financial year	2,678	4,383
Remeasurement gains: Actuarial gains and losses:		
- Actuarial gain on defined benefit obligation	(179)	(803)
Current service cost	202	178
Interest cost	60	13
Contribution by plan participants	160	150
Exchange differences	201	(85)
Benefits paid	(535)	(1,158)
Balance at end of financial year	2,587	2,678

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

Changes in the fair value of plan assets are as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of financial year	2,231	3,167
Remeasurement loss:		
- Loss on plan assets exclude interest income	(109)	(69)
Interest income	50	9
Contributions by employer	193	193
Contributions by plan participants	160	150
Exchange difference	167	(61)
Benefits paid	(535)	(1,158)
Balance at end of financial year	2,157	2,231

The actual loss on plan assets amounts to $60,000 (2022 : $60,000).

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

- If the discount rate increases (decreases) by 0.25%, the defined benefit obligation would decrease by $91,000 (increase by $96,000).

- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by $18,000 (decrease by $20,000).

- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $27,000 (decrease by $26,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Group to manage its risks from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The benefits of the pension scheme are funded by employer and employee as a fixed percentage of the insured salaries. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base.

The average duration of the benefit obligation at 31 December 2023 is 14.6 years (2022 : 15.4 years).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

The Group expects to contribute approximately $218,000 (2022 : $192,000) to its defined benefit plan in the subsequent financial year.

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Deferred income tax assets	(1,363)	(1,427)
Deferred income tax liabilities	4,401	4,596
	3,038	3,169

The movements on the deferred income tax account are as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of financial year	3,169	2,484
Acquisition of a subsidiary (Note 36(a))	-	120
Currency translation differences	(288)	(147)
Charged/(Credited) to income statement (Note 9):		
- Current year	(29)	476
- Under recognition in previous financial year	186	236
	157	712
Balance at end of financial year	3,038	3,169

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

30 DEFERRED INCOME TAX (CONT'D)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

	2023			2022		
	Accelerated tax depreciation	**Others**	**Total**	**Accelerated tax depreciation**	**Others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at beginning of financial year	2,495	2,101	4,596	2,172	1,799	3,971
Acquisition of a subsidiary (Note 36(a))	-	-	-	-	120	120
Currency translation differences	(108)	(193)	(301)	(151)	(99)	(250)
Charged to income statement	65	41	106	474	281	755
Balance at end of financial year	2,452	1,949	4,401	2,495	2,101	4,596

Deferred income tax assets

	Unutilised tax losses	**Accruals**	**Reinvestment allowance**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2023				
Balance at beginning of financial year	(266)	(560)	(601)	(1,427)
Currency translation differences	-	25	(12)	13
Charged to income statement	-	51	-	51
Balance at end of financial year	(266)	(484)	(613)	(1,363)
2022				
Balance at beginning of financial year	(266)	(675)	(546)	(1,487)
Currency translation differences	-	66	37	103
Charged/(Credited) to income statement	-	49	(92)	(43)
Balance at end of financial year	(266)	(560)	(601)	(1,427)

Deferred income tax assets are recognised for unutilised tax losses, accruals and unutilised reinvestment allowances carried forward to the extent that realisation of the related income tax benefits through future taxable profits is probable.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

30 DEFERRED INCOME TAX (CONT'D)

The estimated amount of unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances, pending agreement with the relevant tax authorities in the countries in which the Group operates, for which the related income tax effects have not been accounted for are as follows:

	The Group	
	2023	2022
	$'000	$'000
Unutilised tax losses	702	746
Unutilised capital allowances	2,164	2,299
Unutilised reinvestment allowances	305	324

The above unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances have no expiry dates. No deferred tax asset has been recognised in respect of the amounts above due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised is $12,360,000 (2022 : $11,952,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31 SHARE CAPITAL AND SHARE-BASED PAYMENTS

	Issued share capital	
	Number of ordinary shares	$'000
Group and Company		
2023		
Beginning and end of the financial year	427,025,409	104,444
2022		
Beginning and end of the financial year	427,025,409	104,444

The Company has one class of ordinary shares which carries no right to fixed income.

All issued shares are fully paid. There is no par value for these ordinary shares and there is no authorised share capital.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

During the financial year, there was no issued of ordinary shares.

Share options were granted to executive directors and Group employees who have been in the employment of the Group for a period of at least twelve (12) months under the Frencken Employee Share Option Scheme 2008 (the "ESOS 2008") and the Frencken Employee Share Option Scheme 2020 (the "ESOS 2020"), which became operative on 1 December 2008 and 26 January 2022 respectively.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

31 SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D)

The duration of the ESOS 2008 was 10 years commencing on 18 April 2008 and accordingly, the ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for three (3) and five (5) market days immediately preceding the date of the grant for ESOS 2008 and ESOS 2020 respectively. The vesting of the options is conditional on the executive director or employee of the Group completing another two (2) years of service to the Group from the date of grant of options.

Once the options have vested, they are exercisable for a contractual option term of eight (8) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other Company. The Group has no legal or constructive obligation to repurchase or settle the options in cash. If the options remained unexercised after the contractual option term from the date of grant, the options will be forfeited. Options are forfeited if the employee leaves the Group before the options vest.

The ESOS 2008 and ESOS 2020 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 ("2008 Options"). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000, 3,000,000 and 470,000 ordinary shares of the Company on 1 December 2009 ("2009 Options"), 1 December 2010 ("2010 Options"), 7 October 2013 ("2013 Options"), 1 April 2016 ("2016 Options"), 6 December 2017 ("2017 Options") and 26 January 2022 ("2022 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options, 2017 Options and 2022 Options were set out in the Directors' Statement for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2013, 31 December 2016, 31 December 2017 and 31 December 2022 respectively.

Information in respect of share option granted under the ESOS 2008 and ESOS 2020 are as follows:

	Number of ordinary shares under option						
	Beginning of financial year	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
Group and Company							
2023							
2017 Options	1,112,000	-	(400,000)	-	712,000	$0.432	06.12.2019 to 05.12.2027
2022 Options	470,000	-	-	-	470,000	$1.370	26.01.2024 to 25.01.2032
	1,582,000	-	(400,000)	-	1,182,000		
2022							
2017 Options	1,112,000	-	-	-	1,112,000	$0.432	06.12.2019 to 05.12.2027
2022 Options	-	470,000	-	-	470,000	$1.370	26.01.2024 to 25.01.2032
	1,112,000	470,000	-	-	1,582,000		

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

32 STATUTORY RESERVE FUND

Statutory reserve fund arises from the following:

(a) Foreign Enterprise Law in the People's Republic of China ("PRC") requires the subsidiaries incorporated in PRC to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividends distribution to shareholders.

(b) A subsidiary in Switzerland is required to place 5% of the annual net profits in a legal reserve before dividends may be distributed until the reserve reaches 20% of paid-in capital. Thereafter, 10% of any distributed amount that exceeds 5% of paid-in capital also must be placed in the reserve fund. These amounts must be appropriated until the reserve equals 50% of authorised and issued capital.

33 SEGMENT INFORMATION

(a) Business segments

Information reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the operations, the information is further analysed based on the different classes of customers. Management has chosen to organise the Group around differences in products and services.

The Group has two principal business segments under SFRS(I) 8, as described below, which are the Group's strategic business units. The two strategic business units are organised and managed separately because they require differing technological skill sets and marketing strategies. They are as follows:

- Mechatronics - specialising in the design and manufacture of complex electro-mechanical assemblies and automation systems for original equipment manufacturers.

- Integrated Manufacturing Services ("IMS") - specialising in a one-stop integrated solution to manufacture plastic components (including design and fabrication of mould) for assembly into modules and finished products. It also designs and manufactures high quality oil filters.

The Investment Holding & Management Services segment is not a business segment but essentially are investment holding companies and providing management services to companies within the Group.

The Others segment comprises:

- an investment in property holding company; and

- companies in the business of producing, testing and trading of high performance adhesive products and thermal management products.

Inter-segment transactions are determined on terms agreed between the parties. Segment assets consist of non-current and current assets while segment liabilities comprise non-current and current liabilities. Capital expenditure comprises additions to property, plant and equipment.

The accounting policies of the reportable segments are materially similar as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment with allocation of various costs, income and share of results of associated companies. This is the measure reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

33 SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Mechatronics		IMS		Investment Holding & Management Services		Others		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	646,219	688,452	93,781	96,351	-	-	2,859	1,304	-	-	742,859	786,107
Inter-segment sales	-	-	-	-	10,003	11,785	-	-	(10,003)	(11,785)	-	-
	646,219	688,452	93,781	96,351	10,003	11,785	2,859	1,304	(10,003)	(11,785)	742,859	786,107
Segment results	36,267	55,356	4,164	4,642	5,609	6,413	298	232	-	-	46,338	66,643
Finance income	249	136	48	19	892	418	25	6	(4)	-	1,210	579
Finance costs	(5,321)	(3,367)	(662)	(802)	(4)	(2)	(31)	(6)	4	-	(6,014)	(4,177)
Share of results of an associate, net of tax	-	-	-	-	-	-	4	2	-	-	4	2
Profit before income tax	31,195	52,125	3,550	3,859	6,497	6,829	296	234	-	-	41,538	63,047
Income tax expense	(7,721)	(10,566)	(1,612)	(685)	(74)	(70)	(145)	(89)	-	-	(9,552)	(11,410)
Total profit	23,474	41,559	1,938	3,174	6,423	6,759	151	145	-	-	31,986	51,637
Segment assets	545,054	531,380	108,800	110,760	71,886	73,024	9,546	10,044	-	-	735,286	725,208
Segment liabilities	292,713	290,038	32,187	33,414	4,077	4,109	1,031	1,228	-	-	330,008	328,789
Other segment information:												
Capital expenditure	24,264	37,000	2,224	4,918	6	258	257	8	-	-	26,751	42,184
Addition of intangible assets	-	-	38	-	-	-	-	-	-	-	38	-
Depreciation and amortisation	22,349	19,616	7,430	8,229	117	134	218	116	-	-	30,114	28,095
Amortisation of deferred income	-	-	-	-	-	-	22	8	-	-	22	8
Other non-cash expenses other than depreciation and amortisation	99	54	46	38	99	94	1	-	-	-	245	186

For the purposes of monitoring segment performance and allocating resources between segments, the key management personnel of the Group monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Goodwill has been allocated to reportable segments as described in Note 18.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

33 SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

The Group operates in four principal geographical areas - The Netherlands, People's Republic of China, Malaysia and Singapore (country of domicile).

Revenue is attributed to geographical areas based on the location of the customers. Non-current assets (excluding deferred tax assets, financial asset at fair value through other comprehensive income and investment in an associate) are based on the location of those assets:

	Revenue from external customers		Non-current assets	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Based on location of customer				
The Netherlands	303,697	213,713	81,922	67,831
People's Republic of China	59,982	97,580	34,845	36,612
Malaysia	40,819	56,286	39,649	40,330
Singapore	69,599	101,442	35,821	32,327
Czech Republic	62,569	44,696	-	-
Hungary	9,765	11,969	-	-
America	53,136	87,541	6,644	7,018
Germany	47,464	39,647	-	-
Switzerland	78	140	896	1,001
Thailand	51,285	73,486	1,088	1,256
India	7,271	8,359	2,567	2,992
Indonesia	8,351	9,596	-	-
United Kingdom	3,512	5,095	-	-
Mexico	4,868	13,648	-	-
Italy	7,019	8,173	-	-
Slovakia	2,110	2,511	-	-
Others	11,334	12,225	-	-
	742,859	786,107	203,432	189,367

(c) Information about major customers

Included in revenue arising from Mechatronics division of $646,219,000 (2022 : $688,452,000) are revenue of approximately $366,725,000 (2022 : $295,076,000) which arose from sales to the Group's 3 (2022 : 3) largest customers.

34 CAPITAL COMMITMENTS

	The Group	
	2023	**2022**
	$'000	**$'000**
Commitments in respect of contracts placed for the purchase of property, plant and equipment but not provided for	999	3,847

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Significant risks and events, supported by financial reports are highlighted through the monthly and quarterly management reporting structure to the executive committee and audit committee respectively, who in turn advises the board of directors. The board reviews and approves policies for managing each of these risks.

There have been no change to the Group's exposure to these financial risks or the manner in which it manages and measure the risk except as disclosed below.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes. The Group's and the Company's financial risks are summarised as follows:

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia and Europe with dominant operations in Singapore, People's Republic of China, Malaysia, and The Netherlands. Entities in the Group transact in various foreign currencies and therefore, are exposed to movements in foreign currencies rates.

Foreign currencies exchange risk arises when the entities in the Group enter into transactions that are in a currency that is other than the functional currency such as Singapore Dollar ("SGD"), United States Dollar ("USD"), Euro ("EUR"), Malaysian Ringgit ("MYR"), Renminbi ("RMB"), Thai Baht ("THB") and Swiss Franc ("CHF").

The Group's exposures to foreign currencies are primarily managed by natural hedges of matching financial assets and financial liabilities denominated in foreign currencies.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	EUR $'000	MYR $'000	RMB $'000	THB $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2023									
Financial assets									
Cash and cash equivalents	31,713	7,794	32,521	49,773	19,317	1,348	24	141	142,631
Trade and other receivables	5,348	97,425	47,544	5,169	19,061	1,270	1,073	1,736	178,626
	37,061	105,219	80,065	54,942	38,378	2,618	1,097	1,877	321,257
Financial liabilities									
Borrowings	(8,796)	(22,159)	(47,345)	(5,898)	(7,745)	-	-	(106)	(92,049)
Lease liabilities	(10,045)	(372)	(30,872)	(3,224)	(4,748)	(6)	-	(712)	(49,979)
Other financial liabilities	(15,244)	(50,401)	(79,584)	(13,969)	(14,219)	(1,500)	(903)	(1,222)	(177,042)
	(34,085)	(72,932)	(157,801)	(23,091)	(26,712)	(1,506)	(903)	(2,040)	(319,070)
Net financial assets/ (liabilities)	2,976	32,287	(77,736)	31,851	11,666	1,112	194	(163)	2,187
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	(732)	3,462	83,476	(31,851)	(11,565)	(1,112)	(218)	123	
Currency exposure	2,244	35,749	5,740	-	101	-	(24)	(40)	
At 31 December 2022									
Financial assets									
Cash and cash equivalents	43,432	26,208	28,224	48,779	18,569	1,293	37	447	166,989
Trade and other receivables	3,707	54,633	43,594	5,826	19,749	1,399	895	1,602	131,405
	47,139	80,841	71,818	54,605	38,318	2,692	932	2,049	298,394
Financial liabilities									
Borrowings	(5,677)	(33,307)	(50,481)	(7,582)	(11,244)	(194)	-	(326)	(108,811)
Lease liabilities	(8,616)	(580)	(24,970)	(3,528)	(3,121)	-	(2)	(819)	(41,636)
Other financial liabilities	(21,278)	(23,723)	(85,397)	(14,120)	(18,104)	(1,773)	(1,200)	(1,235)	(166,830)
	(35,571)	(57,610)	(160,848)	(25,230)	(32,469)	(1,967)	(1,202)	(2,380)	(317,277)
Net financial assets/ (liabilities)	11,568	23,231	(89,030)	29,375	5,849	725	(270)	(331)	(18,883)
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	(7,257)	(1,053)	96,803	(29,377)	(5,370)	(725)	278	645	
Currency exposure	4,311	22,178	7,773	(2)	479	-	8	314	

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2023			2022		
		Increase/(Decrease)			Increase/(Decrease)	
	Currency movement	Profit after income tax	Other component of equity	Currency movement	Profit after income tax	Other component of equity
		$'000	$'000		$'000	$'000
The Group						
USD against MYR	1%			6%		
- strengthened		38	38		479	479
- weakened		(38)	(38)		(479)	(479)
EUR against MYR	1%			3%		
- strengthened		5	5		31	31
- weakened		(5)	(5)		(31)	(31)
SGD against MYR	2%			1%		
- strengthened		34	34		33	33
- weakened		(34)	(34)		(33)	(33)
EUR against SGD	1%			1%		
- strengthened		16	16		20	20
- weakened		(16)	(16)		(20)	(20)
USD against SGD	2%			7%		
- strengthened		385	385		428	428
- weakened		(385)	(385)		(428)	(428)
EUR against CHF	3%			2%		
- strengthened		44	44		34	34
- weakened		(44)	(44)		(34)	(34)
USD against RMB	2%			4%		
- strengthened		88	88		207	207
- weakened		(88)	(88)		(207)	(207)

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	EUR $'000	MYR $'000	Total $'000
At 31 December 2023				
Financial assets				
Cash and cash equivalents	18,533	219	-	18,752
Other receivables	86	14	-	100
Dividends receivables	2,515	6,238	891	9,644
	21,134	6,471	891	28,496
Financial liabilities				
Other financial liabilities	(2,169)	-	-	(2,169)
Net financial assets	18,965	6,471	891	26,327
Less: Net financial assets denominated in the Company's functional currency	(18,965)	-	-	
Currency exposure	-	6,471	891	
At 31 December 2022				
Financial assets				
Cash and cash equivalents	18,586	10	-	18,596
Other receivables	32	232	-	264
Dividends receivables	11,960	-	2,657	14,617
	30,578	242	2,657	33,477
Financial liabilities				
Other financial liabilities	(2,260)	-	-	(2,260)
Net financial assets	28,318	242	2,657	31,217
Less: Net financial assets denominated in the Company's functional currency	(28,318)	-	-	
Currency exposure	-	242	2,657	

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2023 Increase/(Decrease)			2022 Increase/(Decrease)		
	Currency movement	Profit after income tax	Other component of equity	Currency movement	Profit after income tax	Other component of equity
		$'000	$'000		$'000	$'000
The Company						
EUR against SGD	1%			1%		
- strengthened		54	54		2	2
- weakened		(54)	(54)		(2)	(2)
MYR against SGD	2%			1%		
- strengthened		15	15		22	22
- weakened		(15)	(15)		(22)	(22)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates related primarily to its placement in fixed deposits, short-term funds, and bank borrowings. At balance sheet date, approximately 1.64% (2022 : 1.72%) of the Group's borrowings are at fixed rates of interest.

The Group's and the Company's deposits at fixed rates are denominated primarily in SGD.

The Group's borrowings (as disclosed in Note 27) at variable rates on which effective hedges have not been entered into are denominated mainly in MYR, SGD, EUR, RMB, CHF and USD. If interest rate increases/decreases by 0.5% with all other variables including tax rate being held constant, the Group's net profit will be lower/higher by $453,000 (2022 : $535,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

(i) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(i) Overview of the Group's exposure to credit risk (cont'd)

The Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets at stated in the statement of financial position.

To minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, and transacting with entities that are rated the equivalent of investment grade, as a mean of mitigating the risk of financial loss from defaults. Trade receivables' payment profile and credit exposure are monitored on an ongoing basis through Group's management reporting procedures.

Financial assets, which potentially subject the Group to concentration of credit risk, consist principally of trade and other receivables, deposits, financial asset at fair value through other comprehensive income and cash and cash equivalents. The Group's short-term funds, deposits and bank balance are placed with high creditworthiness financial institutions. The management does not expect any losses arising from non-performances by these counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default.	Trade receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

(ii) Credit risk management

The Group's trade receivables comprise of mainly 4 debtors (2022 : 4 debtors) that individually represented 4% to 10% (2022 : 6% to 8%) of trade receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2023	2022
	$'000	$'000
Guarantees for banking facilities granted to subsidiaries:		
- unsecured	14,573	26,685

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(ii) Credit risk management (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group	
	2023	2022
	$'000	$'000
By geographical areas		
America	46,415	20,985
Malaysia	10,967	12,711
Singapore	19,112	13,193
The Netherlands	30,191	21,792
People's Republic of China	22,628	21,249
Czech Republic	11,269	11,178
Other countries	30,611	22,099
	171,193	123,207
By business segments		
Mechatronics		
Semiconductors	79,498	41,771
Medical	8,204	8,887
Analytical Life Sciences	28,389	33,183
Industrial Automation	20,225	8,480
Others	7,747	4,152
	144,063	96,473
IMS		
Automotive	19,728	19,264
Consumer and Industrial Electronics	2,379	1,770
Tooling	938	721
Others	3,886	4,465
	26,931	26,220
Others	199	514
Total	171,193	123,207

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows from operating activities to finance their activities and minimises liquidity risk by keeping committed credit lines available.

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 31 December 2023							
Non-interest bearing	-	(176,557)	(63)	(57)	-	-	(176,677)
Lease liabilities (fixed rate)	2.23%	(8,905)	(12,648)	(8,489)	(22,221)	2,284	(49,979)
Variable interest rate instruments	5.32%	(95,358)	-	-	-	4,816	(90,542)
Fixed interest rate instruments	2.98%	(1,552)	-	-	-	45	(1,507)
		(282,372)	(12,711)	(8,546)	(22,221)	7,145	(318,705)
At 31 December 2022							
Non-interest bearing	-	(166,266)	(66)	(133)	-	-	(166,465)
Lease liabilities (fixed rate)	2.28%	(9,639)	(12,466)	(4,396)	(16,324)	1,189	(41,636)
Variable interest rate instruments	3.07%	(110,229)	-	-	-	3,286	(106,943)
Fixed interest rate instruments	3.76%	(1,820)	(118)	-	-	70	(1,868)
		(287,954)	(12,650)	(4,529)	(16,324)	4,545	(316,912)

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Non-derivative financial liabilities (cont'd)

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000
The Company						
At 31 December 2023						
Non-interest bearing	-	(1,804)	-	-	-	(1,804)
		(1,804)	-	-	-	(1,804)
At 31 December 2022						
Non-interest bearing	-	(1,895)	-	-	-	(1,895)
		(1,895)	-	-	-	(1,895)

Non-derivative financial assets

The table below analyses the maturity profile of the Group's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 31 December 2023							
Non-interest bearing	-	251,462	-	-	1,995	-	253,457
Fixed interest rate instruments	3.33%	68,837	495	1,181	-	(718)	69,795
		320,299	495	1,181	1,995	(718)	323,252
At 31 December 2022							
Non-interest bearing	-	236,945	-	-	1,995	-	238,940
Fixed interest rate instruments	2.17%	61,923	-	-	-	(474)	61,449
		298,868	-	-	1,995	(474)	300,389

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Non-derivative financial assets (cont'd)

The table below analyses the maturity profile of the Company's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Company							
At 31 December 2023							
Non-interest bearing	-	11,496	-	-	1,995	-	13,491
Fixed interest rate instruments	3.82%	17,648	-	-	-	(648)	17,000
		29,144	-	-	1,995	(648)	30,491
At 31 December 2022							
Non-interest bearing	-	16,577	-	-	1,995	-	18,572
Fixed interest rate instruments	2.25%	17,280	-	-	-	(380)	16,900
		33,857	-	-	1,995	(380)	35,472

(d) Capital risk

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

If the need for financing arises, the Group will monitor and manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Certain subsidiaries of the Group are required by the relevant local regulations to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant local authorities.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Fair value of financial assets and financial liabilities

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities and the interest rates approximating market rates.

Management considers the carrying amounts of non-current lease liabilities and bank borrowings to approximate their respective fair values due to the interest rates approximating market rates.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Group and Company		**Fair value hierarchy**	**Valuation technique and key input**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	2023	**2022**				
	$'000	**$'000**				
Financial assets at fair value through other comprehensive income –unquoted equity shares	1,995	1,995	Level 3	Asset-based approach	Net asset value of the entity	Favourable (adverse) change in net assets will increase (decrease) fair value

There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 December 2023 and 2022.

The Group and the Company have no plans to dispose of this investment in the foreseeable future.

(f) Financial instruments by category

The following table sets out the categories of financial instruments as at end of the reporting period:

	The Group		**The Company**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Financial asset at FVTOCI (Note 17)	1,995	1,995	1,995	1,995
Trade receivables (Note 20)	171,193	123,207	-	-
Receivables from subsidiaries (Note 21)	-	-	65	239
Dividends receivables from subsidiaries	-	-	9,644	14,617
Other receivables and deposits (Note 22)	7,433	8,198	35	25
Cash and cash equivalents (Note 23)	142,631	166,989	18,752	18,596
Financial assets at amortised cost	321,257	298,394	28,496	33,477

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Financial instruments by category (cont'd)

The following table sets out the categories of financial instruments as at end of the reporting period: (cont'd)

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables (Note 24)	124,802	108,312	-	-
Payable to a subsidiary	-	-	236	106
Other payables and accruals (Note 25)	51,875	58,153	1,568	1,789
Borrowings (Note 27)	92,049	108,811	-	-
Lease liabilities (Note 28)	49,979	41,636	-	-
Financial liabilities at amortised cost	318,705	316,912	1,804	1,895

36 ACQUISITION OF A SUBSIDIARY

2022

On 27 January 2022, the Company entered into a Sale and Purchase Agreement with two existing shareholders of Penchem Technologies Sdn. Bhd. ("Penchem") to purchase 261,500 ordinary shares, representing 50.00% of the ordinary shares of Penchem. The Company had also simultaneously entered into a Subscription Agreement with Penchem to subscribe for 10,058 ordinary shares of Penchem. Following the completion on 30 August 2022, the Company owned 50.94% of the issued share capital of Penchem for a consideration of $5,127,000, thereby obtaining control of Penchem.

Penchem is an entity incorporated in Malaysia with its principal activities being engaged in producing, testing and trading of high performance adhesive products and thermal management products and qualifies as a business as defined in SFRS(I) 3.

Details of the consideration paid, the assets acquired and liabilities assumed and the effect on the cash flows of the Group, at the acquisition date, are as follows:

(a) Identifiable assets acquired and liabilities assumed at the date of acquisition:

	Penchem
	2022
	$'000
Non-Current Assets	
Property, plant and equipment	2,527
Right-of-use assets	820
Investment in an associate	15
	3,362
Current Assets	
Inventories	550
Trade receivables	382
Other receivables, deposits and prepayments	68
Tax recoverable	26
Cash and cash equivalents	1,497
	2,523

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2023 (CONT'D)

36 ACQUISITION OF A SUBSIDIARY (CONT'D)

(a) Identifiable assets acquired and liabilities assumed at the date of acquisition: (cont'd)

	Penchem 2022 $'000
Current Liabilities	
Trade payables	(29)
Other payables, accruals and provisions	(276)
Deferred income	(23)
Borrowings	(60)
Lease liabilities	(6)
	(394)
Non-Current Liabilities	
Other payables, accruals and provisions	(220)
Deferred income	(85)
Borrowings	(303)
Lease liabilities	(6)
Deferred income tax liabilities	(120)
	(734)
Total identifiable assets acquired and liabilities assumed	4,757

The fair value of the financial assets includes receivables acquired with a fair value of $450,000.

(b) Non-controlling interest

In 2022, non-controlling interest (49.06% ownership interest in Penchem) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $2,333,000.

(c) Consideration transferred (at acquisition date fair values)

	Penchem 2022 $'000
Cash consideration transferred	5,127

Acquisition-related costs amounting to $61,000 have been excluded from the consideration transferred and have been recognised as an expense during the financial year 2022, within the "Administrative and general expenses" line item in the income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

36 ACQUISITION OF A SUBSIDIARY (CONT'D)

(d) Goodwill arising on acquisition

	Penchem 2022 $'000
Consideration transferred	5,127
Add: Non-controlling interest	2,333
Less: Fair value of identifiable net assets acquired	(4,757)
Goodwill arising on acquisition	2,703

In 2023, the valuation of assets acquired and liabilities assumed was completed and the final amount of goodwill determined was $2,697,000. The minimal difference between final and provisional goodwill of $6,000 was due to foreign exchange difference.

Goodwill arose in the acquisition of Penchem because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Penchem. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill is expected to be deductible for tax purposes.

(e) Net cash outflow on acquisition

	Penchem 2022 $'000
Consideration paid in cash	5,127
Less: Cash and cash equivalent balances acquired	(1,497)
Net cash outflow on acquisition	3,630

(f) Impact of acquisitions on the results of the Group

In 2022, Penchem contributed $1,033,000 revenue and $19,000 profit after tax to the Group for the period between the date of acquisition and the reporting date.

If the acquisition of Penchem had been completed on the first day of the financial year, Group revenue for the year would have been $788,294,000 and Group profit after tax would have been $51,872,000.

37 SUBSEQUENT EVENTS

On 6 March 2024, the Company granted share options to eligible group employees under its Employee Share Option Scheme 2020. 5,482,000 options were granted at an exercise price of $1.30 per share ("2024 Options"). Market price of the shares on date of grant was $1.63. The 2024 Options are exercisable from 6 March 2026 and expire on 5 March 2034.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023 (CONT'D)

38 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

Effective for annual periods beginning on or after 1 January 2024

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial application.

DETAILS OF PROPERTIES HELD BY THE GROUP

The properties owned by the Group are as follows:

Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2023 $'000	Use of property	Encumbrances
1. No. 14 to 16 Hurksestraat, Eindhoven, The Netherlands	Frencken Investments B.V.	Freehold	12,300 sq m	7,614	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
2. Molenweg 3, Reuver, The Netherlands	Frencken Investments B.V.	Freehold	11,300 sq m	2,405	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
3. Lot No. P.T. 24044, Mukim of Kajang, District of Hulu Langat, Selangor Darul Ehsan, Malaysia	Frencken Mechatronics (M) Sdn. Bhd.	99 years lease expiring 29.03.2091	4.45 acres or 18,019 sq m	5,019	Production and office	-
4. 16, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	4,303 sq m	1,006	Production and office	-
5. Lot 10, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,088	Production and office	-
6. Lot 11, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,123	Production and office	-

DETAILS OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2023 $'000	Use of property	Encumbrances
7. Lot 12, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,123	Production and office	-
8. 2413, M004, Bangna-Trad Road (KM 34.5), T. Bangpleenoi, Amphur Bangbor, Somatprakam 10560, Thailand	Juken (Thailand) Co., Ltd	Freehold	9,600 sq m	697	Production and office	-
9. 2368 Qingliu East Road, Chuzhou City, Anhui Province, China	Frencken (Chuzhou) Co., Ltd	50 years lease expiring 04.08.2067	28,083 sq m	8,426	Production and office	-
10. No. 1015, Jalan Perindustrian Bukit Minyak 7, Kawasan Perindustrian Bukit Minyak, Mukim 13, Seberang Perai Tengah, 14100 Bukit Mertajam, Pulau Pinang, Malaysia	Penchem Technologies Sdn Bhd	60 years lease expiring 14.08.2068	4,466 sq m	1,502	Production and office	Legal charge in favour of OCBC Al-Amin Bank Berhad

STATISTIC OF SHAREHOLDINGS

As at 15 March 2024

Share Capital

No. of Issued Shares	:	427,025,409
No. of Treasury Shares	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per share

DISTRIBUTION OF SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	162	3.82	5,619	0.00
100 - 1,000	421	9.92	279,215	0.06
1,001 - 10,000	2,587	60.96	13,142,415	3.08
10,001 - 1,000,000	1,046	24.64	47,981,626	11.24
1,000,001 and above	28	0.66	365,616,534	85.62
TOTAL	**4,244**	**100.00**	**427,025,409**	**100.00**

TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

No.	Name of Shareholder	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	114,092,221	26.72
2.	DBS Nominees Pte Ltd	45,577,859	10.67
3.	Citibank Nominees Singapore Pte Ltd	36,132,892	8.46
4.	UOB Kay Hian Pte Ltd	34,813,510	8.15
5.	Raffles Nominees (Pte) Limited	30,602,617	7.17
6.	Maybank Securities Pte Ltd	18,790,056	4.40
7.	CGS International Securities Singapore Pte Ltd	10,953,110	2.56
8.	BPSS Nominees Singapore (Pte) Ltd	8,706,263	2.04
9.	Phillip Securities Pte Ltd	8,606,840	2.02
10.	Gooi Soon Chai	7,317,023	1.71
11.	Low Hock Peng	6,222,794	1.46
12.	OCBC Securities Private Ltd	4,962,773	1.16
13.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,837,196	1.13
14.	Low Te Jinn	4,080,000	0.96
15.	Mohamad Anwar Au	4,010,000	0.94
16.	Goh Gaik Ewe	3,800,000	0.89
17.	DBSN Services Pte Ltd	3,492,137	0.82
18.	DB Nominees (Singapore) Pte Ltd	2,610,100	0.61
19.	Merrill Lynch (Singapore) Pte Ltd	2,370,268	0.56
20.	iFast Financial Pte Ltd	2,076,316	0.49
		354,053,975	**82.92**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 15 March 2024, approximately 69.88% of the Company's issued paid-up capital is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTIC OF SHAREHOLDINGS

As at 15 March 2024 (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2024

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Dato' Gooi Soon Chai [(a)]	7,417,023	1.74	93,653,068	21.93
Vimala Sgulboonrasi [(b)]	1,180,000	0.28	21,510,300	5.04
Precico Holdings Sdn. Bhd. [(c)]	-	-	41,954,194	9.82
Sinn Hin Company Sdn. Bhd. [(d)]	-	-	89,574,021	20.98

Notes:

(a) Dato' Gooi Soon Chai is deemed to have an interest in the 4,079,047 shares held by his family, shares held by Prime Logic (M) Sdn. Bhd., Sinn Hin Company Sdn. Bhd., Precico Holdings Sdn. Bhd. and Cayman Resources Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967.

(b) Vimala Sgulboonrasi is deemed to have an interest in the shares held by Maybank Investment Bank Berhad (for the account of Meng Tak Corporation Sdn. Bhd.) by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967. Vimala Sgulboonrasi also have deemed interest in the shares held through UOB Kay Hian Pte Ltd and UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

(c) Precico Holdings Sdn. Bhd. is deemed to have an interest in the shares held through HSBC (Singapore) Nominees Pte Ltd in the capital of the Company.

(d) Sinn Hin Company Sdn. Bhd.'s deemed interest arising from its 35.7%, 49.9% and 35.3% direct interest in Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. respectively. Therefore, it is deemed to have an interest in which Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. have an interest. Sinn Hin Company Sdn. Bhd. also have deemed interest in shares held through HSBC (Singapore) Nominees Pte Ltd in the capital of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be at **Pan Pacific Hotel, Ocean 6 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595** on **Thursday, 25 April 2024** at **2.30 p.m.** to transact the following business: -

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and Independent Auditor's Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 2.28 cents per share for the financial year ended 31 December 2023. **(Resolution 2)**
3. To approve the payment of Directors' fees of S$365,000 for the financial year ended 31 December 2023. **(Resolution 3)**
4. To re-elect Dato' Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company's Constitution. [See Explanatory Note 1] **(Resolution 4)**
5. To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company's Constitution. [See Explanatory Note 2] **(Resolution 5)**
6. To re-elect Dato' Noorashidah Binti Ahmad, retiring pursuant to Regulation 91 of the Company's Constitution. [See Explanatory Note 3] **(Resolution 6)**
7. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

8. **Authority to allot and issue shares** **(Resolution 8)**

(a) That pursuant to Section 161 of the Companies Act 1967, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, **"Instruments"**) that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that:-

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

a) new shares arising from the conversion or exercise of convertible securities;

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note 4]

OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the Annual General Meeting to be held on 25 April 2024.

1. A first and final tax exempt (one-tier) dividend of 2.28 cents per share for the financial year ended 31 December 2023 will be paid on 15 May 2024.

2. The Share Transfer Books and Register of Members of the Company will be closed on 6 May 2024 for preparation of dividend warrants. Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to 5.00 p.m. on 3 May 2024 will be registered to determine members' entitlements to the proposed dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 May 2024 will be entitled to the payment of the proposed dividend.

On behalf of the Board,

Dennis Au
Executive Director

10 April 2024

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on business to be transacted:

1. There are no relationships (including immediate family relationships) between Dato' Gooi Soon Chai and the other Directors of the Company. Please refer to pages 64 to 72 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. There are no relationships (including immediate family relationships) between Mr Mohamad Anwar Au and the other Directors of the Company or its shareholders. Please refer to pages 64 to 72 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Dato' Noorashidah Binti Ahmad who is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited, will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. There are no relationships (including immediate family relationships) between Dato' Noorashidah Binti Ahmad and the other Directors of the Company or its shareholders. Please refer to pages 64 to 72 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

4. The ordinary resolution in item no. 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Important Notes:

1. The members of the Company (the "**Members**") are invited to attend physically at the AGM. There will be no option for the Members to participate virtually.

2. Printed copies of this Notice of AGM (the "**Notice of AGM**"), Annual Report and Proxy Form will not be sent to members. Instead, the Notice of AGM, Annual Report and Proxy Form will be sent to members by electronic means via publication on the Company's website at https://frenckengroup.listedcompany.com/newsroom.html and announcement at the SGX website at https://www.sgx.com/securities/company-announcements.

3. Members (including investors who hold shares through the Relevant Intermediaries, including Central Provident Fund ("CPF") Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors")) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

   CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **2.30 p.m. on 15 April 2024**, being seven (7) working days prior to the date of the AGM.

   To attend the AGM, please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process.

4. A Member, who is not a Relevant Intermediary, is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A Member, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Member.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Important Notes: (cont'd)

Where such Member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

A Member, who is a Relevant Intermediary, is entitled to appoint more than two (2) 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 appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

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

5. A Member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

   If a Member wishes to appoint the Chairman of the AGM as proxy, such Member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or

   (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com

   in either case, by no later than **2.30 p.m. on 22 April 2024**, being at least 72 hours before the time appointed for holding the AGM. Members are strongly encouraged to submit the completed proxy forms electronically by email.

   The instrument appointing the proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the proxy(ies) 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 Company shall be entitled to reject the instrument appointing the proxy(ies) 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 the proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the proxy).

   In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

7. Members may raise questions at the AGM and/or submit questions related to the Ordinary Resolutions to be tabled for approval at the AGM, in advance of the AGM. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS), must be submitted no later than **2.30 p.m. on 17 April 2024** via email to the Company at corp@frenckengroup.com.

   The Management and the Board of Directors of the Company will endeavour to address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the AGM by publishing the responses to those questions on the SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at https://frenckengroup.listedcompany.com/newsroom.html at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. **by 19 April 2024**.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Important Notes: (cont'd)

8. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGX website, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

9. Members are advised to regularly check the Company's website at https://frenckengroup.listedcompany.com/newsroom.html, and the SGX website at https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

"**Personal data**" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes the Member's name and its proxy's and/or representative's name, address, email address and NRIC/Passport number. 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 (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 processing, administration and analysis by the Company (or its agents or service providers) of the proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, 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 representative(s) to the Company (or its agents or service providers), 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 or service providers) 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. The Member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the personal data of a Member or its proxy and/or representative (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

FRENCKEN GROUP LIMITED
(Registration No. : 199905084D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. The Annual General Meeting will be held physically at Pan Pacific Hotel, Ocean 6 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595. **Members have no option to participate virtually**.
2. For CPF Investors/SRS Investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid to use by CPF Investors/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

*I/We ______________________ (Name) NRIC/Passport No./Company Registration No. ______________ of

____(Address)

being a member/members of FRENCKEN GROUP LIMITED (the "Company"), hereby appoint: -

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

or failing whom, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held at **Pan Pacific Hotel, Ocean 6 (Level 2), 7 Raffles Boulevard, Marina Square, Singapore 039595** on **Thursday, 25 April 2024** at **2.30 p.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions	*For	*Against	*Abstain
Ordinary Business				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and Independent Auditor's Report thereon.			
2.	To declare a first and final tax exempt (one-tier) dividend of 2.28 cents per share for the financial year ended 31 December 2023.			
3.	To approve the payment of Directors' fees of S$365,000 for the financial year ended 31 December 2023.			
4.	To re-elect Dato' Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company's Constitution.			
5.	To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company's Constitution.			
6.	To re-elect Dato' Noorashidah Binti Ahmad, retiring pursuant to Regulation 91 of the Company's Constitution.			
7.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
8.	To authorise directors to allot shares pursuant to Section 161 of the Companies Act 1967.			

* If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a "√" in the box provided. Alternatively, please indicate the number of shares as appropriate. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the AGM is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

Dated this ________day of ______________ 2024

Total Number of Shares Held	
CDP	
Register of Members	
Total	

____
Signature(s) of Member(s)/Common Seal
** Delete accordingly*

IMPORTANT. Please read notes overleaf

FRENCKEN GROUP LIMITED AND ITS SUBSIDIARIES
Incorporated in Singapore. Registration No. : 199905084D

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, 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 (other than a Relevant Intermediary*) is entitled to attend and vote at the AGM or is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.
5. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies 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.
6. This Proxy Form is not valid for use by investors who hold shares through Central Provident Fund ("CPF") Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **2.30 p.m. on 15 April 2024**, being at least seven working days prior to the date of the AGM.
7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either: -

   (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or

(1) Fold along this line

Affix
Postage
Stamp

The Company Secretary
FRENCKEN GROUP LIMITED
c/o Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619

(2) Fold along this line

   (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com.

   in either case, by **2.30 p.m. on 22 April 2024**, being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Members are strongly encouraged to submit the completed proxy forms electronically by email.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a Proxy Form 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 Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any Proxy Form lodged if such members are not shown to have Shares entered against their names 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.
10. A CPF Investor or SRS Investor may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

    * A 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 the 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

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated **10 April 2024**.

www.frenckengroup.com